

**NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
BOARD OF COMMISSIONERS REGULAR MEETING**

**June 16, 2026
8:30 a.m.
227-27th Street, Newport News**

1. Pledge of Allegiance to the Flag of the United States of America
2. Roll Call
3. Consider approval of minutes of regular meeting, April 21, 2026
4. Communications
5. New Business
 - a. Consider a Resolution Authorizing the Issuance of its Multifamily Housing Revenue Bonds (Stuart Gardens I Apartments) Series 2026 and the Execution and Delivery of Related Documents
 - b. Consider a Resolution Authorizing the Issuance of its Multifamily Housing Revenue Bonds (Stuart Gardens II Apartments) Series 2026 and the Execution and Delivery of Related Documents
 - c. Consider a Resolution Authorizing the Tenants' Accounts Receivable Charge-Off, Seven Months Ending April 30, 2026 - All Public Housing Properties
6. Report to the Board
7. Closed session in accordance with the Virginia Freedom of Information Act, Code of Virginia, Section 2.2-3711 (A) (1)
8. Consider adoption of resolution certifying a Closed Meeting in conformity with Virginia law.
9. Any other business to come before the Board.
 - Comments from the Public: (*Time limit 5 Minutes*)
10. Adjournment

**Minutes of a Meeting of the
Newport News Redevelopment and Housing Authority
April 21, 2026**

Having duly given public notice, the Board of Commissioners of the Newport News Redevelopment and Housing Authority met at 227 27th Street, in the City of Newport News, Virginia, at 8:31 a.m. on Tuesday, April 21, 2026.

Pledge of Allegiance	Mr. George Knight led the assembly in the Pledge of Allegiance to the Flag of the United States of America.
Roll Call	The meeting was called to order by the Chair, Mr. Holloman, and those present were as follows: Commissioners present: - Thaddeus Holloman William Black George Knight Barbara Holley Alonzo Bell, Jr. Andrea Diggs Also present: Raymond H. Suttle, Jr. Kaufman & Canoles, P.C. Lysandra M. Shaw Executive Director Ronald Jackson Deputy Executive Director Lisa Dessoify, Director Finance Tera Lockley Director of Housing Felicia Simmons, Director Administrative Services Kayonia M. Betts Executive Assistant Tricia Wilson City of Newport News Y'Hoshua Weekes City of Newport News Douglas Sbertoli WilliamsMullen Ethan Malonzo Silver Street Holdings Katherine Smith Silver Street Holdings Justin Orie NNRHA IT Department
Approval of Minutes March 17, 2026	Commissioner Knight moved that the minutes of the regular meeting of the Board of Commissioners held on February 17, 2026, be approved. The motion was seconded by Commissioner Diggs and passed with a majority vote. Commissioner Bell abstained as he was not present at the March 17, 2026, meeting.
Communications	The following communications were provided to the Board and reviewed by the Executive Director. Ms. Shaw reported that information regarding the Newport News Redevelopment and Housing Authority scholarship banquet was included in all Board packets and noted that the scholarship is part of a long-standing tradition of the Housing Authority. She further advised that any Commissioners interested in attending should notify the Executive Office.

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New Business

**The Board of
Commissioners of
the Newport News
Redevelopment and
Housing Authority
Authorizing
Continuation of the
Scholarship
Program**

The Board was provided copies of a resolution authorizing the continuation of the NNRHA scholarship program. Ms. Shaw reported on the annual Newport News Redevelopment and Housing Authority scholarship luncheon, noting that the attached resolution provides for the continuation of the NNRHA scholarship program for public housing residents and Housing Choice Voucher (HCV) program participants. She stated that since 1989, the Authority has awarded two scholarships annually in the amount of \$1,000 each, renewable for up to four years, to graduating seniors and other eligible residents pursuing higher education. These scholarships are presented each year at the scholarship banquet, along with additional awards supported by private donors. Ms. Shaw further reported that a total of 12 scholarships were awarded last year to public housing residents and Section 8 participants. She advised that this year's banquet will be held at the Downing-Gross Cultural Arts Center on April 29th at 5:30 p.m. and confirmed that funds are available to continue the program with two scholarships for 2026. Adoption of the resolution was recommended.

Commissioner Bell made a motion to approve the resolution. Commissioner Knight seconded the motion which passed with a unanimous vote. The resolution is attached to and made a part of these minutes.

**The Board of
Commissioners of
the Newport News
Redevelopment and
Housing Authority
Authorizing a Loan
Extension
Agreement for
Tradition Brewing
Company Under the
NNUDAG Program**

The Board was provided copies of a resolution approving a loan extension agreement for Tradition Brewing Company under the NNUDAG program. Ms. Shaw reported that Tradition Brewing Company submitted a request for a structured repayment plan under its Newport News Urban Development Action Grant loan agreement, representing its sixth request since August 2018, all of which had been previously approved by the Board. The company requested authorization to make three consecutive double payments to cure its remaining delinquency, suspension of late fees during that period, resumption of regular monthly payments thereafter at the existing interest rate, and the removal of certain personal guarantors. Ms. Shaw noted that the request was driven by industry-wide challenges, including declining alcohol consumption and increased competition, but highlighted that the company achieved profitability in 2024 and 2025 and had significantly reduced its past-due balance. She further advised that the borrower is now current on its loan obligations.

Ms. Shaw stated that staff recommendations differed in part from the company's request. While staff supported approval of the loan extension and suspension of late fees during the catch-up period, they did not support the removal of guarantors due to prior ownership changes made without consent and the associated governance risks. Instead, staff recommended strengthening guarantor requirements by retaining all original guarantors and adding any owners with a 10% or greater ownership interest as personal guarantors.

Ms. Shaw recommended approval of the attached resolution to approve the loan modification and extension under stated conditions.

Commissioner Diggs made a motion to approve the resolution. Commissioner Knight seconded the motion which passed with a unanimous vote. The resolution is attached to and made a part of these minutes.

**The Board of
Commissioners of the
Newport News
Redevelopment and
Housing Authority
Authorizing and
Approving the
Purchase of the
General Partner ("GP")
Membership Interest of
Harbour-Newport News
Limited Partnership By
Standard Newport
Harbour GP LLC (the
"Purchaser") From the
Harbour-Newport News
GP, LLC (The "Seller")**

The Board was provided copies of a resolution authorizing and approving the terms and provisions of the consent agreement regarding the acquisition by the purchaser. Ms. Shaw reported that in 2018, the Newport News Redevelopment and Housing Authority Board of Commissioners authorized the issuance of revenue bonds not to exceed \$18,000,000 to finance improvements to the property formerly known as Harbour Newport News Apartments, now Newport Harbour Apartments, a 200-unit residential community located on Madison Avenue. She advised that Harbour-Newport News, GP, LLC, the general partner of Harbour-Newport News Limited Partnership, has agreed to sell its 0.01% general partner membership interest to a purchaser, pending required approvals, including consent from the investor limited partner and the Board of Commissioners.

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**The Board of
Commissioners of
the Newport News
Redevelopment and
Housing Authority
Authorizing and
Approving the
Purchase of the
James River Flats
Apartments by
Standard James
River Owner LLC
(the “Purchaser”)
from the Jefferson-
Newport News
Limited Partnership
(The “Seller”)**

**Report to the
Board**

Ms. Shaw explained that through this transaction, the purchaser will obtain full controlling interest in the project and assume all obligations associated with the bonds. She further noted that the purchaser will maintain the affordability requirements by reserving at least 40% of the units for households earning no more than 60% of the area median income. The acquisition is expected to support the continued availability of safe, decent, and affordable housing for low- to moderate-income residents in the city.

Ms. Shaw recommended approval of the attached resolution.

Commissioner Bell made a motion to approve the resolution. Commissioner Black seconded the motion which passed with a unanimous vote. The resolution is attached to and made a part of these minutes.

The Board was provided copies of a resolution authorizing and approving the terms and provisions of the consent agreement regarding the acquisition by the purchaser.

Ms. Shaw reported that in 2013, the Newport News Redevelopment and Housing Authority Board of Commissioners authorized the issuance of revenue bonds not to exceed \$6,725,000 to support the acquisition and rehabilitation of the property formerly known as North Jefferson Square Apartments, now James River Flats, a 100-unit multifamily community located on Shelter Circle. She advised that Jefferson-Newport News Limited Partnership, affiliated with Silver Street Holdings, has agreed to sell the project and is seeking Board approval of the terms and provisions outlined in the consent agreement.

Ms. Shaw stated that the purchaser will assume all outstanding bond obligations and will continue to meet affordability requirements by reserving at least 40% of the units for households earning no more than 60% of the area median income. She noted that the acquisition will support the continued provision of safe, decent, and affordable housing for low- to moderate-income residents.

Ms. Shaw recommended approval of the attached resolution.

Commissioner Bell made a motion to approve the resolution. Commissioner Diggs seconded the motion which passed with a unanimous vote. The resolution is attached to and made a part of these minutes.

Mr. Jackson reported and highlighted key updates for the Board’s review. He noted that the report outlines various improvement projects in different stages of completion, including those completed underway, and recently initiated. Mr. Jackson drew attention to several high-priority projects that significantly impact residents’ living environments.

He reported that a contract was recently awarded for health and safety improvements at Aqueduct Apartments, which will address common area repairs, including building painting and other maintenance needs, although a commencement date has not yet been established. He further advised that bids were due for capital improvement projects at Ashe Manor Apartments, including replacement of the building’s chiller, trash compactor, and isolation valves, and noted that a well-attended pre-bid meeting is expected to result in multiple submissions. Additionally, Mr. Jackson highlighted extensive renovation plans at Pinecroft Apartments, where strong contractor interest was also observed. He indicated that these projects are among the Authority’s most anticipated and are expected to begin as early as May.

Ms. Lockley reported the NNRHA Controlled Multi-Family Properties Waitlist data as follows: There are 2454 Public Housing applications, 27 of which are approved leaving 2427 pending applications. The Housing Choice Voucher program has 4023 applications, of which 68 were approved with 3955 pending. During the month of March, the Public Housing program housed 8 new applicants. The Housing Choice Voucher Program housed 27 new applicants for a total of 36 new applicants housed. The Public Housing program is currently occupied at 97% and the Housing Choice Voucher program is currently at 85%. The MOD Rehab Program, which includes Warwick SRO, is 96% occupied. All of the apartment affordable housing communities are occupied at 94% on average.

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Ms. Lockley also reported that during the month of March, community resource activities included the enhancement of the gardens at Spratley House Apartments. Discussions on hospice and home health services at the Authority's elderly properties were also facilitated by Virginia Health Services (VHS). She also shared that mental health skill builders engaged residents in conversations focused on overall well-being. Ms. Lockley highlighted that the Great Oak Resident Council hosted the Peninsula Agency on Aging, which included on-site blood pressure screenings for residents. Additionally, Pinecroft residents held a senior prom, where a 99-year-old resident was named prom queen, with her 100th birthday approaching in June. She further reported that the Lassiter Court Tenant Council met to review rules and regulations in preparation for holding regular meetings.

Ms. Dessoify reported that the HCV report for March indicated strong performance, with occupancy and voucher utilization numbers increasing. It was further reported that the Authority maintains a substantial HUD-held reserve balance of approximately \$2.2 million. During the budget process, these reserves are intentionally planned for use, emphasizing the importance of continuing to increase leasing activity and utilizing allocated funds as projected. Additionally, the unaudited financial statements were submitted to HUD previously through the appropriate system. The audit process is ongoing, with auditors currently transitioning to the financial portion after working through single audit testing of federal programs, though a few items may still be outstanding. Over the next one to two months, focus will remain on completing the financial audit, with the final audit report due to HUD by September 30, 2026. Confidence was expressed that this deadline will be met.

Ms. Simmons reported that the invitation for bids (IFBs) for Ashe Manor and Pinecroft Apartment renovations was scheduled to close today. An optional site visit was held on April 8th, attended by several vendors. Ongoing efforts related to Section 3 compliance were also noted, with continued review of processes and procedures to ensure accurate and compliant documentation. Ms. Simmons also reported that she is actively evaluating and optimizing data plans and mobile device usage while identifying cost-saving opportunities. As part of this effort, a proposal was presented to transition toward a paperless environment through the use of tablets, including for board meetings. It was noted that board packets are already distributed electronically in advance, making printed materials increasingly redundant. Providing tablets would allow for streamlined access to materials, real-time notetaking, improved organization, and reduced risk of lost or incomplete documentation. Additionally, this transition would reduce recurring costs associated with paper, printing supplies, courier services, and staff time, while also supporting environmentally responsible practices. Overall, investment in tablets was presented as a cost-effective and sustainable solution that aligns with modern business practices and reduces administrative burden. Ms. Simmons emphasized that while the proposal is comprehensive, implementation would be gradual, and the transition to a more paperless environment is being considered as a future cost-saving initiative.

Staff Recognition

Ms. Shaw expressed her appreciation to the Directors for their ongoing dedication and hard work across departments. In the Community Development (CD) area, staff were recognized for managing a high volume of activity, including conducting what was described as an internal SWOT-style review, assessing risks, and engaging consultants to support improvements. The Housing Department was commended for maintaining stability despite significant staff turnover, with Ms. Lockley specifically acknowledged for her leadership in ensuring continuity. Ms. Dessoify was also recognized for her diligent efforts in managing the audit process, coordinating document requests, and guiding the organization through requirements with professionalism. Additionally, Ms. Simmons was noted for her continued focus on identifying cost-saving measures and strengthening procurement practices. Overall, Ms. Shaw extended sincere thanks to all staff for their commitment and contributions.

Ms. Shaw reported that the Lift and Rise on Jefferson, building 2800 is currently 95% occupied, while building 2700 has reached 92% occupancy. At Legacy Landing Phase III-R, occupancy is at 100%, and Phase CNI-IVR, which consists of 84 units, currently has 78 units occupied, with efforts ongoing to lease the remaining units. Regarding the construction update, CNI-IVR remains at 99% completion, which has been consistent for some time due to infrastructure work that is approximately 94% complete. Completion is pending continued work to ensure proper operation and functionality of the BMP (stormwater management system). Once these stormwater measures are fully addressed, the project is expected to reach full completion.

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No Closed Session

Other Business

Ms. Shaw made an announcement recognizing Board Chairman Mr. Thaddeus Holloman for his recent appointment to the State Council of Higher Education for Virginia, a gubernatorial appointment, and the Board extended its congratulations and appreciation for his achievement. Mr. Holloman thanked the Board and noted that the Council meets every other month, typically on the third Tuesday, and may require his attendance at meetings held at various colleges across the state. As a result, he advised that he may be absent from some Board meetings, during which time Mr. Bell will preside. The Board acknowledged this update and again offered congratulations.

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Adjournment

There being no other business to come before the Board, the Chairman adjourned the meeting at 9:04am.

Secretary-Treasurer

ITEM NO. 4

Communications

SAVE THE DATE

R.E.D. *Academy* HAMPTON ROADS CELEBRATION

Join us for the announcement of
Cohort 1 Fellows to the Hampton Roads market.



August 19



5:00 PM – 7:00 PM



Location TBD

Registration coming soon



Questions? info@theredacademy.org | 615-254-0525

ITEM NUMBER 5

New Business

- a. Consider a Resolution Authorizing the Issuance of its Multifamily Housing Revenue Bonds (Stuart Gardens I Apartments) Series 2026 and the Execution and Delivery of Related Documents
- b. Consider a Resolution Authorizing the Issuance of its Multifamily Housing Revenue Bonds (Stuart Gardens II Apartments) Series 2026 and the Execution and Delivery of Related Documents
- c. Consider a Resolution Authorizing the Tenants' Accounts Receivable Charge-Off, seven months ending April 30, 2026 - All Public Housing Properties

Newport News Redevelopment and Housing Authority

Memorandum

Date: June 16, 2026

To: All Members, Board of Commissioners

From: Lysandra M. Shaw, Executive Director 

Subject: Multifamily Housing Revenue Bonds Issuance Authorization for Stuart Gardens Phase I

On October 21, 2025, the Authority adopted a preliminary resolution authorizing the issuance of multifamily housing revenue bonds not to exceed \$45,000,000 for Phase I of the Stuart Gardens project. The proceeds from the sale of these bonds will be used to finance the rehabilitation, renovation, construction, improvement and equipping of an approximately 250 unit affordable housing multi-family residential rental housing project on approximately 21.15 acres of real estate comprised of one (1), two (2), and three (3) bedroom buildings and referred to as Stuart Gardens I Apartments located at 1358 Garden Drive in the City of Newport News. This portion of the project is currently known as Stuart Gardens Phase I.

On December 9, 2025, the City Council adopted a resolution providing "public approval" of the issuance of the proposed Bonds and the plan of financing within the meaning of the applicable sections of the Virginia Code and the Internal Revenue Code.

The attached final bond resolution is included for your consideration. A representative of Williams Mullen, bond counsel, will be in attendance to respond to questions.

It is important to note that all fees and costs related to this bond issue will be the Borrower's responsibility and neither NNRHA nor its Board will be liable in any way for this debt.

Approval of the attached resolution is recommended.

**RESOLUTION OF THE
NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
AUTHORIZING THE ISSUANCE OF ITS
MULTIFAMILY HOUSING REVENUE BONDS
(STUART GARDENS I APARTMENTS) SERIES 2026
AND THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS**

WHEREAS, the Newport News Redevelopment and Housing Authority (the "Issuer"), was created pursuant to the Virginia Housing Authorities Law, Chapter 1, Title 36 of the Code of Virginia, as amended (the "Act"), to issue its revenue bonds to promote the availability of affordable housing for all citizens of the Commonwealth of Virginia (the "Commonwealth") by providing, among other things, safe, decent and sanitary housing for those citizens with low or moderate incomes and assisting in the financing of multifamily affordable residential housing facilities; and

WHEREAS, such assistance will benefit the inhabitants of the City of Newport News, Virginia (the "City") and the Commonwealth, through the promotion of affordable housing opportunities and of the safety, health and welfare of its citizens; and

WHEREAS, each member of the Issuer has, before entering upon his or her duties during his or her present term of office, taken and subscribed to the oath prescribed by Section 49-1 of the Code of Virginia of 1950, as amended; and

WHEREAS, no member of the Board of Commissioners of the Authority has any personal or business interest in the Borrower or the Bonds or has otherwise engaged in conduct prohibited under the Conflict of Interests Act, Chapter 31, Title 2.2 of the Code of Virginia of 1950, as amended (the "Conflict of Interests Act") in connection with this Resolution or any other official action of the Issuer in connection therewith; and

WHEREAS, Stuart Gardens Housing Partners, LP, a Virginia limited partnership (the "Borrower"), has previously come before the Issuer and the City Council of the City of Newport News, Virginia (the "City") to request financing for the rehabilitation, renovation, construction, improvement and equipping of an approximately 250 unit affordable housing multi-family residential rental housing project on approximately 21.15 acres of real estate comprised of one (1), two (2), and three (3) bedroom buildings and referred to as Stuart Gardens I Apartments located at 1358 Garden Drive, Newport News, Virginia 23607, in the City, to fund a portion of the costs of issuance if needed and other related transaction costs (collectively, the "Project"); and

WHEREAS, the Borrower initially proposed that the Project reserve at least forty percent (40%) of the housing units contained therein for occupancy by persons whose income is less than sixty percent (60%) of area median gross income ("AMI"), adjusted for family size, as required by Section 142(d)(1)(A) and Section 142(d)(2)(B)(i) of the Internal Revenue Code of 1986, as amended (the "Code"), and that, pursuant to the tax credit Land Use Restrictive Agreement

("LURA"), 26 of the housing units will be at 40% AMI, 124 housing units at 50% AMI and 100 housing units at 60% AMI; and

WHEREAS, the Borrower applied to the Issuer for the issuance of tax-exempt bonds not to exceed \$45,000,000 of the Issuer's Multifamily Housing Revenue Bonds (Stuart Gardens I Apartments) (the "Bonds") in the initial Bond Allocation Application to be issued to finance the Project; and

WHEREAS, pursuant to due notice, the Issuer conducted a public hearing on April 15, 2025 on the application of the Borrower for the issuance of such Bonds in compliance with the requirements of Section 147(f) of the Code and the Virginia Code; and

WHEREAS, at a meeting held on October 21, 2025, the Borrower met with the Issuer to request that they submit a recommendation to the City Council of the City (the "City Council") that they provide "governing body approval" and authorize the issuance of Bonds on behalf of the Project by the Issuer; and

WHEREAS, on December 9, 2025, the City Council unanimously approved the issuance of the Bonds by the Issuer on behalf of the Project; and

WHEREAS, pursuant to Section 146 of the Code, Title 15.2, Chapter 50 of the Virginia Code (the "Virginia Code") and the 2026 Virginia Private Activity Bond Allocation Guidelines, promulgated by the Virginia Department of Housing and Community Development ("DHCD"), an allocation from the "State ceiling" (as defined in Section 146 of the Virginia Code) limitation on the volume of private activity notes or bonds which may be issued in the Commonwealth in 2026 ("Volume Cap") which must be granted by DHCD, in its capacity as Allocation Administrator, in accordance with the Virginia Code in order for the interest on the Bonds to be exempt from the imposition of federal income tax, for which allocation of Volume Cap an application must be submitted by the Issuer to DHCD; and

WHEREAS, the Issuer has given its support to the Borrower's Bond Volume Cap Allocation Application, initially submitted to the DHCD in the First Round Solicitation on February 13, 2026 to the DHCD; and

WHEREAS, the DHCD Bond Allocation Application submitted to the DHCD was deferred into the Second Round Solicitation; and

WHEREAS, by letter to the Borrower dated April 17, 2026 (the "42(m) Letter"), the Virginia Housing Development Authority ("VHDA") confirmed its determination for purposes of Section 42(m)(2) of the Code that the amount of annual federal tax credits reserved for the Project does not exceed the amount necessary for the financial feasibility of the Project and its viability as a qualified low-income housing project throughout the credit period and low income housing tax credits ("LIHTC") were awarded to the Project; and

WHEREAS, the Borrower submitted its Supplemental Bond Allocation Application Submission to the DHCD on April 28, 2026 (the "Supplement"); and

WHEREAS, at the Borrower's request, pursuant to the Supplement, the Issuer now has been asked to issue its Bonds for the Project in the amount not to exceed \$23,000,000 rather than \$45,000,000 since additional funds were available from other sources in addition to the Volume Cap allocation, and the Borrower requested the Issuer to loan the proceeds of the Bonds to the Borrower, pursuant to which such proceeds will be made available for the rehabilitation, renovation, construction, improvement and equipping of the Project; and

WHEREAS, the Issuer has approved and executed the Supplement submitted by the Borrower to the VDHCD; and

WHEREAS, the DHCD has approved the Supplement and awarded on June 1, 2026 the Borrower with a Bond Allocation in the amount of \$23,000,000 provided it closes on or before September 28, 2026; and

WHEREAS, at the Borrower's request, the Issuer desires to authorize the underwriting of the Bonds by Collier Securities LLC, as underwriter (the "Underwriter") for the Project; and

WHEREAS, the forms of the following instruments (the "Bond Documents") have been presented to this meeting and which the Issuer proposes to execute and deliver to carry out the transactions described herein, and the copies of which instruments shall be filed with the records of the Issuer:

A. The Indenture of Trust dated as of July 1, 2026 (the "Indenture"), by and between the Issuer and U.S. Bank Trust Company, National Association, as Trustee (the "Trustee"), providing for the issuance of the Bonds and including the form of the Bond attached as Exhibit A, a copy of which is attached and in substantially final form;

B. The Loan Agreement dated as of July 1, 2026 (the "Agreement"), between the Issuer and the Borrower, including the form of the Borrower's Promissory Note to the Issuer (the "Note") copies of which are attached hereto in substantially final form as Exhibit B;

C. The Bond Purchase Agreement to be dated the date of its execution and delivery (the "Bond Purchase Agreement") among the Issuer, the Underwriter and the Borrower, a copy of which in substantially final form is attached hereto as Exhibit C and is in substantially final form;

D. The Remarketing Agreement to be dated the date of its execution and delivery (the "Remarketing Agreement") between the Borrower and the Underwriter, as the Remarketing Agent, a copy of which is in substantially final form and attached hereto as Exhibit D;

E. The Regulatory Agreement and Declaration of Restrictive Covenants dated as of July 1, 2026, by and among the Issuer, the Borrower and the Trustee, a copy of which is in substantially final form, is attached as Exhibit E; and

F. The Tax Certificate and Agreement to be dated the date as of its execution and delivery between the Issuer, the Borrower and the Trustee, a copy of which in substantially final form is attached as Exhibit F; and

WHEREAS, there has been prepared and provided to the Issuer a draft of the Borrower's Preliminary Official Statement with respect to the public offering of the sale of the Bonds (the "Preliminary Official Statement"), together with exhibits and attached to Exhibit G in substantially final form, and the Issuer desires to approve and authorize the use and distribution of the Preliminary Official Statement and a subsequent Official Statement (as hereinafter defined) in connection with the marketing, issuance and sale of the Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY:

1. The Issuer determines that the issuance of the Bonds in accordance with the terms of the Bond Documents and all action of the Issuer contemplated by them will be in furtherance of the purposes for which the Issuer was organized. The issuance and sale of the Bonds, pursuant to and upon the terms and conditions set forth herein and in the Indenture and the Bond Purchase Agreement, and the financing of the Project are hereby approved and authorized. Neither the Bonds nor the premium, if any, nor the interest payable thereon shall be a general obligation debt of the Commonwealth or any political subdivision thereof, including the Issuer or the City, and neither the Commonwealth, nor any political subdivision thereof, including the Issuer or the City, and the commissioners, officers, officials, agents and/or employees, past, present or future, of any or all, are or shall be personally liable thereon. The Bonds, together with the premium, if any, and the interest payable thereon, shall be a limited obligation of the Issuer payable solely pursuant to the terms of the Bonds and the related documents.

2. The Issuer hereby accepts and relies solely upon VDHA's 42(m) Letter issued to the Project as its own determination of the Project's financial feasibility and viability as a qualified low-income housing project throughout the credit period for purposes of Section 42(m)(2)(D) of the Code.

3. The Bond Documents and the Bonds shall be in substantially final forms as submitted to this meeting, which forms are hereby approved with such completions, omissions, insertions and changes as may be approved by the Chairman, Vice Chairman or the other officers executing them, their execution to constitute conclusive evidence of their approval of any such omissions, insertions and changes.

4. The Bonds shall bear interest at such rates and for such periods, and shall mature, as set forth therein. The interest rates on the Bonds shall be fixed rates of interest determined pursuant to their terms, but in no event shall such interest rates exceed [ten percent (10%) per annum].

5. U.S. Bank Trust Company, National Association is hereby appointed by the Issuer as Trustee under the terms of the Indenture, at the request of the Borrower.

6. Colliers Securities LLC is hereby appointed by the Issuer as underwriter for the sale of the Bonds and the Remarketing Agent, at the request of the Borrower.

7. The officers of the Issuer are hereby authorized and directed to execute the Bond Documents and to deliver the Bond Documents to which it is a party to the other parties thereto.

8. The Chairman or the Vice-Chairman of the Issuer is hereby authorized and directed to execute the Bonds by his or her manual or facsimile signature. The Executive Director/Secretary is authorized and directed to affix the seal, or a facsimile thereof, of the Issuer on the Bonds and, when called for, the Bond Documents, and to attest the same, by her manual or facsimile signature, and the officers of the Issuer are hereby authorized and directed to deliver the Bonds to the Trustee for authentication and to cause the Bonds so executed and authenticated to be delivered to or for the account of the Underwriter thereof upon payment of the purchase price.

9. The officers of the Issuer are hereby authorized and directed to execute, deliver and file all certificates, documents, closing papers and instruments, including without limitation Internal Revenue Service Form 8038 containing information with respect to the Bonds, and to take all such further action, including the execution and delivery of such other certificates, documents and instruments as they, or any one of them, may consider necessary or desirable in connection with the Project and the issuance and sale of the Bonds.

10. Any authorization to the officers of the Issuer to execute a document shall include authorization to (a) the Executive Director/Secretary to affix the seal of the Issuer to such document and attest such seal, and (b) any officer to provide for the recording or filing of such document where appropriate and its deliver it to the other parties thereto.

11. The Borrower hereby agrees to satisfy all applicable federal, state and local laws with respect to the Project, including but not limited to, any applicable fair housing requirements.

12. The use and distribution by the Underwriter of the Preliminary Official Statement and any supplements thereto are hereby authorized. The Preliminary Official Statement shall be in substantially the form submitted to this meeting, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be agreed to by the Chairman or Vice Chairman, in consultation with counsel to the Issuer.

13. After the Borrower has deemed the Preliminary Official Statement final within the meaning of Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission, and all pricing and other information needed to complete an Official Statement with respect to the public offering of the Bonds (the "Official Statement") has been inserted therein, the Underwriter is authorized to distribute the Official Statement to each potential investor requesting a copy thereof and to each person to whom the Underwriter initially sells the Bonds.

14. All costs and expenses in connection with the Bonds, including but not limited to the fees and expenses of Bond Counsel and counsel to the Issuer, shall be paid from the proceeds from the sale of the Bonds to the extent permitted by the Code, or from the funds of the

Borrower. If for any reason the Bonds are not issued, it is understood that all such expenses shall be paid by the Borrower and that the Issuer shall have no responsibility therefor.

15. By submitting the Supplement to the Issuer, the Borrower has agreed to indemnify and hold the Issuer harmless, its commissioners, officers, agents and employees from and against all liabilities, obligations, claims, damages, penalties, losses, costs and expenses in any way connected with the Project or the Bonds.

16. All other acts of the commissioners and officers of the Issuer in conformity with the purposes and intent of this resolution and in furtherance of the issuance and sale of the Bonds and the undertaking of the financing of the Project are hereby approved and confirmed.

17. The Authority hereby confirms the previous appointment of Williams Mullen, as requested by the Borrower, to serve as Bond Counsel.

18. Any capitalized terms used in this Resolution which are not defined in this Resolution shall have the meaning ascribed thereto in the Indenture.

19. The provisions of this Resolution are hereby declared to be separable, and if any section, phrase or provision of this resolution shall be declared invalid, such invalidity shall not affect the validity of the remainder of the sections, phrases and provisions of this resolution.

20. This resolution is expressly conditioned upon the issuance by DHCD of a Bond Allocation Certificate for the Bonds, in the amount of \$23,000,000 of the State ceiling of Volume Cap, which shall take effect immediately upon the Issuer's receipt of a copy of such Bond Allocation Certificate.

ADOPTED this __ day of June, 2026.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;
CERTIFICATE OF ADOPTION AND VOTES FOLLOWS]**

EXHIBIT A

**Draft Indenture of Trust dated as of July 1, 2026 Between the Issuer and U.S. Bank Trust
Company, National Association as Trustee**

INDENTURE OF TRUST

between

**NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY,
as Issuer**

and

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee**

Dated as of July 1, 2026

Relating to:

\$23,000,000

**Newport News Redevelopment and Housing Authority
Multifamily Housing Revenue Bonds
(Stuart Gardens I Apartments)
Series 2026**

This instrument was drafted by:

Williams Mullen
200 S 10th Street, Suite 1600
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(This Index is not a part of the Indenture
but rather is for convenience of reference only)

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of July 1, 2026 (the “Indenture”), is between the **NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY** (together with its successors and assigns, the “**Issuer**”), a political subdivision of the Commonwealth of Virginia, and **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association, with its designated corporate trust office for this financing located in Atlanta, Georgia as trustee (the “**Trustee**”), under the circumstances summarized in the following recitals (the capitalized terms not defined in the recitals and granting clauses being used therein are defined in Article I hereof).

WHEREAS, by virtue of the authority of the laws of the Commonwealth of Virginia (the “Commonwealth”), and particularly the provisions of the Virginia Housing Authorities Law in Chapter 1, Title 36 of the Code of Virginia, as the same may be amended from time to time (the “Act”), the Issuer is empowered to issue its revenue bonds and to promote the availability of affordable housing for all citizens of the Commonwealth by providing, among other things, safe, decent and sanitary housing for those citizens with low or moderate incomes and assisting in the financing of multifamily affordable residential housing facilities; and

WHEREAS, Stuart Gardens Housing Partners, LP, a Virginia limited partnership (the “Borrower”), has applied to the Issuer for financial assistance for the purpose of providing a portion of the funds with which to pay the cost of the rehabilitation, renovation, improvements, construction and equipping of a multifamily rental housing facility known as “Stuart Gardens I,” consisting of approximately 250 rental units and related facilities, located at 1358 Garden Drive, Newport News, Virginia 23607 (the “Project”); and

WHEREAS, the Issuer proposes to issue pursuant to, and in accordance with, the Act, its Multifamily Housing Revenue Bonds (Stuart Gardens I Apartments), Series 2026 in the original aggregate principal amount of \$23,000,000 (the “Bonds”), and to lend the proceeds derived from the sale of the Bonds to the Borrower, pursuant to a Loan Agreement dated as of even date herewith (the “Loan Agreement”) between the Issuer and the Borrower, pursuant to which the Issuer has agreed to issue the Bonds and lend the proceeds thereof to the Borrower (the “Loan”) and the Borrower has agreed to (a) apply the proceeds of the Loan to pay a portion of the costs of acquisition and renovation of the Project and if necessary, costs of issuance of the Bonds, (b) make payments sufficient to pay the principal of and interest on the Bonds when due (whether at maturity, by redemption, acceleration or otherwise), and (c) observe the other covenants and agreements and make the other payments set forth therein; and

WHEREAS, the provision of the Loan, is authorized by the Act and will accomplish a valid public purpose of the Issuer, and the Issuer has determined that it is in the public interest to issue the Bonds in the maximum principal amount of \$23,000,000 for the purpose of providing funding necessary for the rehabilitation, renovation, improvements, construction and equipping of the Project; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof and of the interest and premium, if any, thereon, the Issuer has authorized the execution and delivery of this Indenture; and

WHEREAS, the Issuer has determined that all acts and conditions required to happen, exist, and be performed precedent to and in the issuance of the Bonds and the execution and delivery of this Indenture have happened, exist and have been performed, or at the delivery of the Bonds will exist, will have happened and will have been performed (i) to make the Bonds, when issued, delivered and authenticated, valid

obligations of the Issuer in accordance with the terms thereof and hereof and (ii) to make this Indenture a valid, binding and legal trust agreement for the security of the Bonds in accordance with its terms; and

WHEREAS, the Trustee has accepted the trusts created by this Indenture, and in evidence thereof has joined in the execution hereof.

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that to secure the payment of Bond Debt Service Charges on the Bonds according to their true intent and meaning, to secure the performance and observance of all of the covenants, agreements, obligations and conditions contained therein and herein, and to declare the terms and conditions upon and subject to which the Bonds are and are intended to be issued, held, secured and enforced, and in consideration of the premises and the acceptance by the Trustee of the trusts created herein and of the purchase and acceptance of the Bonds by the Holders, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Issuer has executed and delivered this Indenture and absolutely assigns hereby to the Trustee, and to its successors in trust, and its and their assigns, all right, title and interest of the Issuer in and to (a) the Issuer Revenues, including without limitation all Loan Payments and other amounts receivable by or on behalf of the Issuer under the Loan Agreement in respect of repayment of the Loan; (b) the Special Funds, including all accounts in those funds and all money deposited therein and the investment earnings on such money and the earnings derived from the investment of any of the foregoing sums as provided herein; (c) all right, title and interest of the Issuer in the proceeds derived from the sale of the Bonds, and any securities in which money in the Special Funds is invested, and (except for money in the Rebate Fund and otherwise required to be rebated to the United States of America under the Code) the proceeds derived therefrom, and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind pledged, assigned or transferred, as and for additional security hereunder by the Issuer or by anyone in its behalf, or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of this Indenture; and (d) the Loan Agreement, except for the Unassigned Issuer's Rights (the foregoing collectively referred to as the "Trust Estate"),

TO HAVE AND TO HOLD unto the Trustee and its successors in that trust and its and their assigns forever;

BUT IN TRUST, NEVERTHELESS, and subject to the provisions hereof,

(1) except as provided otherwise herein, for the equal and proportionate benefit, security and protection of all present and future Holders of the Bonds issued or to be issued under and secured by this Indenture,

(2) for the enforcement of the payment of the principal of and interest on the Bonds, when payable, according to the true intent and meaning thereof and of this Indenture, and

(3) to secure the performance and observance of and compliance with the covenants, agreements, obligations, terms and conditions of this Indenture, in each case, without preference, priority or distinction, as to lien or otherwise, of any one Bond over any other by reason of designation, number, date of the Bonds or of authorization, issuance, sale, execution, authentication, delivery or maturity thereof, or otherwise, so that each Bond and all Bonds shall have the same right, lien and privilege under this Indenture and shall be secured equally and ratably hereby; provided, however, that

(i) if the principal of the Bonds and the interest due or to become due thereon shall be well and truly paid, at the times and in the manner to which reference is made in the Bonds,

according to the true intent and meaning thereof, or the Outstanding Bonds shall have been paid and discharged in accordance with Article IX hereof, and

(ii) if all of the covenants, agreements, obligations, terms and conditions of the Issuer under this Indenture shall have been kept, performed and observed and there shall have been paid to the Trustee, the Registrar and the Paying Agents all sums of money due or to become due to them in accordance with the terms and provisions hereof,

then this Indenture and the rights assigned hereby shall cease, determine and be void, except as provided in Section 9.03 hereof with respect to the survival of certain provisions hereof; otherwise, this Indenture shall be and remain in full force and effect.

It is declared that all Bonds issued hereunder and secured hereby are to be issued, authenticated and delivered, and that all Issuer Revenues assigned hereby are to be dealt with and disposed of under, upon and subject to, the terms, conditions, stipulations, covenants, agreements, obligations, trusts, uses and purposes provided in this Indenture. The Issuer has agreed and covenanted, and agrees and covenants with the Trustee and with each and all Holders, as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. In addition to the words and terms defined elsewhere in this Indenture or by reference to the Loan Agreement, unless the context or use clearly indicates another meaning or intent:

“*Act*” has the meaning given to such term in the Recitals hereto.

“*Additional Payments*” means the amounts required to be paid by the Borrower pursuant to the provisions of Section 4.2 of the Loan Agreement.

“*Administrative Fee*” means the administrative fees of the Issuer payable pursuant to Section 4.2(f) of the Loan Agreement and equal to one half of one percent of the original principal amount of the Bonds financed, with such administrative fee payable on a one time basis at Closing.

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

“*Attesting Officer*” means such officer or official of the Issuer who in accordance with the Bond Resolution, the laws of the Commonwealth, the bylaws or other governing documents of the Issuer or practice or custom, regularly certifies official acts and records of the Issuer, and includes any assistant or deputy officer to the principal officer or officers exercising such responsibilities.

“*Authenticating Agent*” has the meaning provided in Section 6.13 hereof.

“*Authorized Borrower Representative*” means the person or persons designated to act on behalf of the Borrower by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by an officer of the General Partner, which certificate

may designate an alternate or alternates. The initial Authorized Borrower Representatives are Stephen Whyte and Scott Langan.

“*Authorized Denomination*” means (a) so long as the Bonds are rated “A,” without regard to a modifier (or the equivalent) or higher by a Rating Agency, \$5,000 or any integral multiple of \$1,000 in excess thereof; or (b) at any other time, \$100,000, or any integral multiple of \$0.01 in excess thereof, except that in each case one Bond may be in a principal amount equal to the then Outstanding principal amount of the Bonds.

“*Authorized Official*” means the Chairman, Vice Chairman, Executive Director, and any other officer of the Issuer designated by certificate or the Bond Resolution of any of the foregoing as authorized by the Issuer to perform a specified act, sign a specified document or otherwise take action with respect to the Bonds. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Official is an Authorized Official until such time as such provider files with it a written certificate identifying a different person or persons to act in such capacity.

“*Available Money*” means, as of any date of determination, any of the following, as applicable:

- (a) the proceeds of the Bonds;
- (b) proceeds from the sale of GNMA Securities provided by the FHA Lender;
- (c) amounts advanced by FHA Lender with respect to the FHA Lender Funds deposited directly with the Trustee by the FHA Lender;
- (d) proceeds of the Bridge Loan;
- (e) any other amounts, including the proceeds of refunding bonds, for which the Trustee has received an opinion of counsel to the effect that the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code (or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court) or be avoidable as preferential payments under Section 547 of the Bankruptcy Code should the Issuer or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;
- (f) the Underwriter’s Advance;
- (g) the proceeds of any letter of credit;
- (h) remarketing proceeds received from the Remarketing Agent or any purchaser of Bonds, including any amount paid by the Remarketing Agent to the Trustee in excess of the remarketing price of the Bonds (other than funds provided by the Borrower, the Issuer, any Affiliate of either the Borrower or the Issuer); or
- (i) investment earnings derived from the investment of money described in subsection (a), (b), (c), (d), (e), (f), (g) or (h) above.

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

“*Bond Counsel*” means Williams Mullen, and any other firm of nationally recognized bond counsel experienced in tax-exempt bond financing selected by the Issuer and acceptable to the Borrower.

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

“*Bond Fund*” means the Bond Fund created pursuant to Section 5.01 hereof.

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

“*Bond Purchase Agreement*” means the Bond Purchase Agreement, dated July __, 2026, among the Underwriter, the Issuer, and the Borrower.

“*Bond Resolution*” means that certain resolution authorizing the issuance of the Bonds to finance the Project, adopted by the Issuer on June 16, 2026.

“*Bonds*” means the Multifamily Housing Revenue Bonds (Stuart Gardens I Apartments) Series 2026 issued by the Issuer pursuant to this Indenture and the Bond Resolution in the original aggregate principal amount of \$23,000,000.

“*Bond Year*” means each annual period of twelve (12) months the first of which commences on the date of the original issuance and delivery of the Bonds and the last of which ends on the maturity of the Bonds, except that the first and last Bond Year may be less than twelve (12) months.

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

“*Borrower*” means Stuart Gardens Housing Partners, LP, a Virginia limited partnership, and its lawful successors and assigns to the extent permitted by the Loan Agreement.

“*Borrower Documents*” means, collectively, the Loan Agreement, the Promissory Note, the Regulatory Agreement, and the Tax Certificate.

“*Bridge Lender*” means Merchants Bank of Indiana.

“*Bridge Loan*” means that certain loan by Bridge Lender to the Borrower in the original principal amount of \$16,000,000 that will bridge a portion of the Federal Tax Credit Equity, the Federal Historic Tax Credit Equity, and the State Historic Tax Credit Equity contributions.

“*Bridge Loan Documents*” means, collectively, the Bridge Loan Agreement, by and between the Borrower and the Bridge Lender, dated as of [____], 2026; the Promissory Note with HUD Rider; Pledge and Security Agreement (Borrower), dated as of [____], 2026, entered into by the Borrower, in favor of the Bridge Lender; Pledge and Security Agreement (Investor Limited Partner[s]), dated as of [____], 2026, entered into by the Borrower in favor of the Bridge Lender; Disbursing Agreement, dated as of [____], 2026, by and among the Bridge Lender, the Borrower, and Chicago Title

Insurance Company; Guaranty, dated [____], 2026, by Vitus Group, LLC to the Bridge Lender; Guaranty Affidavit; Blocked Account Control Agreement, dated as of [____], 2026, between the Borrower and the Bridge Lender; Developer Fee Subordination Agreement, dated [____], 2026, by and among Vitus Development III, LLC, the Borrower, and the Bridge Lender.

“*Business Day*” means a day of the week, other than a Saturday or a Sunday, on which commercial banks located in the city in which the principal corporate trust office of the Trustee is located are not required or authorized to remain closed.

“*Cash Flow Projection*” means a cash flow projection prepared by an Independent firm of certified public accountants, a financial advisory firm, a law firm or other independent third party qualified and experienced in the preparation of cash flow projections for structured finance transactions similar to the Bonds, designated by the Borrower and acceptable to the Remarketing Agent and the Rating Agency, establishing, to the satisfaction of the Remarketing Agent and the Rating Agency, the sufficiency of (a) the amounts on deposit in the Special Funds; (b) projected investment income to accrue on amounts on deposit in the Special Funds during the applicable period; and (c) any additional Available Money delivered to the Trustee by or on behalf of the Borrower to pay Bond Debt Service Charges and the Additional Payments, in each instance, when due and payable, including, but not limited to, any cash flow projection prepared in connection with (1) the initial issuance and delivery of the Bonds, (2) a proposed remarketing of the Bonds, as provided in Section 4.05 hereof, (3) a proposed optional redemption of the Bonds, as provided in Section 4.01 hereof, and (4) the purchase, sale, or exchange of Eligible Investments or the release of Available Money from the Interest Account of the Bond Fund as provided in Section 5.05 hereof.

“*Closing Date*” means July [____], 2026, which is the date of issuance of the Bonds.

“*Code*” means the Internal Revenue Code of 1986, as amended, and all applicable regulations (whether proposed, temporary or final) under the Code and the statutory predecessor of the Code, and any official rulings and judicial determinations under the foregoing applicable to the Bonds.

“*Collateral Fund*” means the Collateral Fund created pursuant to Section 5.01 hereof.

“*Commonwealth*” shall mean the Commonwealth of Virginia.

“*Completion Date*” means the date of substantial completion of the Project evidenced in accordance with the requirements of Section 3.7 of the Loan Agreement.

“*Construction Period*” means the period between the beginning of the rehabilitation, renovation, improvements, construction and equipping of the Project and the Completion Date.

“*Continuing Disclosure Agreement*” means the Continuing Disclosure Agreement, dated as of July 1, 2026, between the Borrower and the Dissemination Agent, as it may be amended from time to time.

“*Contractual Obligation*” means for any Person any obligation, covenant, or condition contained in any evidence of Indebtedness or any agreement or instrument under or pursuant to which any evidence of Indebtedness has been issued, or any other material agreement, instrument or guaranty, to which such Person is a party or by which such Person or any of its assets or properties are bound.

“*Costs of Issuance Fund*” means the Costs of Issuance Fund created pursuant to Section 5.01 hereof.

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

“*Disbursement Request*” shall have the meaning set forth in Section 5.03(a) hereof.

“*Disbursing Agreement*” means the Construction Loan Disbursement Agreement, dated the date of the Closing, among the Bridge Lender, the Trustee, the Borrower, the FHA Lender and the Title Company, as it may be amended from time to time.

“*Dissemination Agent*” means U.S. Bank Trust Company, National Association, a national banking association, its successors and assigns.

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

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

“*Eligible Investments*” means any of the following investments which mature (or are redeemable without penalty) at such time or times as to enable timely disbursements to be made from the fund in which such investment is held or allocated in accordance with the terms of this Indenture:

- (a) Government Obligations; or
- (b) shares or units in any money market mutual fund rated at the time of investment “Aaa-mf” by Moody’s (or the equivalent Highest Rating Category given by the Rating Agency for that Rating Category) that invest substantially in Government Obligations, including mutual funds of the Trustee or its affiliates or for which the Trustee or an affiliate thereof serves as investment advisor or provides other services to such mutual fund and receives reasonable compensation therefor that are registered with the Securities and Exchange Commission and which meet the requirements of Rule 2(a)(7) of the Investment Company Act of 1940, as amended, which may be administered by the Trustee or its affiliates.

The term “*Eligible Investments*” shall not include the following: (1) any investment with a final maturity or any agreement with a term ending later than the earlier of (i) the current Mandatory Tender Date in effect at the time of investment or (ii) the Maturity Date; (2) any interest only or principal only stripped security; and (3) any investment which may be prepaid or called at a price less than its purchase price prior to stated maturity.

“*Event of Default*” means any of the events described as an Event of Default in Section 7.01 hereof or Section 7.1 of the Loan Agreement.

“*Extension Payment*” means the amount due, if any, in connection with the change or extension of the Mandatory Tender Date pursuant to Section 4.05 hereof, and (a) which shall be determined by a Cash Flow Projection approved in writing by the Rating Agency and (b) must consist of Available Money.

“*Extraordinary Services*” and “*Extraordinary Expenses*” mean all services rendered and all reasonable expenses properly incurred by the Trustee under this Indenture, other than Ordinary Services

and Ordinary Expenses. Extraordinary Services and Extraordinary Expenses shall specifically include services rendered or expenses incurred by the Trustee in connection with, or in contemplation of, an Event of Default.

“Favorable Opinion of Bond Counsel” means an opinion of Bond Counsel that the action proposed will not, in and of itself, cause interest on the Bonds to become includable in gross income of the Holders thereof.

“Federal Historic Tax Credit Equity” shall mean federal historic tax credit funds of the Borrower used to finance the Project.

“Federal Tax Credit Equity” shall mean the federal tax credit funds of the Borrower used to finance the Project.

“Federal Investor Limited Partner” means USA Institutional Stuart Gardens I LLC, and its successors and/or assigns.

“FHA” means the Federal Housing Administration.

“FHA Insurance Commitment” means the commitment for insurance of advances issued by the Federal Housing Commissioner of HUD with respect to the Project, dated December 23, 2025, as may be amended from time to time.

“FHA Insurance Regulations” means the FHA regulations promulgated under the National Housing Act, as amended.

“FHA Insured Mortgage Loan” means the mortgage loan in the approximate original principal amount of \$30,814,000 to be advanced by the FHA Lender to the Borrower and insured by FHA under Section 221(d)(4) of the National Housing Act, as amended, to provide construction and permanent financing for the Project.

“FHA Lender” means Merchants Capital Corp., an Indiana corporation, its successors and assigns.

“FHA Lender Funds” means funds of the FHA Lender, other than proceeds of the FHA Insured Mortgage Loan, delivered to the Trustee pursuant to this Indenture and the Loan Agreement.

“FHA Loan Documents” means the documents related to the FHA Insured Mortgage Loan, including the FHA Insurance Commitment, the FHA Note, the FHA Mortgage, the HUD Regulatory Agreement and any and all other documents, agreements, or instruments which evidence or secure the indebtedness evidenced by the FHA Note.

“FHA Mortgage” means the first-lien priority Multifamily Deed of Trust, Security Agreement, Assignment of Rents, and Fixture Filing (Virginia), dated the date of the FHA Note and insured by HUD, from the Borrower for the benefit of the FHA Lender to secure the repayment of the FHA Note.

“FHA Note” means the Note (Multistate) in the approximate amount of \$30,814,000, dated as of July 1, 2026, from the Borrower to the FHA Lender to evidence its indebtedness under the FHA Insured Mortgage Loan.

“*Fiscal Year*” means, with respect to a Person, that period beginning on January 1 of each year and ending on December 31 of the same year or such other fiscal year as shall be designated by such Person as its annual accounting period.

“*Force Majeure*” means any of the causes, circumstances or events described as constituting Force Majeure in Section 7.1 of the Loan Agreement or Section 6.02(n) hereof.

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

“*General Partner*” means Stuart Gardens Housing Management, LLC, a Virginia limited liability company, together with its permitted successors and assigns.

“*GNMA*” means the Government National Mortgage Association, a corporate instrumentality of the United States within the United States Department of Housing and Urban Development organized and existing under the National Housing Act.

“*GNMA Documents*” means the GNMA Guaranty and the documents related to the GNMA Guaranty.

“*GNMA Guaranty*” means the guaranty made by GNMA pursuant to the provisions of Section 306(g) of Title III of the National Housing Act, as amended, and the regulations promulgated under the National Housing Act.

“*GNMA Mortgage-Backed Securities Guide*” means the GNMA Handbook 5500.3, as it may be amended or modified from time to time, which describes and provides instruction to the participants in the GNMA Mortgage-Backed Securities program.

“*GNMA Regulations*” means the GNMA regulations promulgated under the National Housing Act.

“*GNMA Security*” or “*GNMA Securities*” means a fully modified pass through security in the form of a CLC or a PLC issued by an approved FHA lender and guaranteed by GNMA as to timely payment of principal of and interest on a PLC and as to timely payment of interest only until maturity and timely payment of principal at maturity on a CLC, pursuant to Section 306(g) of the National Housing Act of 1934, as amended, and the regulations promulgated thereunder.

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

“*Government Obligations*” means non-callable, non-redeemable direct obligations of the United States of America, including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America.

“*GRRP Loan*” shall mean the Green and Resilient Retrofit Program Loan through HUD’s \$10,000,000 Leading Edge Award Cohort grant/award to the Borrower.

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

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

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

“*HUD Regulatory Agreement*” means the Regulatory Agreement for Multifamily Projects, dated the date of the FHA Note, between the Borrower and HUD, related to the FHA Insured Mortgage Loan, together with any Rider attached to the Regulatory Agreement recorded by the Borrower in the City of Newport News, Virginia land records for the benefit of the Issuer and the Trustee.

“*Indebtedness*” means for any Person (a) all indebtedness or other obligations of such Person for borrowed money or for the deferred purchase price of property or services; (b) all indebtedness or other obligations of any other Person for borrowed money or for the deferred purchase price of property or services, the payment or collection of which such Person has guaranteed (except by reason of endorsement for deposit or collection in the ordinary course of business) or in respect of which such Person is liable, contingently or otherwise, including, without limitation, by way of agreement to purchase, to provide funds for payment, to supply funds to or otherwise to invest in such other Person, or otherwise to assure a creditor against loss; (c) all indebtedness or other obligations of any other Person for borrowed money or for the deferred purchase price of property or services secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien, upon or in property (including, without limitation, accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such indebtedness or other obligations; (d) all direct or contingent obligations of such Person in respect of letters of credit; (e) all lease obligations which have been or should be, in accordance with GAAP, capitalized on the books of such Person as lessee; and (f) guaranties of any of the foregoing; provided that Indebtedness does not include accounts payable and accrued expenses incurred in the ordinary course of business.

“*Indenture*” means this Indenture of Trust, dated as of July 1, 2026, between the Issuer and the Trustee, as amended or supplemented from time to time in accordance with Article VIII hereof.

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

“*Information Services*” means in accordance with then current guidelines of the Securities and Exchange Commission, the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor entity or entities designated by the Securities and Exchange Commission.

“*Initial Deposit*” means the deposit of Available Money in the amount of \$[0], which the Borrower shall cause to be made from the Underwriter’s Advance to the Interest Account of the Bond Fund on the Closing Date.

“*Initial Interest Rate*” means [_____] %.

“*Initial Mandatory Tender Date*” means October 1, 2028.

“Initial Remarketing Date” means the Initial Mandatory Tender Date, but only if the conditions for remarketing the Bonds on such date as provided in Section 4.05 hereof are satisfied.

“Interest Account” means the Interest Account within the Bond Fund created in Section 5.01 hereof.

“Interest Payment Date” or *“Interest Payment Dates”* means (a) each April 1 and October 1, commencing October 1, 2026; (b) any date the Bonds are called for redemption prior to maturity; (c) each Mandatory Tender Date; (d) the Maturity Date; and (e) the date of acceleration of the Bonds.

“Interest Period” means, initially, the period from the Closing Date to and including October 1, 2026, and thereafter, the period commencing on each succeeding Interest Payment Date and ending on the last day of that month preceding the next Interest Payment Date.

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

“Interest Rate for Advances” means the rate of 6% per annum or the rate per annum which is 2% plus that interest rate announced by U.S. Bancorp in its lending capacity as a bank as its “Prime Rate” or its “Base Rate,” whichever is greater and lawfully chargeable, in whole or in part.

“Investor Limited Partners” means collectively, the Federal Investor Limited Partner and the State Historic Tax Credit Equity Investor.

“Issuer” means the Newport News Redevelopment and Housing Authority, a political subdivision of the Commonwealth, duly organized and existing under the laws of the Commonwealth, the issuer of the Bonds hereunder, and its successors and assigns.

“Issuer Revenues” means (a) the Loan Payments; (b) all other money received or to be received by the Issuer or the Trustee in respect of repayment of the Loan, including without limitation all money and investments in the Bond Fund; (c) any money and investments in the Project Fund and the Collateral Fund; and (d) all income and profit from the investment of the foregoing money. The term *“Issuer Revenues”* does not include any money or investments in the Rebate Fund, nor does it include payment of any Additional Payments due from the Borrower to the Issuer under the Loan Agreement, including payment of the Administrative Fee or reimbursement of any expenses incurred by the Issuer.

“Lien” means any mortgage, deed of trust, lien, charge, security interest or encumbrance of any kind upon, or pledge of, any property, whether owned as of or hereafter acquired, and includes the acquisition of, or agreement to acquire, any property subject to any conditional sale agreement or other title retention agreement, including a lease on terms tantamount thereto or on terms otherwise substantially equivalent to a purchase.

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

“Loan Agreement” means the Loan Agreement, dated as of July 1, 2026, between the Issuer and the Borrower and assigned by the Issuer, except for Unassigned Issuer’s Rights, to the Trustee, as amended or supplemented from time to time.

“Loan Payment Cure Period” means a period of four (4) Business Days following any Loan Payment Date.

“Loan Payment Date” means the fifth Business Day preceding each Bond Payment Date.

“Loan Payments” means the amounts required to be paid by the Borrower in repayment of the Loan pursuant to the provisions of the Promissory Note and Section 4.1 of the Loan Agreement.

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

“Majority of the Holders of the Bonds” means the Holders of more than 50% of the principal amount of the then Outstanding Bonds.

“Mandatory Tender” means a tender of Bonds required by Section 4.03 hereof.

“Mandatory Tender Date” means either (a) the Initial Mandatory Tender Date; or (b) if the Bonds Outstanding on such date or on any subsequent Mandatory Tender Date are remarketed pursuant to Section 4.05 hereof for a Remarketing Period that does not extend to the final maturity of the Bonds, the day after the last day of the Remarketing Period.

“Maturity Date” means October 1, 2030.

“Maximum Interest Rate” means the interest rate equal to the lesser of (a) 8% per annum or (b) the maximum interest rate per annum permitted by applicable Commonwealth law.

“Minimum Trustee Rating” means a long term rating of the Trustee’s unsecured obligations with maturities in excess of one (1) year of not less than “A” by S&P, or, if the Trustee does not have such a rating from S&P, it must have a minimum rating of its unsecured obligations with maturities of one (1) year or less of “A-1” from S&P.

“Moody’s” means Moody’s Ratings.

“Notice Address” means:

To the Issuer: Newport News Redevelopment and Housing Authority
227 27th Street
Newport News, VA 23607
Attention: Executive Director
Telephone: (757) 928-2620

To the Trustee: U.S. Bank Trust Company, National Association
2 Concourse Parkway, Suite 800
Atlanta, GA 30328-5588
Attn: Global Corporate Trust

To the Borrower: Stuart Gardens Housing Partners, LP
c/o Vitus Development III, LLC
2607 2nd Avenue Suite 300
Seattle, Washington 98121

With a copy to: Winthrop & Weinstine, P.A.
Capella Tower, Suite 3500
225 South Sixth Street
Minneapolis, MN 55402-4629

Attn: Joshua Noah, Esq.

(which copy shall not constitute notice to Borrower)

To Federal Investor Limited Partner USA Institutional Stuart Gardens I LLC
c/o JDF LLC
777 West Putnam Avenue
Greenwich, CT 06830
Attention: General Counsel

To State Historic Tax Credit Equity Commonwealth Advisors Capital
Investor: 309 West Bute Street
Norfolk, VA 23510

With a copy to:

To the Remarketing Agent: Colliers Securities LLC
90 South Seventh Street, Suite 4300
Minneapolis, MN 55402-4108
Attn: Frank J. Hogan

To the Rating Agency: Moody's Ratings
7 World Trade Center
250 Greenwich Street, 16th Floor
New York, NY 10007
Attn: Public Finance Group – Housing Team
Electronic notices shall be delivered to:
housing@moody.com

or such additional or different address, notice of which is given under Section 13.03 hereof.

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

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

“Optional Redemption Date” shall mean April 1, 2028.

“Ordinary Services” and *“Ordinary Expenses”* mean those services normally rendered, and those expenses normally incurred, by a trustee under instruments similar to this Indenture. Without limiting the generality of this definition, Ordinary Services and Ordinary Expenses shall include, without limitation, services provided by the Trustee in connection with the redemption of Bonds as provided in Article IV hereof and in connection with any meetings of Holders of the Bonds as provided in Article XII hereof.

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

(a) Bonds cancelled upon surrender, exchange or transfer, or cancelled because of payment on or prior to that date;

(b) Bonds, or the portion thereof, for the payment or purchase for cancellation of which sufficient money has been deposited and credited with the Trustee or the Paying Agents on or prior to that date for that purpose (whether upon or prior to the maturity of those Bonds);

(c) Bonds, or the portion thereof, which are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of this Indenture; and

(d) Bonds in lieu of which others have been authenticated under Section 3.06 hereof.

“*Paying Agent*” means the Trustee acting as such, or any other bank or trust company designated as a Paying Agent by or in accordance with this Indenture.

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

“*Plans and Specifications*” means the plans and specifications describing the Project as now prepared and as they may be changed as herein provided from time to time.

“*Predecessor Bond*” of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by the particular Bond. For the purposes of this definition, any Bond authenticated and delivered under Section 3.06 hereof in lieu of a lost, stolen or destroyed Bond shall, except as otherwise provided in Section 3.06 hereof, be deemed to evidence the same debt as the lost, stolen or destroyed Bond.

“*Program Obligations*” shall have the meaning provided in the FHA Mortgage.

“*Project*” means the financing of a portion of the costs of rehabilitation, renovation, improvement, construction and equipping of the multifamily rental housing facility known as “Stuart Gardens I Apartments,” consisting of approximately 250 rental units and related facilities, located at 1358 Garden Drive, Newport News, Virginia 23607, for occupancy by persons or families of low and moderate income.

“*Project Costs*” means the costs of the Project specified in Section 3.4 of the Loan Agreement.

“*Project Fund*” means the Project Fund created pursuant to Section 5.01 hereof.

“*Promissory Note*” means the Promissory Note, in the original principal amount of \$23,000,000, dated the Closing Date, in the form attached to the Loan Agreement as Exhibit A, evidencing the obligation of the Borrower to make Loan Payments.

“*Rating Agency*” means S&P, Moody’s, or any other nationally recognized municipal securities rating agency acceptable to the Holders, and initially means Moody’s so long as Moody’s is rating the Bonds.

“*Rebate Analyst*” shall have the meaning provided in Section 5.09 hereof.

“*Rebate Fund*” means the Rebate Fund created pursuant to Section 5.01 hereof.

“*Register*” means the books kept and maintained by the Registrar for registration and transfer of Bonds pursuant to Section 3.05 hereof.

“*Registrar*” means the Trustee, until a successor Registrar shall have become such pursuant to applicable provisions of this Indenture; each Registrar shall be a transfer agent registered in accordance with Section 17A(c) of the Securities Exchange Act of 1934.

“*Regular Record Date*” means the fifteenth day of the calendar month next preceding an Interest Payment Date applicable to that Bond.

“*Regulatory Agreement*” means the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of July 1, 2026, but effective as of the Closing Date, among the Issuer, the Borrower, and the Trustee, relating to the Bonds, as the same may be amended from time to time.

“*Remarketing Agent*” means Colliers Securities LLC, a Delaware limited liability company, or any successor as Remarketing Agent designated in accordance with Section 6.19 hereof.

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

“*Remarketing Agreement*” means the Remarketing Agreement, dated as of July 1, 2026, between the Borrower and the Remarketing Agent, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

“*Remarketing Date*” means the Initial Remarketing Date and, if the Bonds Outstanding on such date or on any subsequent Remarketing Date are remarketed pursuant to Section 4.05 hereof for a Remarketing Period that does not extend to the final maturity of the Bonds, the day after the last day of the Remarketing Period.

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

“*Remarketing Notice Parties*” means the Borrower, the Issuer, the Trustee, the Remarketing Agent, and the Investor Limited Partners.

“*Remarketing Period*” means the period beginning on a Remarketing Date and ending on the last day of the term for which Bonds are remarketed pursuant to Section 4.05 hereof or the final Maturity Date of the Bonds, as applicable.

“*Remarketing Proceeds Account*” means the Remarketing Proceeds Account of the Bond Fund created in Section 5.01 hereof.

“*Remarketing Rate*” means the interest rate or rates established pursuant to Section 2.04(c) hereof and borne by the Bonds then Outstanding from and including each Remarketing Date to, but not including, the next succeeding Remarketing Date or the final Maturity Date of the Bonds, as applicable.

“*Responsible Officer*” means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant

secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

"Securities Act" means the United States Securities Act of 1933, as in effect on the Closing Date.

"Securities Depositories" means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax (516) 227 4039 or 4191; Midwest Securities Trust Company, Capital Structures – Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax (312) 663 2343; Pacific Securities Depository Trust Company, Pacific and Company, P.O. Box 7041, San Francisco, California 94120, Fax (415) 393 4128; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax (215) 496-5058; or, in accordance with the then current guidelines of the Securities and Exchange Commission to such other addresses and/or such other securities depositories or, as the Issuer may designate in a request of the Issuer delivered to the Trustee, to no such depositories.

"S&P" means S&P Global Ratings.

"Special Funds" means, collectively, the Bond Fund, the Collateral Fund and the Project Fund, and any accounts therein, all as created in this Indenture.

"Special Record Date" means, with respect to any Bond, the date established by the Trustee in connection with the payment of overdue interest or principal on that Bond.

"State Historic Tax Credit Equity" shall mean tax credit funds that will be used by the Borrower to finance the Project.

"State Historic Tax Credit Equity Investor" means Commonwealth Advisors Capital LLC, a Virginia limited liability company.

"Subordinate Bond Documents" shall have the meaning provided in Section 13.14 hereof and Section 8.11 of the Loan Agreement.

"Supplemental Indenture" means any indenture supplemental to this Indenture entered into between the Issuer and the Trustee in accordance with Article VIII hereof.

"Surplus Cash" shall have the meaning provided in the HUD Regulatory Agreement.

"Tax Certificate" means the Federal Tax Agreement and Non-Arbitrage Certificate of the Issuer and the Borrower, executed and delivered by the Issuer and the Borrower on the Closing Date.

"Tendered Bond" means any Bond which has been tendered for purchase pursuant to a Mandatory Tender.

"Title Company" means Chicago Title Insurance Company, its permitted successors and assigns.

"Trustee" means U.S. Bank Trust Company, National Association, a national banking association, until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter, the term *"Trustee"* shall mean the successor Trustee.

“Unassigned Issuer’s Rights” means all of the rights of the Issuer to enforce compliance with the requirements under Section 2.2 of the Loan Agreement; to receive Additional Payments under Section 4.2 of the Loan Agreement; to inspect books and records under Section 5.1 of the Loan Agreement; to be held harmless and indemnified under Section 5.3 of the Loan Agreement; to be an insured and to receive notice of material litigation under Section 5.5 of the Loan Agreement; to receive notices of default and enforce the limitation of liability related to the Regulatory Agreement under Section 5.8 of the Loan Agreement; to pursue remedies upon default under Section 7.2 of the Loan Agreement to the extent provided therein with respect to Unassigned Issuer’s Rights; to be reimbursed for attorneys’ fees and expenses under Section 7.4 of the Loan Agreement; to receive notices pursuant to Section 8.3 of the Loan Agreement; to give or withhold consent to amendments, changes, modifications, alterations and termination of the Loan Agreement under Section 8.6 of the Loan Agreement; to enforce the limitation of liability under Section 8.12 of the Loan Agreement; and to receive payment of audit expenses under Section 8.15 of the Loan Agreement.

“Undelivered Bond” means any Bond that is required under this Indenture to be delivered to the Remarketing Agent or the Trustee for purchase on a Mandatory Tender Date but that has not been received on the date such Bond is required to be so delivered.

“Underwriter” means Colliers Securities LLC, a Delaware limited liability company, its successors and assigns, which is handling the financing of the Project from its office located at 90 South 7th Street, Suite 4300 Minneapolis, MN 55402-4108.

“Underwriter’s Advance” means an amount equal to the Initial Deposit paid by the Underwriter for deposit to the Interest Account of the Bond Fund in excess of the par public offering price of the Bonds pursuant to the Bond Purchase Agreement.

Section 1.02 Interpretation. Any reference herein to the Issuer or to any member or officer thereof includes entities or officials succeeding to their respective functions, duties or responsibilities pursuant to or by operation of law or lawfully performing their functions.

Any reference to a section or provision of the Act, or to a section, provision or chapter of the Virginia Statutes, or to any statute of the United States of America, includes that section, provision or chapter as amended, modified, revised, supplemented or superseded from time to time; provided, that no amendment, modification, revision, supplement or superseding section, provision or chapter shall be applicable solely by reason of this paragraph, if it constitutes in any way an impairment of the rights or obligations of the Issuer, the Holders, the Trustee, the Registrar, the Paying Agent, any Authenticating Agent or the Borrower under this Indenture, the Bond Resolution, the Bonds, the Loan Agreement, the Promissory Note, the Regulatory Agreement or any other instrument or document entered into in connection with any of the foregoing, including without limitation, any alteration of the obligation to pay Bond Debt Service Charges in the amount and manner, at the times, and from the sources provided in the Bond Resolution and this Indenture, except as permitted herein.

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

Section 1.03 Captions and Headings. The captions and headings in this Indenture are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Articles, Sections, subsections, paragraphs, subparagraphs or clauses hereof.

ARTICLE II

AUTHORIZATION AND TERMS OF BONDS

Section 2.01 Authorized Amount of Bonds. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total authorized principal amount of Bonds which shall be issued under the provisions of this Indenture is \$23,000,000. No additional bonds may be issued hereunder.

Section 2.02 Issuance of Bonds. It is determined to be necessary to, and the Issuer shall, issue, sell and deliver \$23,000,000 in principal amount of Bonds and shall loan the proceeds thereof to the Borrower to finance the Project. The Bonds shall be designated “Multifamily Housing Revenue Bonds (Stuart Gardens I Apartments) Series 2026”; shall be issuable only in fully registered form, substantially as set forth in EXHIBIT A attached hereto; shall be numbered R-1 and upward in order to distinguish each Bond from any other Bond; shall be in Authorized Denominations; shall be dated the Closing Date; and shall bear interest from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from their date of delivery.

Section 2.03 Authorization of Bonds; Sale and Delivery of the Bonds. Upon the execution and delivery hereof, the Issuer shall execute the Bonds and deliver them to the Trustee, and the Trustee shall authenticate or cause the authentication of the Bonds and deliver them to such purchaser or purchasers as shall be directed by the Issuer, provided, that there shall be previous thereto filed with the Trustee the following:

(a) copies, certified by the Issuer, of all resolutions adopted and proceedings had by the Issuer authorizing the issuance and delivery of the Bonds, including the Bond Resolution;

(b) a letter of instructions of the Issuer directing the Trustee to authenticate and deliver the Bonds against receipt of the purchase price therefor;

(c) original executed counterparts of this Indenture, the Loan Agreement, the Regulatory Agreement and the Promissory Note;

(d) an approving opinion of Bond Counsel in form and content acceptable to the Issuer and the Underwriter;

(e) an opinion of counsel for the Borrower in form and content acceptable to the Issuer, Bond Counsel, and the Underwriter;

(f) an executed Tax Certificate;

(g) written evidence from the Rating Agency confirming that the Bonds have been assigned a rating of [Aa1/VMIG-1];

(h) payment to the Trustee, for the account of the Issuer, of the purchase price of \$[] for the Bonds; and

(i) payment to the Trustee, for the account of the Issuer, from the proceeds of the Underwriter's Advance, the Initial Deposit for deposit to the Interest Account of the Bond Fund.

Section 2.04 Maturity and Interest.

(a) General. The Bonds shall bear interest on the principal amount Outstanding from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or provided for, from their date of initial delivery, payable on each Interest Payment Date. The Bonds shall bear interest for each Interest Period at the Interest Rate all as more specifically set forth hereinafter. Interest on the Bonds shall be calculated on the basis of a three hundred sixty (360) day year consisting of twelve (12) 30 day months. The Bonds shall mature on the Maturity Date, subject to prior redemption as set forth in Section 4.01 hereof and subject to Mandatory Tender for purchase as set forth in Section 4.03 hereof.

(b) Initial Interest Rate. From the date of their initial delivery to but not including the Initial Mandatory Tender Date, the interest rate on the Bonds shall be the Initial Interest Rate. On the Initial Mandatory Tender Date, the Bonds shall be subject to Mandatory Tender pursuant to Section 4.03 hereof. If insufficient funds are available to pay the purchase price on the Bonds following such Mandatory Tender on the Initial Mandatory Tender Date, the Bonds shall accrue interest at the Maximum Interest Rate until funds are available for payment of the purchase price, with interest being paid monthly on the first Business Day of each month.

(c) Establishment of Remarketing Rate. The Remarketing Agent shall establish the interest rate on the Bonds Outstanding for each Remarketing Period at the Remarketing Rate in accordance with this Section. Not less than 10 Business Days preceding each Remarketing Date, the Remarketing Agent, taking into consideration prevailing market conditions, shall, using its best professional judgment, determine the minimum rate(s) of interest which, if borne by the Bonds then Outstanding for the Remarketing Period specified by the Remarketing Agent at the direction of the Borrower as provided in Section 4.05 hereof, would permit all such Bonds to be remarketed at a price equal to par. The rate of interest determined in accordance with the previous sentence shall be the Remarketing Rate for the specified Remarketing Period; provided that if the rate of interest so determined for such period would exceed the Maximum Interest Rate, any Bonds Outstanding shall be remarketed for the longest Remarketing Period for which the minimum rate of interest that would enable such Bonds to be remarketed at a price equal to 100% of the principal amount of such Bonds that would not exceed the Maximum Interest Rate. Notwithstanding the foregoing, if the rate of interest so determined for any Remarketing Period would exceed the Maximum Interest Rate, the Bonds Outstanding shall not be remarketed.

(d) Notice of Remarketing Rate. The Remarketing Agent shall, upon determination of the Remarketing Rate and Remarketing Period, immediately (and in no event later than the Business Day following the day on which the Remarketing Agent makes its determination of the Remarketing Rate and the Remarketing Period) give notice of its determination in writing to the Remarketing Notice Parties. The Remarketing Rate and the Remarketing Period shall be conclusive and binding upon the Remarketing Notice Parties and the Holders for the purposes of this Indenture.

Section 2.05 Special Obligations. The Bonds are special, limited obligations of the Issuer payable solely from the Trust Estate and any other revenues, funds and assets pledged under this Indenture and not from any other revenues, funds or assets of the Issuer. The Bonds are not general obligations, debt or bonded indebtedness of the Issuer, the Commonwealth, or any political subdivision thereof (other than of the Issuer to the limited extent set forth in this Indenture) and the Holders of the Bonds do not have the right to have any excises or taxes levied by the Issuer, the Commonwealth or any political subdivision thereof for the payment of the principal of and any premium and interest on the Bonds. None of the Issuer, the Commonwealth, or any political subdivision of the Commonwealth will be obligated to pay the principal

of and the interest on the Bonds or other costs incident thereto except from the Issuer Revenues pledged under this Indenture.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE PLEDGED REVENUES (AS DEFINED IN THE INDENTURE) AND FROM OTHER MONEY PLEDGED UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA (THE "COMMONWEALTH") NOR THE FAITH AND CREDIT OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER AND THE CITY OF NEWPORT NEWS, VIRGINIA (THE "CITY")) ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST OR PREMIUM, IF ANY, ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER AND THE CITY) TO LEVY ANY TAXES WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT EXCEPT FROM THE FUNDS PLEDGED THEREFOR. THE ISSUER HAS NO TAXING POWER.

ARTICLE III

TERMS OF BONDS GENERALLY

Section 3.01 Form of Bonds. The Bonds, the certificate of authentication and the form of assignment shall be in the respective forms thereof set forth in EXHIBIT A attached hereto.

All Bonds, unless a Supplemental Indenture has been executed and delivered pursuant to Section 8.02 hereof, shall be in fully registered form, and, except as provided in Section 3.05 hereof, the Holder of a Bond shall be regarded as the absolute owner thereof for all purposes of this Indenture.

The Bonds shall be negotiable instruments in accordance with the Act, and shall express the purpose for which they are issued and any other statements or legends which may be required by law. Each Bond shall be of a single maturity.

Section 3.02 Execution and Authentication of Bonds. Each Bond shall be signed on behalf of the Issuer by the Chairman of the Issuer and attested by the Secretary of the Issuer in their official capacities (provided that signatures may be facsimiles). In case any officer whose signature or a facsimile of whose signature shall appear on any Bond shall cease to be that officer before the issuance of the Bond, his or her signature or the facsimile thereof nevertheless shall be valid and sufficient for all purposes, the same as if such officer had remained in office until that time. Any Bond may be executed on behalf of the Issuer by an officer who, on the date of execution is the proper officer, although on the date of the Bond that person was not the proper officer.

No Bond shall be valid or become obligatory for any purpose or shall be entitled to any security or benefit under this Indenture unless and until a certificate of authentication, substantially in the form set forth in EXHIBIT A attached hereto, has been signed by the Trustee. The authentication by the Trustee upon any Bond shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered hereunder and is entitled to the security and benefit of this Indenture. The certificate of the Trustee may be executed by any person authorized by the Trustee, but it shall not be necessary that the same authorized person sign the certificates of authentication on all of the Bonds.

Section 3.03 Source of Payment of Bonds. To the extent provided in and except as otherwise permitted by this Indenture, (a) the Bonds shall be special, limited obligations of the Issuer, and the Bond Debt Service Charges thereon shall be payable equally and ratably solely from the Issuer Revenues, including but not limited to moneys and investments in the Special Funds; (b) the payment of Bond Debt Service Charges on the Bonds shall be secured by the assignment of Issuer Revenues hereunder and by this Indenture; and (c) payments due on the Bonds also shall be secured by the Promissory Note. Notwithstanding anything to the contrary in the Bond Resolution, the Bonds, or this Indenture, the Bonds do not and shall not represent or constitute a debt or pledge of the full faith and credit or the taxing power of the Issuer, the Commonwealth, or any political subdivision, municipality or other local agency thereof.

Section 3.04 Payment and Ownership of Bonds. Bond Debt Service Charges shall be payable in lawful money of the United States of America without deduction for the services of the Trustee or the Paying Agent. Subject to the provisions of Section 3.09 hereof, (a) the principal of any Bond shall be payable when due to a Holder upon presentation and surrender of such Bond at the designated corporate trust office of the Trustee or at the office, designated by the Trustee, of the Paying Agent; and (b) interest on any Bond shall be paid on the applicable Interest Payment Date by check or draft which the Trustee shall cause to be mailed on that date to the Person in whose name the Bond is registered on the Register at the close of business on the Regular Record Date applicable to that Interest Payment Date, at such Holder's address appearing therein. Notwithstanding anything to the contrary herein or in any of the Borrower Documents, the Trustee is authorized to use funds on deposit in the Special Funds, as and when provided, to pay principal and interest on the Bonds when due. Notwithstanding the foregoing, the Bonds issued under this Indenture are subject to the procedures of the Depository.

If and to the extent, however, that the Issuer shall fail to make payment or provision for payment of interest on any Bond on any Interest Payment Date, that interest shall cease to be payable to the Person who was the Holder of that Bond as of the applicable Regular Record Date. In that event, except as provided below in this Section, when money becomes available for payment of the interest, (1) the Trustee shall, pursuant to Section 7.06(d) hereof, establish a Special Record Date for the payment of that interest which shall be not more than 15 nor fewer than 10 days prior to the date of the proposed payment, and (2) the Trustee shall cause notice of the proposed payment and of the Special Record Date to be mailed by first-class mail, postage prepaid, to each Holder at its address as it appears on the Register not fewer than 10 days prior to the Special Record Date and, thereafter, the interest shall be payable to the Persons who are the Holders of the Bonds at the close of business on the Special Record Date.

Subject to the foregoing, each Bond delivered under this Indenture upon transfer thereof, or in exchange for or in replacement of any other Bond, shall carry the rights to interest accrued and unpaid, and to accrue on that Bond, or which were carried by that Bond.

Except as provided in this Section and the first paragraph of Section 3.06 hereof, (i) the Holder of any Bond shall be deemed and regarded as the absolute owner thereof for all purposes of this Indenture; (ii) payment of or on account of the Bond Debt Service Charges on any Bond shall be made only to or upon the order of that Holder or its duly authorized attorney in the manner permitted by this Indenture; and (iii) none of the Issuer, the Trustee, the Registrar nor the Paying Agent shall, to the extent permitted by law, be affected by notice to the contrary. All of those payments shall be valid and effective to satisfy and discharge the liability upon that Bond, including without limitation, the interest thereon, to the extent of the amount or amounts so paid.

Section 3.05 Registration, Transfer and Exchange of Bonds. The Trustee shall cause the Register to be kept for the registration of Bonds and the registration of transfers of Bonds. The registration of any Bond may be transferred only upon an assignment duly executed by the registered Holder or his or her duly authorized representative in such form and with guaranty of signature as shall be satisfactory to

the Trustee, and upon surrender of such Bond to the Trustee for cancellation. Whenever any Bond or Bonds shall be surrendered for registration of transfer, the Issuer shall execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of the same series and of Authorized Denomination or Denominations and for the amount of such Bond or Bonds so surrendered.

Any Bond may be exchanged at the designated office of the Trustee, for a new Bond or Bonds of an Authorized Denomination and for the aggregate amount of such Bond then remaining Outstanding.

In all cases in which the registration of Bonds shall be transferred or Bonds shall be exchanged hereunder, the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange, and all such taxes, fees or charges shall be Ordinary Expenses payable as scheduled pursuant to Section 6.03 hereof. The Trustee shall not be required to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of and premium and interest on any such Bond shall be made only to or upon the order of the Holder thereof, or its legal representative, and neither the Issuer nor the Trustee shall be affected by any notice to the contrary. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums to be paid.

Transfers are subject to the requirements of the Depository as long as the Bonds are held in Book-Entry Form. Neither the Trustee nor any agent shall have any responsibility or liability for any actions taken or not taken by the Depository.

Section 3.06 Mutilated, Lost, Wrongfully Taken or Destroyed Bonds. If any Bond is mutilated, lost, wrongfully taken or destroyed, in the absence of written notice to the Issuer or the Registrar that a lost, wrongfully taken or destroyed Bond has been acquired by a bona fide purchaser, the Issuer shall execute, and the Registrar shall authenticate and deliver, a new Bond of like date, maturity, and denomination as the Bond mutilated, lost, wrongfully taken or destroyed; provided, that (a) in the case of any mutilated Bond, the mutilated Bond first shall be surrendered to the Registrar; and (b) in the case of any lost, wrongfully taken or destroyed Bond, there first shall be furnished to the Registrar evidence of the loss, wrongful taking or destruction satisfactory to the Registrar, together with indemnity satisfactory to the Registrar for the Trustee, the Registrar and the Issuer.

If any lost, wrongfully taken or destroyed Bond shall have matured, been called for redemption, or be subject to mandatory tender, instead of issuing a new Bond, the Trustee may pay that Bond without surrender thereof upon the furnishing of satisfactory evidence and indemnity as the Registrar may require, as in the case of issuance of a new Bond. The Issuer, the Registrar and the Trustee may charge the Holder of a mutilated, lost, wrongfully taken or destroyed Bond their reasonable fees and expenses in connection with their actions pursuant to this Section.

Every new Bond issued pursuant to this Section by reason of any Bond being mutilated, lost, wrongfully taken or destroyed (1) shall constitute, to the extent of the Outstanding principal amount of the Bond lost, mutilated, taken or destroyed, an additional contractual obligation of the Issuer, regardless of whether the mutilated, lost, wrongfully taken or destroyed Bond shall be enforceable at any time by anyone; and (2) shall be entitled to all of the benefits of this Indenture equally and proportionately with any and all other Bonds issued and Outstanding hereunder.

All Bonds which have been redeemed or surrendered shall be canceled or otherwise destroyed by the Trustee in accordance with the customary practices of the Trustee and applicable record retention requirements.

All Bonds shall be held and owned on the express condition that the foregoing provisions of this Section are exclusive with respect to the replacement or payment of mutilated, lost, wrongfully taken or destroyed Bonds and, to the extent permitted by law, shall preclude any and all other rights and remedies with respect to the replacement or payment of negotiable instruments or other investment securities without their surrender, notwithstanding any law or statute to the contrary now existing or enacted hereafter.

Section 3.07 Cancellation of Bonds. Any Bond surrendered pursuant to this Article for the purpose of payment or retirement or for exchange, replacement or transfer shall be cancelled upon presentation and surrender thereof to the Registrar, the Trustee or the Paying Agent. Any Bond cancelled by the Trustee or the Paying Agent shall be transmitted promptly to the Registrar by the Trustee or Paying Agent.

The Issuer, or the Borrower on behalf of the Issuer, may deliver at any time to the Registrar for cancellation any Bonds previously authenticated and delivered hereunder, which the Issuer or the Borrower may have acquired in any manner whatsoever. All Bonds so delivered shall be cancelled promptly by the Registrar. Certification of the surrender and cancellation shall be made to the Issuer and the Trustee by the Registrar upon written request to the Registrar. All cancelled Bonds shall be destroyed by the Registrar in accordance with the customary practices of the Registrar. The costs of such shredding, incineration and certification shall constitute Ordinary Expenses payable as scheduled pursuant to Section 6.03 hereof.

Section 3.08 Special Agreement with Holders. Notwithstanding any provision of this Indenture or of any Bond to the contrary, with the written approval of the Borrower, the Trustee may enter into an agreement with any Holder providing for making all payments to that Holder of principal of and interest on that Bond or any part thereof (other than any payment of the entire unpaid principal amount thereof) at a place and in a manner other than as provided in this Indenture and in the Bond, without presentation or surrender of the Bond, upon any conditions which shall be satisfactory to the Trustee and the Borrower; provided, that payment in any event shall be made to the Person in whose name a Bond shall be registered on the Register, with respect to payment of principal, on the date such principal is due, and, with respect to the payment of interest, as of the applicable Regular Record Date or Special Record Date, as the case may be.

The Trustee will furnish a copy of each of those agreements, certified to be correct by an officer of the Trustee, to the Registrar, the Issuer, and the Borrower. Any payment of principal or interest pursuant to such an agreement shall constitute payment thereof pursuant to, and for all purposes of, this Indenture.

Notwithstanding the foregoing, the Bonds issued under this Indenture are subject to the procedures of the Depository.

Section 3.09 Book-Entry Only System. Notwithstanding any provision of this Indenture to the contrary, the Issuer may direct that all Bonds issued hereunder shall be initially issued in a Book-Entry System, registered in the name of a Depository or its nominee as the registered owner of the Bonds, and held in the custody of that Depository. Unless otherwise requested by a Depository, a single certificate will be issued and delivered to the Depository for each maturity of Bonds. Beneficial owners of Bonds in a Book-Entry System will not receive physical delivery of Bond certificates except as provided hereinafter. For so long as a Depository shall continue to serve as securities depository for the Bonds as provided herein, all transfers of beneficial ownership interests will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Bonds is to receive, hold or

deliver any Bond certificate; provided; that, if a Depository fails or refuses to act as securities depository for the Bonds, the Issuer and the Trustee shall take the actions necessary to provide for the issuance of Bond certificates to the Holders of such Bonds.

With respect to Bonds registered in the name of a Depository, the Issuer, the Borrower, and the Trustee shall have no responsibility or obligation to any participant therein or to any Person on whose behalf any participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, none of the Issuer, the Borrower, or the Trustee shall have any responsibility or obligation with respect to (a) the accuracy of the records of the Depository or any participant therein or any other Person, other than a registered owner of the Bonds, as shown on the registration books; (b) any notice with respect to the Bonds; or (c) the payment to any participant in the Depository or any other Person, other than a registered owner of the Bonds, as shown in the registration books, of any amount with respect to principal of or interest on or purchase price of the Bonds.

Replacement Bonds may be issued directly to the beneficial owners of the Bonds other than a Depository, or its nominee, but only in the event that (1) the Depository determines not to continue to act as securities depository for the Bonds (which determination shall become effective no less than 90 days after written notice to such effect to the Issuer and the Trustee); (2) the Trustee has, at the direction of the Borrower, advised a Depository of its determination (which determination is conclusive as to the Depository and beneficial owners of the Bonds) that the Depository is incapable of discharging its duties as securities depository for the Bonds; or (3) the Majority of the Holders of the Bonds have determined (which determination is conclusive as to the Depository and the beneficial owners of the Bonds) that the interests of the beneficial owners of the Bonds might be adversely affected if such book-entry only system of transfer is continued. Upon occurrence of any of the foregoing events, the Borrower shall use commercially reasonable efforts to attempt to locate another qualified securities depository. If the Borrower fails to locate another qualified securities depository to replace the Depository, the Trustee and the Issuer, at the Borrower's expense, shall cause to be authenticated and delivered replacement Bonds, in certificate form, to the beneficial owners of the Bonds. In the event that the determination noted in clause (2) or (3) above is made (provided that the Trustee undertakes no obligation to make any investigation to determine the occurrence of any events that would permit the Trustee to make any such determination), and the Trustee has been directed in writing to notify the beneficial owners of the Bonds of such determination by mailing an appropriate notice to the Depository, the Trustee and the Issuer shall cause to be issued replacement Bonds in certificate form to beneficial owners of the Bonds as shown on the records of the Depository provided to the Trustee and the Issuer.

Upon the written consent of 100% of the beneficial owners of the Bonds, the Trustee shall withdraw the Bonds from any Depository and authenticate and deliver Bonds fully registered to the assignees of that Depository or its nominee. If the request for withdrawal is not the result of any Issuer, Borrower or Trustee action or inaction, such withdrawal, authentication and delivery shall be at the cost and expense (including costs of printing, preparing and delivering such Bonds) of the persons requesting such withdrawal, authentication and delivery; otherwise such withdrawal, authentication and delivery shall be at the cost and expense of the Borrower.

Whenever, during the term of the Bonds, the beneficial ownership thereof is determined by a book entry at a Depository, (i) the requirements in this Indenture of holding, delivering or transferring Bonds shall be deemed modified to require the appropriate Person or entity to meet the requirements of the Depository as to registering or transferring the book entry to produce the same effect; and (ii) delivery of the Bonds will be in accordance with arrangements among the Issuer, the Trustee and the Depository notwithstanding any provision of this Indenture to the contrary.

The Issuer shall enter into any letter of representation with a Depository to implement the Book-Entry System of bond registration described above.

Neither the Trustee nor any of its agents shall have any responsibility or liability for any actions taken or not taken by DTC.

ARTICLE IV

REDEMPTION, MANDATORY TENDER AND REMARKETING OF BONDS

Section 4.01 Redemption of Bonds. The Bonds are subject to redemption prior to maturity as provided in this Section.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Bonds shall relate, in the case of any Bond redeemed or to be redeemed only in part, to the portion of the principal of such Bond that has been or is to be redeemed; provided, however, that Bonds shall be redeemed in part only in such amounts that the Bonds remaining Outstanding after a redemption shall in all events be in Authorized Denominations.

On each redemption date the Trustee shall transfer to the Registrar, but only from and to the extent of funds held by the Trustee hereunder available for such purpose, an amount sufficient to pay the redemption price of all Bonds or portions thereof to be redeemed on such redemption date. In the event the Trustee has not received or does not otherwise have available hereunder funds sufficient to pay the redemption price of the Bonds on the date fixed for redemption, no funds shall be transferred to the Registrar, all funds shall remain on deposit in the Special Funds, and the Trustee shall give notice of the cancellation of such redemption in the manner set forth in Section 4.02 hereof.

(a) The Bonds are subject to optional redemption prior to maturity from Available Money, at the direction of the Borrower (with delivery of a Cash Flow Projection, if required pursuant to subsection (c) below), in whole or in part, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest, but without premium, to the date fixed for redemption, (i) prior to the Initial Mandatory Tender Date, on any Business Day on or after April 1, 2028 and (ii) after the Initial Mandatory Tender Date, on any Business Day that is nearest to the date falling at 50% of the subsequent remarketing period between the most recent Mandatory Tender Date and the next Mandatory Tender Date or the Maturity Date, as applicable.

(b) Other than as set forth in subsection (a) above, the Bonds are not subject to optional redemption prior to the Maturity Date.

(c) If, to pay the redemption price, the Trustee is required to sell or otherwise dispose of Eligible Investments shown in the most recent Cash Flow Projection delivered to the Rating Agency before the maturity or mandatory tender date of such Eligible Investments, then a new Cash Flow Projection shall be provided to the Trustee (with a copy to the Rating Agency) with the direction described in subsection (a) above, and the Trustee shall utilize the amounts and take the actions set forth in such Cash Flow Projection to pay the redemption price of the Bonds called for redemption.

Section 4.02 Notice of Redemption.

(a) Not less than 20 days prior to the redemption date, the Trustee shall give written notice of redemption to the Holders (with a copy to the Borrower, the Investor Limited Partners, and the Remarketing Agent) by first-class mail, postage prepaid, at their respective addresses appearing on the Register. The notice shall state the following:

- (1) the redemption date;
- (2) the redemption price;
- (3) if less than all Outstanding Bonds are to be redeemed, the identification by designation, letters, numbers or other distinguishing marks (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed;
- (4) that on the redemption date the redemption price of each such Bond will become due and payable to the extent of funds on deposit with the Trustee for that purpose, and that interest on the principal amount of each such Bond to be redeemed shall cease to accrue on such date;
- (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the office of the Trustee designated in such notice; and
- (6) such additional information as the Trustee or the Issuer shall deem appropriate.

(b) In addition to the foregoing notice, further notice shall be given by the Trustee as set out below, but no defect in such further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption and in addition (1) the complete official title; including series designation, delivery date, interest rate and maturity date of each Bond being redeemed; (2) the certificate and CUSIP number of each such Bond, and, in the case of a partial redemption, the amount of the principal represented by each such certificate that is being redeemed; (3) the date of mailing of official notice of redemption; and (4) any other descriptive information needed to identify accurately the Bonds being redeemed.

(c) Further notices of redemption shall be sent by first-class mail or overnight delivery service to any Holder owning, on the date such notice is sent, Bonds in the aggregate principal amount of \$1,000,000 or more.

(d) If the Bonds are not then being held under a book-entry system, each further notice of redemption shall be sent at least 30 days before the redemption date by first-class mail or overnight delivery service to the Securities Depositories and to the Information Services. This further notice of redemption sent to the Securities Depositories pursuant to the preceding sentence shall be sent at such time as shall insure that such notice is received at least two (2) Business Days before official notice of such redemption is received.

(e) A second notice of redemption shall be sent by the same means as the first such notice not later than 60 days after the redemption date to any Holder who shall not have presented for payment the Bond or Bonds called for redemption within 30 days after such date.

(f) In the event the Bonds are called for redemption under circumstances resulting in discharge of this Indenture under Section 9.02 hereof more than 90 days before the redemption date, additional official and further notice of redemption satisfying the requirements of this Section shall be given not less than 30 or more than 60 days prior to such redemption date.

(g) Failure to give any official or further notice or any defect therein shall not affect the validity of the proceedings for redemption of any Bond with respect to which no such failure or defect has occurred or exists.

Redemption is conditioned on the Trustee's possession and/or receipt of sufficient Available Money for such redemption on or prior to the redemption date; if sufficient moneys are not available, the redemption of the Bonds for which notice was given shall not be made. Any notice of the redemption of Bonds may state that such notice is conditional and that if the conditions for redemption of such Bonds on the scheduled redemption date are not satisfied (including the availability of funds sufficient to redeem such Bonds), such Bonds will not be redeemed on such date and any Bonds tendered for payment on such date will be returned to the Holders thereof. The cancellation of such redemption shall immediately be confirmed in a subsequent notice given immediately in substantially the same manner as the original notice of redemption.

Notice of redemption having been given as aforesaid, except as provided below, the principal amount of the Bonds so to be redeemed shall become due and payable on the redemption date at the redemption price specified, and on and after such date (unless the Issuer shall default in the payment of the redemption price) such principal amount of the Bonds shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with such notice, such Bond shall be paid at the redemption price thereof to the extent that money is on deposit with the Registrar for that purpose. Neither the failure of a Holder to receive such notice nor any defect in any notice shall affect the sufficiency of the proceedings for such redemption. If any Bond called for redemption shall not be so paid on the redemption date upon proper surrender of the Bond for redemption, the redemption price and, to the extent lawful, interest thereon shall, until paid, bear interest from the redemption date at the rate borne by the Bond immediately before the redemption date.

In the case of a redemption of the Bonds in part, the Trustee shall select the Bonds for redemption from the Outstanding Bonds not previously called for redemption, by lot within a maturity; provided that, notwithstanding any contrary provision hereof, if the Bonds are in Book-Entry Form at the time of such redemption, the Trustee shall redeem such Bonds in accordance with any controlling procedures of the Depository. In no event shall Bonds be redeemed in part in amounts other than whole multiples of Authorized Denominations. For purposes of redeeming Bonds in denominations greater than minimum Authorized Denominations, the Trustee shall assign to such Bonds a distinctive number for each such principal amount and, in selecting Bonds for redemption by lot, shall treat such amounts as separate Bonds.

If any Bond is to be redeemed only in part, it shall be surrendered to the Registrar (with due endorsement by, or a written instrument of transfer in form satisfactory to the Registrar duly executed by, the Holder thereof or its attorney duly authorized in writing) and the appropriate officers of the Issuer shall execute and the Registrar shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds of the same interest rate and of any Authorized Denomination or Denominations, as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond surrendered.

Section 4.03 Mandatory Tender.

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

(b) Mandatory Tender Dates. The Mandatory Tender Dates shall consist of (1) the Initial Mandatory Tender Date; and (2) any subsequent dates for mandatory tender of the Bonds established by the Borrower in consultation with the Remarketing Agent in connection with a remarketing of the Bonds pursuant to Section 4.05 hereof.

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

(d) Effect of Prior Redemption. Notwithstanding anything herein to the contrary, any Bond tendered under this Section will not be purchased if such Bond matures or is redeemed on or prior to the applicable Mandatory Tender Date.

(e) Purchase of Tendered Bonds. The Trustee shall utilize the following sources of payments to pay the tender price of the Bonds not later than 2:30 p.m. Local Time on the Mandatory Tender Date in the following priority: (1) amounts representing proceeds of remarketed Bonds deposited in the Remarketing Proceeds Account to pay the principal amount, plus accrued interest, of Bonds tendered for purchase; (2) amounts on deposit in the Collateral Fund to pay the principal amount of Bonds tendered for purchase; (3) amounts on deposit in the Interest Account of the Bond Fund to pay the accrued interest, if any, on Bonds tendered for purchase; (4) amounts on deposit in the Project Fund to pay the accrued interest, if any, on the Bonds tendered for purchase; and (5) any other Available Money available or made available for such purpose at the written direction of the Borrower.

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

Section 4.04 Mandatory Tender Notice.

(a) Notice to Holders. Not less than 30 days preceding a Mandatory Tender Date, the Trustee shall give written notice of Mandatory Tender to the Holders of the Bonds then Outstanding (with a copy to the Borrower, the Investor Limited Partners, and the Remarketing Agent) in the form set forth in EXHIBIT B attached hereto by e-mail or first-class mail, postage prepaid, at their respective addresses appearing on the Register stating:

- (1) the Mandatory Tender Date and that (i) all Outstanding Bonds are subject to Mandatory Tender for purchase on the Mandatory Tender Date; (ii) all Outstanding Bonds must be tendered for purchase no later than 12:00 Noon Local Time on the Mandatory Tender Date; and (iii) the Holders will not have the right to elect to retain their Bonds;

(2) the address of the designated office of the Trustee at which the Holders should deliver their Bonds for purchase and the date of the required delivery;

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

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

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

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

Section 4.05 Remarketing of Bonds.

(a) Notice of Mandatory Tender. No later than 11:00 a.m. Local Time on the 35th day prior to each Mandatory Tender Date, the Trustee shall give notice in writing to the Remarketing Notice Parties which states the aggregate principal amount of the Bonds which are to be tendered or deemed to be tendered pursuant to Section 4.03 hereof.

(b) Preliminary Conditions to Remarketing. No later than 11:00 a.m. Local Time on the 30th day prior to the Mandatory Tender Date then in effect, the Borrower may give notice in writing to the Remarketing Notice Parties that the Borrower elects to cause the Bonds to be remarketed. A remarketing of the Bonds shall be permitted only if the following conditions are satisfied no later than the time the foregoing election notice is given:

(1) Notice by the Borrower to the Remarketing Agent of the Remarketing Period pursuant to Section 3.10 of the Loan Agreement;

(2) Delivery to the Trustee, the Remarketing Agent, and the Rating Agency of a preliminary Cash Flow Projection with respect to the proposed Remarketing Period; and

(3) The Borrower shall have notified the Trustee in writing that it has approved as to form and substance any disclosure document or offering materials which, in the discretion of the Remarketing Agent, is necessary to be used in connection with the remarketing of the Outstanding Bonds.

(c) Remarketing. Not less than 10 days before each Remarketing Date, the Remarketing Agent shall offer for sale and use its best efforts to sell the Bonds Outstanding on the Remarketing Date at a price equal to 100% of the principal amount of such Bonds in accordance with Section 2.04(c) hereof plus, if such Remarketing Date is a date other than an Interest Payment Date, accrued interest on such Bonds from

the preceding Interest Payment Date to which interest has been paid. Prior to each Remarketing Date, the Remarketing Agent shall give notice, in writing to the Remarketing Notice Parties specifying the principal amount of the Bonds, if any, it has remarketed (including Bonds to be purchased by the Remarketing Agent on the Remarketing Date for its own account, if any), the Remarketing Rate and the Remarketing Period applicable to the Bonds.

The Remarketing Agent shall have the right to remarket any Bond tendered pursuant to Section 4.03 hereof; provided, however, that no such Bond shall be remarketed at a price less than 100% of the principal amount thereof plus accrued interest (if any) without the prior written consent of the Borrower; and provided, further, that the purchase price of any Bond paid to the tendering Holder allocable to such discount shall be paid with Available Money made available by the Borrower therefor and on deposit with the Trustee prior to the remarketing of such Bonds. The Remarketing Agent shall have the right but not the obligation to purchase any Bond tendered or deemed tendered pursuant to Section 4.03 hereof at 100% of the principal amount thereof, and to thereafter sell such Bond. Any such purchase shall constitute a remarketing hereunder.

The Remarketing Agent shall not remarket any Bond to the Issuer, the Borrower, any guarantor of the Bonds or any person which is an “insider” of the Issuer, Borrower, or any such guarantor within the meaning of the Bankruptcy Code.

(d) Final Conditions to Remarketing. If, not later than the Remarketing Date:

(1) the Remarketing Agent shall have notified the Trustee in writing of the remarketing of the Outstanding Bonds and that the proceeds from the remarketing (including proceeds of remarketing of Outstanding Bonds to be purchased by the Remarketing Agent on the Remarketing Date for its own account) or other funds equal to the amount needed to purchase the remarketed Bonds on the Remarketing Date are expected to be available to the Trustee on the Remarketing Date for deposit into the Remarketing Proceeds Account;

(2) the Trustee shall have received written confirmation that the Rating Agency has received and approved a Cash Flow Projection based on the interest rate(s) to be in effect with respect to the Outstanding Bonds on and after the Remarketing Date;

(3) there shall be on deposit with the Trustee, from Available Money provided by the Borrower an amount sufficient to pay the Extension Payment set forth in the Cash Flow Projection for deposit to the Interest Payment Account of the Bond Fund with respect to the payment of Bond Service Charges during the new Remarketing Period;

(4) Bond Counsel is prepared to deliver a Favorable Opinion of Bond Counsel as to the remarketing; and

(5) either (i) there shall be on deposit with the Trustee an amount sufficient to pay the estimated Remarketing Expenses as certified in writing to the Trustee by the Borrower for deposit in the Costs of Issuance Fund; or (ii) the Remarketing Agent shall have certified in writing to the Trustee that provision for the payment of the estimated Remarketing Expenses shall have been made to the satisfaction of the Remarketing Agent;

then the Trustee shall immediately give notice in writing to the Remarketing Notice Parties that (A) all conditions precedent to the remarketing of the Outstanding Bonds have been satisfied and (B) the sale and settlement of the Outstanding Bonds is expected to occur on the Remarketing Date. Following the Trustee’s notice, the Outstanding Bonds shall be sold to the purchasers identified by the Remarketing Agent for

delivery and settlement on the Remarketing Date, and the Trustee shall apply the funds in the Remarketing Proceeds Account of the Bond Fund on the Remarketing Date to payment of the purchase price of the Outstanding Bonds.

(e) Failure to Satisfy Final Conditions. If, not later than a Remarketing Date, any condition set forth in subsection (d) above has not been satisfied, then, unless the Outstanding Bonds are otherwise purchased on the Remarketing Date the Remarketing Agent shall not sell any of the Outstanding Bonds on the Remarketing Date.

(f) Remarketing Proceeds. No later than 11:00 a.m. Local Time on each Remarketing Date, the Remarketing Agent shall pay to the Trustee, in immediately available funds, the proceeds theretofore received by the Remarketing Agent from the remarketing of Bonds tendered for purchase on such Remarketing Date; provided, that the Remarketing Agent may use its best efforts to cause the purchasers of the remarketed Bonds to pay the purchase price plus accrued interest (if any) to the Trustee in immediately available funds. The proceeds from the remarketing of the Bonds shall be segregated from any funds of the Borrower and the Issuer and shall in no case be considered to be or be assets of the Borrower or the Issuer. Funds representing remarketing proceeds received by the Remarketing Agent after 11:00 a.m. Local Time on each Remarketing Date shall be paid to the Trustee as soon as practicable upon such receipt.

(g) Delivery of Purchased Bonds. On or before the Business Day next preceding each Remarketing Date, the Remarketing Agent shall notify the Trustee in writing of (1) the principal amount of the Bonds to be sold by the Remarketing Agent pursuant to this Section and the purchase price, and, unless the Bonds are then in the Book Entry System, the names, addresses and social security numbers or other tax identification numbers of the proposed purchasers thereof; and (2) the principal amount of the Bonds tendered for purchase on such Remarketing Date which will not be sold by the Remarketing Agent pursuant to this Section.

Bonds purchased by the Trustee on a Mandatory Tender Date that have been remarketed shall be delivered to the purchasers thereof as directed by the Remarketing Agent. Bonds delivered as provided in this Section shall be registered in the manner directed in writing by the recipient thereof.

Section 4.06 Cancellation of Bonds. The Trustee shall immediately cancel Bonds if the tender price of the Bonds is paid from amounts other than proceeds derived from the remarketing of the Bonds.

ARTICLE V

PROVISIONS AS TO FUNDS, PAYMENTS, PROJECT AND AGREEMENT

Section 5.01 Creation of Funds; Allocation of Bond Proceeds.

(a) The funds and accounts described in this Section, designated as indicated, are created by this Section. Each fund is to be maintained in the custody of the Trustee as a separate account. The funds and accounts are as follows:

(1) the Bond Fund designated “Bond Fund,” and therein the “Interest Account” and the “Remarketing Proceeds Account”;

- (2) the Project Fund designated “Project Fund”;
- (3) the Collateral Fund designated “Collateral Fund”;
- (4) the Costs of Issuance Fund designated “Costs of Issuance Fund”;
- (5) the Rebate Fund designated “Rebate Fund”; and

(b) On the Closing Date, proceeds of the sale of the Bonds (including without limitation, premium, if any, and interest accrued thereon) in the amount of \$[] shall be deposited by the Trustee to the Project Fund. In addition, the Trustee shall cause, from proceeds of the Underwriter’s Advance, the Initial Deposit to be deposited to the Interest Account of the Bond Fund.

Section 5.02 Application of Loan Payments. So long as there are any Outstanding Bonds, any payments made by the Borrower pursuant to the Promissory Note and the Loan Agreement shall be paid on each Loan Payment Date directly to the Trustee and deposited into the Bond Fund, to be used to pay the interest and principal (if any) on the Bonds on the next succeeding Interest Payment Date; provided that so long as there are amounts available therefor, for purposes of paying interest on the Loan when due the Trustee shall debit the Interest Account in the amount of interest due on the Bonds on each Interest Payment Date and transfer the same to the Bond Fund to pay interest due on the Bonds on each Interest Payment Date; and provided further that so long as there are amounts available therefor, for purposes of making principal payments on the Loan when due the Trustee shall debit the Collateral Fund and transfer the same to the Bond Fund to pay the principal of the Bonds on the date set for redemption of the Bonds or payment of the Bonds on the Maturity Date.

Section 5.03 Disbursements from the Project Fund.

(a) **Requisitions.** Subject to the provisions of this subsection (a) and subsection (b) below, the Trustee shall make disbursements from the Project Fund to pay Project Costs only upon the receipt of a written request of the Borrower in accordance with the Disbursing Agreement, the Loan Agreement, and this Indenture substantially in the form attached as Exhibit E to the Loan Agreement (a “Disbursement Request”).

(b) **Project Fund.** When the Trustee receives a Disbursement Request for a disbursement from the Project Fund in accordance with the provisions of subsection (a) above, Sections 3.4 and 3.5 of the Loan Agreement, and the Disbursing Agreement, subject to the following paragraph, the Trustee shall confirm that Available Money equal to or greater than the sum of (1) the amount set forth in the Disbursement Request and (2) all prior disbursements made, is on deposit in the Collateral Fund and is at least equal to the then Outstanding principal amount of the Bonds. Upon confirmation of the items above, the Trustee shall thereafter disburse the funds from the Project Fund to pay Project Costs in the requested amount pursuant to the Disbursement Request directly to (i) the FHA Lender, or at the direction of the FHA Lender as provided in Section 3.5(d) of the Loan Agreement, to the extent the corresponding deposit of Available Money to the Collateral Fund was made by or at the direction of the FHA Lender (as confirmed in the Disbursement Request); or (ii) the Borrower (or any other party designated in the Disbursement Request) to the extent the corresponding deposit of Available Money to the Collateral Fund was made by or at the direction of the Borrower or such other party. Any interest earnings on the Project Fund shall be credited to the Interest Account of the Bond Fund.

Pursuant to Section 5.12 hereof, there shall be deposited in the Collateral Fund Available Money in such amounts as may be necessary to allow the Trustee to disburse funds from the Project Fund upon the Trustee's receipt of a Disbursement Request from the Borrower to pay Project Costs.

For purposes of complying with the requirements of this Section, the Trustee may conclusively rely on the Disbursement Request executed by the Borrower and shall be protected in acting or refraining from acting upon the Disbursement Request, which may be submitted by email (pdf). All payments made from the Project Fund shall be presumed by the Trustee to be made for the purposes certified in said written requests, and the Trustee shall not be required to see to the application of any payments made from the Project Fund or to inquire into the purposes for which withdrawals are being made from the Project Fund. The Trustee shall not be bound to make an investigation into the facts or matters stated in any form of Disbursement Request. The Trustee shall not be responsible for determining whether the funds on hand in the Project Fund are sufficient to complete the Project. The Trustee shall not be responsible to collect lien waivers. The Trustee shall have no responsibility whatsoever to disburse or transfer funds absent written instructions from the Borrower. The Trustee shall not be liable or accountable for the use or application by the Borrower of any of the Bonds or the proceeds thereof or for the use or application of any money paid over by the Trustee in accordance with the provisions of this Section.

(c) **Records.** The Trustee shall cause to be kept and maintained adequate records pertaining to the Project Fund and all disbursements therefrom as herein provided. If requested by the Issuer, the Borrower, the Federal Investor Limited Partner, or the State Historic Tax Credit Investor, the Trustee shall file copies of the records pertaining to the Project Fund and disbursements therefrom with the Issuer, the Borrower, and the Investor Limited Partners.

The proceeds of the Bonds shall be used exclusively to pay costs that (i) are (1) capital expenditures (as defined in Section 1.150-1(a) of the Code's regulations) and (2) not made for the acquisition of existing property, to the extent prohibited in Section 147(d) of the Code; and (ii) are made exclusively with respect to a "qualified residential rental project" within the meaning of Section 142(d) of the Code so that the Project and the land on which it is located will have been financed 25% or more by the proceeds of the Bonds for the purpose of complying with Section 42(h)(4)(B) of the Code; provided, however, the foregoing representation, covenant and warranty is made for the benefit of the Borrower and its partners and neither the Trustee nor the Issuer shall have any obligation to enforce this covenant nor shall they incur any liability to any person, including without limitation, the Borrower, the partners of the Borrower, any other affiliate of the Borrower or the Holders of the Bonds for any failure to meet the intent expressed in the foregoing representation, covenant and warranty; and provided further, that failure to comply with this representation, covenant and warranty shall not constitute a default or an Event of Default under this Indenture.

Upon the occurrence and continuance of an Event of Default hereunder because of which the principal amount of the Bonds has been declared to be due and immediately payable pursuant to Section 7.03 hereof, any money remaining in the Project Fund shall be promptly transferred by the Trustee to the Bond Fund.

Section 5.04 Bond Fund. There shall be deposited in the Bond Fund (a) interest earnings on the Project Fund and the Collateral Fund; and (b) amounts set forth under this Section.

The Bond Fund (and the Interest Account and the Remarketing Proceeds Account therein) and the money and Eligible Investments therein shall be used solely and exclusively for the payment of Bond Debt Service Charges as they become due and at the stated maturity, or upon redemption, Mandatory Tender, or acceleration, all as provided herein and in the Loan Agreement. Any Extension Payment received by the

Trustee in connection with an extension of the Mandatory Tender Date pursuant to Section 4.05 hereof shall be deposited in the Interest Account of the Bond Fund.

The Trustee shall transmit to the Paying Agent, as appropriate, from money on deposit in the Bond Fund, amounts sufficient to make timely payments of Bond Debt Service Charges on the Bonds. The Issuer authorizes and directs the Trustee to cause withdrawal of money from the Bond Fund, which is available for the purpose of paying, and is sufficient to pay, Bond Debt Service Charges on the Bonds as they become due and payable, for the purposes of paying or transferring money to the Paying Agent which is necessary to pay such Bond Debt Service Charges. Amounts credited to or on deposit in the Interest Account shall be transferred to the Bond Fund on each Loan Payment Date in order to provide for the payment of Bond Debt Service Charges on the next succeeding Bond Payment Date. To the extent available, the Trustee shall transfer money on deposit in the Remarketing Proceeds Account to the Bond Fund on the Mandatory Tender Date for the purpose of paying the purchase price of the Bonds.

In the event that amounts on deposit in the Bond Fund on any Loan Payment Date are insufficient to make the payment of Bond Debt Service Charges due on the next succeeding Bond Payment Date, the Trustee shall transfer funds in the following order to the Bond Fund and use such funds, together with amounts then on deposit in the Bond Fund, to pay the Bond Debt Service Charges due on the next succeeding Bond Payment Date:

- (1) first, from amounts on deposit in the Interest Account or the Remarketing Proceeds Account of the Bond Fund, as applicable;
- (2) second, from amounts on deposit in the Collateral Fund; and
- (3) third, from amounts on deposit in the Project Fund.

Section 5.05 Investment of Special Funds.

(a) On the Closing Date, money on deposit in the Project Fund will be held by the Trustee uninvested until disbursed to the Borrower on the Closing Date in accordance with an approved Disbursement Request.

(b) Any amounts deposited in the Special Funds (including amounts, if any, remaining on deposit in the Project Fund after the Closing Date) shall be invested at all times in Eligible Investments as directed in subsection (c) below or otherwise in writing by the Authorized Borrower Representative; provided, however, in the absence of written instructions from the Authorized Borrower Representative to the Trustee, amounts in the Special Funds shall be invested in money market funds described in clause (b) of the definition of Eligible Investments.

(c) The Trustee is hereby directed to purchase, on the Closing Date, a portfolio of Eligible Investments in amounts and maturing on such dates as will provide sufficient money to pay interest on the Bonds when due and the purchase price of the Bonds on the Mandatory Tender Date, in accordance with a Cash Flow Projection or verification report, as applicable, in connection with the initial issuance and delivery of the Bonds, with respect to amounts on deposit in the Interest Account of the Bond Fund, the Collateral Fund, and the Project Fund. The Trustee shall not sell or otherwise dispose of such Eligible Investments unless the Trustee and the Rating Agency have received a new Cash Flow Projection and written directions from the Borrower. The Trustee is permitted to purchase, sell or exchange Eligible Investments only in accordance with such Cash Flow Projection and may release from the Interest Account of the Bond Fund the amount, if any, set forth in such Cash Flow Projection to or at the written direction of the Borrower.

(d) After the Initial Mandatory Tender Date, the Trustee shall invest such amounts in obligations specified in clause (b) of the definition of Eligible Investments or in an Eligible Investment, as directed in writing by the Borrower.

(e) Any investment hereunder shall not bear a yield which is in excess of the yield on the Bonds; provided that the Trustee has no duty to monitor the yield on any investment or any obligation to limit the yield on any investment the Borrower directs the Trustee to make or that the Trustee otherwise makes pursuant to this Indenture. Investments permitted under this Section may be purchased from the Trustee or from any of its affiliates and they may charge their customary fees. The Trustee shall have no liability whatsoever for any loss, fee, tax or other charge incurred in connection with any investment, reinvestment, sale or liquidation of an investment hereunder. The Trustee shall be entitled to rely on any written direction of the Borrower as to the suitability and legality of the directed investments and such written direction shall be deemed to be a certification that such directed investments constitute Eligible Investments. Ratings of Eligible Investments shall be determined at the time of initial purchase of such Eligible Investments and without regard to ratings subcategories and the Trustee shall have no responsibility to monitor the ratings of Eligible Investments including at the time of reinvestment of earnings thereof. The Trustee shall have no responsibility whatsoever to determine whether any investments made pursuant to this Indenture are or continue to be Eligible Investments. Any deposit or investment directed by the Borrower shall constitute a certification by the Borrower to the Trustee that the assets so deposited or to be purchased pursuant to such directions are Eligible Investments. In no event shall the Trustee be deemed an investment manager or adviser in respect of any selection of investments hereunder.

(f) As long as no Event of Default shall have occurred and be continuing, the Borrower shall have the right to designate the investments to be sold and to otherwise direct the Trustee in the sale or purchase of the investments made with the money in the Special Funds provided that the Trustee shall be entitled to conclusively assume the absence of any such Event of Default unless the Responsible Officer of the Trustee has notice thereof as described in Section 6.02(f); if there has been an Event of Default, the Trustee shall have the right to direct the sale of investments. In the absence of such directions from the Authorized Borrower Representative, the Trustee shall invest the proceeds of maturing investments in the Special Funds in Eligible Investments having a maturity date not longer than the earlier of 30 days from the date of purchase, the next Mandatory Tender Date or the Maturity Date, as applicable; provided that if applicable, the Trustee shall invest in United States Treasury Obligations–State and Local Government Series (“SLGS”) that are “Time Deposit” SLGS (and not in “Demand Deposit” SLGS).

(g) The investments described in this Section shall be made by the Trustee pursuant to the direction provided hereby and in accordance with the written direction of the Borrower to be provided on the Closing Date, which shall remain in effect unless and until further written direction is provided by the Borrower.

(h) Amounts, if any, on deposit in the Costs of Issuance Fund shall be invested at the written direction of the Borrower in Eligible Investments until disbursed or returned to the Borrower pursuant to the provisions described under Section 5.13 hereof.

(i) The Borrower acknowledges that to the extent that regulations of the Comptroller of the Currency grant the Borrower the right to receive brokerage confirmations of security transactions as they occur, the Borrower specifically waives such right to notification to the extent permitted by law and acknowledges that it will receive periodic transaction statements that will detail all investment transactions.

Section 5.06 Money to Be Held in Trust. Except where money has been deposited with or paid to the Trustee pursuant to an instrument restricting their application to particular Bonds, all money required or permitted to be deposited with or paid to the Trustee or the Paying Agent under any provision

of this Indenture or the Promissory Note, and any investments thereof, shall be held by the Trustee or the Paying Agent in trust. Except for money held by the Trustee pursuant to Section 5.09 hereof, all money described in the preceding sentence held by the Trustee or the Paying Agent shall be subject to the lien hereof while so held.

Section 5.07 Nonpresentment of Bonds. In the event that any Bond shall not be presented for payment when the principal thereof becomes due, or a check or draft for interest is uncashed, if money sufficient to pay the principal then due of that Bond or of such check or draft shall have been made available to the Trustee for the benefit of its Holder, all liability of the Issuer to that Holder for such payment of the principal then due of such Bond or of such check or draft thereupon shall cease and be discharged completely. Thereupon, it shall be the duty of the Trustee to hold such money, without liability for interest thereon, in a separate account in the Bond Fund for the exclusive benefit of the Holder, who shall be restricted thereafter exclusively to such money for any claim of whatever nature on its part under this Indenture or on, or with respect to, the principal then due of that Bond or of such check or draft. The Trustee shall notify the Borrower in writing of any Bond that has not been presented for payment when the principal thereof becomes due.

Any of such money which shall be so held by the Trustee, and which remains unclaimed by the Holder of a Bond not presented for payment or check or draft not cashed for a period of two (2) years after the due date thereof, shall be paid to the Borrower free of any trust or lien, upon a request of the Borrower in writing executed by an Authorized Borrower Representative. Thereafter, the Holder of that Bond shall look only to the Borrower for payment and then only to the amounts so received by the Borrower without any interest thereon, and the Trustee shall not have any responsibility with respect to such money.

Section 5.08 Repayment to the Borrower from the Bond Fund. Except as provided in Section 5.09 hereof, any amounts remaining in the Bond Fund (a) after all of the Outstanding Bonds shall be deemed paid and discharged under the provisions of this Indenture and (b) after payment of all fees, charges and expenses of the Trustee, the Registrar, the Paying Agents and the Issuer, and of all other amounts required to be paid under this Indenture, the Loan Agreement, the Regulatory Agreement and the Promissory Note shall be paid to the Borrower to the extent that those amounts are in excess of those necessary to effect the payment and discharge of the Outstanding Bonds.

Section 5.09 Rebate Fund. Any provision hereof to the contrary notwithstanding, amounts credited to the Rebate Fund shall be free and clear of any lien hereunder.

The Trustee shall furnish to the Borrower all information reasonably requested by the Borrower or its Rebate Analyst with respect to the Bonds and investments of the funds and accounts maintained by the Trustee hereunder. The Trustee shall make deposits to and disbursements from the Rebate Fund (including rebate payments to the United States of America required to be made by the Tax Certificate), as well as investments of the amounts therein, in accordance with the written directions received from the Borrower pursuant to the Tax Certificate.

All amounts on deposit at any time in the Rebate Fund shall be held by the Trustee in trust to the extent required to pay rebatable arbitrage to the United States of America. A firm of lawyers, accountants or consultants selected by the Borrower (the "Rebate Analyst") will calculate the rebate amount as provided in the Tax Certificate within 60 days after the end of each Bond Year during which any Bonds remain Outstanding (or any other date specified by the Rebate Analyst), and within 60 days after the date of redemption of the last maturity constituting a portion of the Bonds, the Rebate Analyst shall calculate the rebate amount for the immediately preceding Bond Year. A copy of each rebate amount calculation shall

be provided to the Trustee. The Trustee may conclusively rely upon the calculation made by the Rebate Analyst and shall not be liable or responsible therefor. All amounts in the Rebate Fund shall be used and withdrawn by the Trustee at the written instruction of the Rebate Analyst or the Borrower as required above solely for the purposes set forth in this Section. The Trustee shall withdraw money from the Rebate Fund and remit all required rebate installments and a final rebate payment to the United States of America at the written instruction of the Rebate Analyst or the Borrower. Neither the Trustee nor the Issuer shall have any obligation to pay any amounts required to be rebated pursuant to this Section and the Tax Certificate, other than from money held in the Rebate Fund as provided in this Indenture or from other moneys provided to it by the Issuer.

Money in the Rebate Fund shall be invested and reinvested by the Trustee in Eligible Investments at the written direction of the Authorized Borrower Representative. The Trustee shall be entitled to rely on any written direction of the Borrower as to the suitability and legality of the directed investments and such written direction shall be deemed to be a certification that such directed investments constitute Eligible Investments. In the absence of instructions from the Authorized Borrower Representative, money in the Rebate Fund shall be invested in Eligible Investments described in clause (b) of the definition of Eligible Investments. At no time shall the Borrower direct that any funds constituting gross proceeds of the Bonds be used in any manner as would constitute failure of compliance with Section 148 of the Code.

The Trustee shall not be responsible for any determination or calculation concerning arbitrage rebate with respect to the Bonds, or for determining whether the yield on any investments made in accordance with this Indenture would cause, or whether any other facts exist which would cause, any of the Bonds to become arbitrage bonds under Section 148 of the Code. Further the Trustee shall have no other obligation or responsibility whatsoever in connection with any federal or state tax-exempt status of the Bonds or the interest thereon.

Section 5.10 Valuation. For the purpose of determining the amount on deposit to the credit of any fund or account, the value of obligations in which money in such fund or account shall have been invested shall be computed at the then market value thereof.

The Eligible Investments shall be valued by the Trustee at any time requested by the Borrower on reasonable notice to the Trustee (which period of notice may be waived or reduced by the Trustee); provided, however, that the Trustee shall not be required to value the Eligible Investments more than once in any calendar month.

Pursuant to Section 3.8 of the Loan Agreement, values shall be determined in accordance with the price provided by pricing services and sources relied upon by the Trustee, and the Trustee does not have any duty to independently value any asset or an obligation other than the price provided by pricing services and sources relied upon by the Trustee.

Section 5.11 Completion of the Project. The completion of the Project and payment of all costs and expenses incident thereto shall be evidenced by the filing with the Trustee of the Completion Certificate required by Section 3.7 of the Loan Agreement. As soon as practicable after the filing with the Trustee of the Completion Certificate, any balance remaining in the Project Fund (other than the amounts retained by the Trustee as described in the Completion Certificate) shall be deposited or applied in accordance with the written direction of the Borrower executed by an Authorized Borrower Representative pursuant to Section 3.4 of the Loan Agreement.

Section 5.12 Collateral Fund. Pursuant to Section 5.03 hereof, there shall be deposited in the Collateral Fund Available Money in such amounts as may be necessary to allow the Trustee to transfer funds from the Project Fund, subject to reallocation as provided in Section 5.14 hereof, upon the Trustee's

receipt of a Disbursement Request from the Borrower. Money in the Collateral Fund shall be invested as directed in writing by the Borrower in Eligible Investments.

The Collateral Fund shall only be used and applied for, and irrevocably committed to, the payment of (a) the Bond Debt Service Charges on the Bonds which are due and payable on any Interest Payment Date, Maturity Date, Mandatory Tender Date with respect to Bonds that are not remarketed, or any date the Bonds are called for redemption prior to maturity; (b) the Bond Debt Service Charges on the Bonds as and when due at any other Bond Payment Date; and (c) the purchase price of the Bonds on the Mandatory Tender Date, to the extent amounts on deposit in the Remarketing Proceeds Account and the Interest Account of the Bond Fund are insufficient therefor. Any interest earnings on the Collateral Fund shall be credited to the Interest Account of the Bond Fund.

Section 5.13 Costs of Issuance Fund. The Trustee shall use money on deposit to the credit of the Costs of Issuance Fund to pay the costs of issuance of the Bonds on the Closing Date or as soon as practicable thereafter in accordance with written instructions to be given to the Trustee by the Issuer based on certifications of the Borrower, as set forth in a certificate of the Borrower delivered to the Trustee on the Closing Date or as otherwise directed by the Borrower, upon delivery to the Trustee of appropriate invoices for such expenses. Amounts on deposit in the Costs of Issuance Fund shall also be used by the Trustee to pay the Remarketing Expenses, as directed in writing by the Borrower on the Remarketing Date. Investment earnings on amounts on deposit in the Costs of Issuance Fund shall be retained in such fund. Amounts remaining on deposit in the Costs of Issuance Fund 60 days after the Closing Date, other than amounts deposited pursuant to Section 4.05(d)(5) hereof, shall be deposited to the Bond Fund. Amounts deposited in the Costs of Issuance Fund pursuant to Section 4.05(d)(5) hereof and remaining on deposit therein 30 days after the Remarketing Date shall be deposited to the Bond Fund. Upon such final disbursement, the Trustee shall close the Costs of Issuance Fund.

Section 5.14 Allocation and Reallocation of Eligible Investments Deposited to the Collateral Fund and the Project Fund. On the Closing Date and from time to time thereafter, the Trustee shall allocate ownership of the Eligible Investments acquired pursuant to Section 5.05 hereof and deposited for the benefit of the Project Fund and the Collateral Fund as follows: The Trustee shall allocate to the Collateral Fund a percentage of such Eligible Investments equal to the amount of Available Money presented to the Trustee for deposit to the Collateral Fund on the Closing Date divided by the aggregate Outstanding principal amount of the Bonds and multiplied by one hundred (100) (the “Initial Collateral Fund Percentage”) and the remainder (i.e., 100% minus the Initial Collateral Fund Percentage, referred to as the “Initial Project Fund Percentage”) shall be allocated to the Project Fund. On each subsequent month when additional Available Money is presented to the Trustee for deposit to the Collateral Fund (the “Subsequent Allocation Date”), the dollar amount of such Available Money shall be added to all prior Available Money so deposited, and the percentage of such Eligible Investments allocated to the Collateral Fund shall be adjusted to that percentage equal to the aggregate Available Money so deposited through such date divided by the aggregate Outstanding principal amount of the Bonds and multiplied by one hundred (100) (the “Collateral Fund Percentage”) and the remainder (i.e., 100% minus the Collateral Fund Percentage, referred to as the “Project Fund Percentage”) shall be allocated to the Project Fund. On each Subsequent Allocation Date, the Trustee shall be deemed to have liquidated that portion of the Eligible Investments allocated to the Project Fund and purchased equivalent Eligible Investments to be allocated to the Collateral Fund.

ARTICLE VI THE TRUSTEE, REGISTRAR, PAYING AGENTS AND AUTHENTICATING AGENTS

Section 6.01 Trustee's Acceptance and Responsibilities. The Trustee accepts the trusts imposed upon it by this Indenture, and agrees to observe and perform those trusts, but only upon and subject to the terms and conditions set forth in this Article, to all of which the parties hereto and the Holders agree.

(a) Prior to the occurrence of a default or an Event of Default of which the Responsible Officer has been notified, as provided in Section 6.02(f) hereof, or of which by that paragraph the Trustee is deemed to have notice, and after the cure or waiver of all defaults or Events of Default which may have occurred,

(1) the Trustee undertakes to perform such duties and only such duties and obligations which are set forth specifically in this Indenture, and no duties or obligations shall be implied to the Trustee; and

(2) in the absence of bad faith, willful misconduct, or negligence on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, and shall be protected in acting upon any resolution, order, notice, request, consent, waiver, statement, affidavit, requisition, bond, certificates or opinions or other documents furnished to the Trustee and conforming to the requirements of this Indenture.

(b) In case a default or an Event of Default has occurred and is continuing hereunder (of which the Responsible Officer has been notified, or is deemed to have notice as described in Section 6.02(f) hereof), the Trustee shall exercise those rights and powers vested in it by this Indenture and shall use the same degree of care and skill in their exercise, as a prudent person would ordinarily exercise or use under the circumstances in the conduct of such person's own affairs. The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties hereunder except for its own negligence or willful misconduct.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this subsection shall not be construed to affect the limitation of the Trustee's duties and obligations provided in subsection (a)(1) above or the Trustee's right to rely on the truth of statements and the correctness of opinions as provided in subsection (a)(2) above;

(2) the Trustee shall not be liable for any error of judgment made in good faith by any one of its officers, unless it shall be established that the Trustee was grossly negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Majority of the Holders of the Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture;

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it; and

(5) in no event shall the Trustee be liable for incidental, special, indirect, consequential or punitive damages or penalties (including but not limited to lost profits), even if the Trustee has been advised of the likelihood of such damages or penalty regardless of the form of action.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 6.02 Certain Rights and Obligations of the Trustee. Except as otherwise provided in Section 6.01 hereof:

(a) The Trustee (1) may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees (but shall not be answerable for the conduct of such attorneys, agents or receivers if appointed with due care); (2) shall be entitled to the advice of counsel concerning all matters of trusts hereof and duties hereunder; and (3) may pay reasonable compensation in all cases to all of those attorneys, agents, receivers and employees reasonably employed by it in connection with the trusts hereof (at its own expense or, if such attorneys, agents, and receivers are reasonably employed by the Trustee to perform Extraordinary Services, at the expense of the Borrower as provided in Section 6.03 hereof). The Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the Issuer or the Borrower) and shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in good faith in reliance upon that opinion or advice of counsel.

(b) The Trustee shall not be responsible for:

(1) the validity, priority, recording, re-recording, filing or re-filing of this Indenture or any Supplemental Indenture or the Regulatory Agreement;

(2) any instrument or document of further assurance or collateral assignment;

(3) insurance of the Project;

(4) the validity of the execution by the Issuer of this Indenture, any Supplemental Indenture, or instruments or documents of further assurance;

(5) the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby; or

(6) the value of or title to the Project;

except that, in the event that the Trustee enters into possession of a part or all of the Project pursuant to any provision of the Regulatory Agreement or any other instrument or document collateral thereto, the Trustee shall use due diligence in preserving that property. The Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, agreements or obligations on the part of the Issuer or the Borrower under the Loan Agreement except as set forth hereinafter, but the Trustee may require of the Issuer or the Borrower full information and advice as to the observance or performance of those covenants, agreements and obligations. Except as otherwise provided in Section 7.04 hereof, the Trustee shall have no obligation to observe or perform any of the duties of the Issuer under the Loan Agreement.

(c) The Trustee shall not be accountable for the application by the Borrower or any other Person of the proceeds of any Bonds authenticated or delivered hereunder.

(d) The Trustee shall be protected, in the absence of bad faith on its part, in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons. Any action taken by the Trustee pursuant to this Indenture upon the request, authority or consent of any Person who is the Holder of any Bonds at the time of making the request or giving the authority or consent, shall be conclusive and binding upon all future Holders of the same Bond and of Bonds issued in exchange therefor or in place thereof.

(e) As to the existence or nonexistence of any fact for which the Issuer or the Borrower may be responsible or as to the sufficiency or validity of any instrument, document, report, paper or proceeding, the Trustee, in the absence of bad faith on its part, shall be entitled to rely upon a certificate signed on behalf of the Issuer or Borrower, as appropriate, by an Authorized Official or an Authorized Borrower Representative as sufficient evidence of the facts recited therein. Prior to the occurrence of a default or Event of Default hereunder of which the Responsible Officer has been notified, as provided in subsection (f) below, or of which by that paragraph the Responsible Officer is deemed to have notice, the Trustee may accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient; provided, that the Trustee may require and obtain any further evidence which it deems to be necessary or advisable; and, provided further, that the Trustee shall not be bound to secure any such further evidence.

(f) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default hereunder, except Events of Default described in Section 7.01(a), (b) and (d) (but only with respect to Section 7.1(a) of the Loan Agreement) hereof, unless the Responsible Officer shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the Issuer or by the Holders of at least 10% of the aggregate principal amount of the Bonds then Outstanding and such notice contains a reference to this Indenture and the Bonds). In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no default or Event of Default, except as noted above.

(g) The Trustee shall not be required to give any bond or surety with respect to the execution of these trusts and powers or otherwise in respect of the premises.

(h) Notwithstanding anything contained elsewhere in this Indenture, the Trustee may demand any showings, certificates, reports, opinions, appraisals and other information, and any corporate action and evidence thereof, in addition to that required by the terms hereof, as a condition to the authentication of any Bonds or the taking of or omitting to take any action whatsoever within the purview of this Indenture, if the Trustee deems it to be desirable for the purpose of establishing the right of any Person to the taking of or omitting to take any other action by the Trustee; provided, that the Trustee shall not be required to make that demand.

(i) Before taking action hereunder pursuant to Section 6.04 or Article VII hereof (with the exception of any action required to be taken under Section 7.02 hereof), the Trustee may require that a satisfactory indemnity bond be furnished to it for the reimbursement of all expenses which it may incur and to protect it against all liability by reason of any action so taken, except liability which is adjudicated to have resulted from its negligence or willful misconduct. The Trustee may take action without that indemnity, and in that case, the Borrower shall reimburse the Trustee for all of the Trustee's expenses pursuant to Section 6.03 hereof.

(j) Unless otherwise provided herein, all money received by the Trustee under this Indenture shall be held in trust for the purposes for which such money was received, until such money is used, applied or invested as provided herein; provided, that such money need not be segregated from other money, except

to the extent required by this Indenture or by law. Absent written direction provided to the Trustee pursuant to Section 5.05 hereof, the Trustee shall not be responsible or liable for keeping money held by it hereunder invested in any particular investment, and the Trustee shall not have any liability for interest on any money received hereunder, except to the extent expressly provided herein.

(k) Any resolution of the Issuer, and any opinions, certificates and other instruments and documents for which provision is made in this Indenture, may be accepted by the Trustee, in the absence of bad faith on its part, as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for its actions taken or omitted to be taken hereunder.

(l) The Trustee shall be entitled to file proofs of claim in bankruptcy at the direction of the Holders of at least 25% in aggregate principal amount of Bonds Outstanding. Trustee fees and expenses are intended to constitute administrative expenses in bankruptcy.

(m) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty. The duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture. No implied covenants or obligations shall be read into this Indenture against the Trustee. Notwithstanding any provision herein, the Trustee shall have no duty or obligation to the Borrower except as may be expressly set forth in this Indenture.

(n) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising or caused, directly or indirectly by circumstances beyond its reasonable control including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions; loss or malfunctions of utilities, communications services; failures; computer viruses or failures; power failures; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under any such circumstances.

(o) The Trustee shall not be obligated to acquire possession of or take any action with respect to the Project, if as a result of such action, the Trustee would be considered to hold title to, to be a "mortgagee in possession of," or to be an "owner" or "operator" of the Project within the meaning of the Comprehensive Environmental Responsibility Cleanup and Liability Act of 1980, as amended from time to time, unless the Trustee has previously determined, based upon a report prepared by a person who regularly conducts environmental audits, that (i) the Project is in compliance with applicable environmental laws or, if not, that it would be in the best interest of the Holders to take such actions as are necessary for the Project to comply therewith and (ii) there are not circumstances present at the Project relating to the use, management or disposal of any hazardous wastes for which investigation, testing, monitoring, containment, clean-up or remediation could be required under any federal, state or local law or regulation or that if any such materials are present for which such action could be required, that it would be in the best economic interest of the Holders to take such actions with respect to the Project. Notwithstanding anything contained herein to the contrary, upon the occurrence and continuance of an Event of Default, before taking any action which may subject the Trustee to liability under any environmental law, statute, regulation or similar requirement relating to the environment, the Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all costs and expenses to which it may be put (including reasonable attorneys' fees, costs and expenses) and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and costs and expenses which may result from such foreclosure or other action (including reasonable attorneys' fees, costs and expenses).

(p) The Trustee may consult with counsel and the advice of such counsel (which counsel may be counsel for the Issuer or the Borrower) or any opinion given by such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(q) The Trustee shall have the right to accept and act upon instructions or directions from an Authorized Official of the Issuer or the Borrower sent in the form of a manually signed document by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods. If the Issuer or the Borrower elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding that such instructions conflict or are inconsistent with a subsequent written instruction. The Issuer or the Borrower, as the case may be, agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including, without limitation, the risk of the Trustee acting on unauthorized instructions and the risk of interception and misuse by third parties.

(r) The Trustee shall have no duty to inspect or oversee the construction or completion of the Improvements, to review or approve the Plans and Specifications or amendments thereto, or to verify the truthfulness or accuracy of the certifications made by the Borrower or any contractor or architect in any requisition or other written request for disbursement delivered pursuant to the Financing Documents or in any other certificate delivered to the Trustee under the Loan Agreement or other Financing Document. The Trustee is not required to obtain completion bonds or lien releases. The Trustee shall be under no responsibility to approve, evaluate or determine the independence of any expert or other skilled person selected by any party for any of the purposes expressed in the Financing Documents.

(s) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder. The Trustee's immunities, rights, privileges, benefits and protections from liability and its rights to indemnification in connection with the performance of its duties under this Indenture shall likewise extend to and be enforceable by the Trustee's officers, directors, agents, attorneys and employees in each of its capacities hereunder. Such immunities and protections and rights to indemnification, together with the Trustee's rights to compensation, shall survive the Trustee's resignation or removal, the discharge of this Indenture and the final payment of the Bonds.

(t) In acting, suffering or omitting to act pursuant to the Bond Documents or any other documents executed in connection herewith or therewith, the Trustee shall be entitled to all of the rights, privileges, protections, benefits, immunities, powers and indemnities accorded to it under this Indenture and the Loan Agreement, including, but not limited to, this Article VI.

(u) Delivery of any reports, information and documents to the Trustee under the Financing Documents is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's or Borrower's compliance with any of its covenants under the Financing Documents (as to which the Trustee is entitled to rely exclusively on certificates of officers of the Issuer or the Borrower). The Trustee shall have no duty to review or make independent investigation with respect to any of the foregoing received by the Trustee and shall hold the same solely as a repository.

Section 6.03 Fees, Charges and Expenses of Trustee, Registrar, Paying Agents and Authenticating Agents. The Trustee, Registrar, Paying Agents and Authenticating Agents shall be entitled

to payment or reimbursement by the Borrower, as provided in the Loan Agreement, for customary fees for their respective Ordinary Services rendered hereunder and for all advances, counsel fees and other Ordinary Expenses reasonably and necessarily paid or incurred by them in connection with the provision of Ordinary Services. For purposes hereof, fees for Ordinary Services provided for by their respective standard fee schedule shall be considered customary. Notwithstanding anything in this Indenture or the other Loan documents to the contrary, fees of the Trustee, Registrar, Paying Agents and Authenticating Agents for Ordinary Services and any fees for services of the Dissemination Agent under the Continuing Disclosure Agreement shall be paid directly by the Borrower to the Trustee as provided in Section 4.2(b) of the Loan Agreement. In the event that it should become necessary for any of them to perform Extraordinary Services, they shall be entitled to customary extra compensation therefor and to reimbursement for reasonable and necessary Extraordinary Expenses incurred in connection therewith. Unless and until such time as the Trustee resigns or is replaced, and a successor Trustee is appointed pursuant to Section 6.09 hereof, the Trustee shall continue to perform its duties hereunder notwithstanding the Borrower's failure to timely pay such fees. The right of the Trustee to receive payment and the Borrower's obligation to make payment shall survive the termination of this Indenture or the resignation or removal of the Trustee.

Without creating a default or an Event of Default hereunder, however, the Borrower may contest in good faith the necessity for any Extraordinary Service and Extraordinary Expense and the amount of any fee, charge or expense except Ordinary Expenses.

The Trustee, Registrar, Paying Agents and Authenticating Agents shall not be entitled to compensation or reimbursement for Extraordinary Services or Extraordinary Expenses directly resulting from their negligence or willful misconduct. The customary fees for their respective Ordinary Services and charges of the foregoing shall be entitled to payment and reimbursement only from (a) the Additional Payments made by the Borrower pursuant to the Loan Agreement or (b) from other money available therefor. Any amounts payable to the Trustee, the Registrar, the Paying Agents or the Authenticating Agents pursuant to this Section 6.03 shall be payable upon receipt of a detailed invoice from the Trustee, Registrar, Paying Agents or Authenticating Agents, as applicable.

Section 6.04 Intervention by Trustee. The Trustee may intervene on behalf of the Holders, and shall intervene if requested to do so in writing by the Holders of at least 25% of the aggregate principal amount of the Bonds then Outstanding, in any judicial proceeding to which the Issuer or the Borrower is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of the Holders. The rights and obligations of the Trustee under this Section are subject to the approval of that intervention by a court of competent jurisdiction. The Trustee shall be entitled to and may require that a satisfactory indemnity bond be provided to it in accordance with Sections 6.01 and 6.02 hereof before it takes action hereunder.

Section 6.05 Successor Trustee. Anything herein to the contrary notwithstanding,

(a) any entity (1) into which the Trustee may be converted or merged, (2) with which the Trustee or any successor to it may be consolidated, or (3) to which it may sell or transfer its corporate trust assets and corporate trust business as a whole or substantially as a whole, or any entity resulting from any such conversion, merger, consolidation, sale or transfer, ipso facto, shall be and become successor Trustee hereunder and shall be vested with all of the title to the whole property or Trust Estate hereunder; and

(b) that entity shall be vested further, as was its predecessor, with each and every trust, property, remedy, power, right, duty, obligation, discretion, privilege, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by, vested in or conveyed to the Trustee, without the execution or filing of any instrument or document or any further act on the part of any of the parties hereto.

Any successor Trustee, however, (i) shall be a trust company or a bank having the powers of a trust company; (ii) shall be in good standing within the Commonwealth; (iii) shall be duly authorized to exercise trust powers within the Commonwealth; (iv) shall have a reported capital, surplus and retained earnings of not less than \$100,000,000; and (v) shall have at least a Minimum Trustee Rating.

Section 6.06 Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including without limitation the laws of the Commonwealth) denying or restricting the right of banks or trust companies to transact business as trustees in that jurisdiction. It is recognized that (a) if there is litigation under this Indenture or other instruments or documents relating to the Bonds and the Project, and in particular, in case of the enforcement hereof or thereof upon a default or an Event of Default, or (b) if the Trustee should deem that, by reason of any present or future law of any jurisdiction, it may not (1) exercise any of the powers, rights or remedies granted herein to the Trustee, (2) hold title to the properties, in trust, as granted herein, or (3) take any action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an individual or additional institution as a co-Trustee. The following provisions of this Section are adapted to these ends.

In the event that the Trustee appoints an individual or additional institution as a co-Trustee, each and every trust, property, remedy, power, right, duty, obligation, discretion, privilege, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by, vested in or conveyed to the Trustee shall be exercisable by, vest in and be conveyed to that co-Trustee, but only to the extent necessary for it to be so vested and conveyed and to enable that co-Trustee to exercise it. Every covenant, agreement and obligation necessary to the exercise thereof by that co-Trustee shall run to and be enforceable by it.

Should any instrument or document in writing from the Issuer reasonably be required by the co-Trustee so appointed by the Trustee for vesting and conveying more fully and certainly in and to that co-Trustee those trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens, that instrument or document shall be executed, acknowledged and delivered, but not prepared, by the Issuer. In case any co-Trustee or a successor to it shall die, become incapable of acting, resign or be removed, all of the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens of the co-Trustee shall be exercised by, vest in and be conveyed to the Trustee, to the extent permitted by law, until the appointment of a successor to the co-Trustee.

The total compensation of the Trustee and any co-Trustee or separate trustee shall be as, and may not exceed the amounts, provided in Section 6.03 hereof.

Section 6.07 Resignation by the Trustee. The Trustee may resign at any time from the trusts created hereby by giving written notice of the resignation to the Issuer, the Borrower, the Investor Limited Partners, the Registrar, the Paying Agents and Authenticating Agents, and by mailing written notice of the resignation to the Holders as their names and addresses appear on the Register at the close of business 15 days prior to the mailing. Notwithstanding the foregoing, if the Trustee no longer has a Minimum Trustee Rating, it shall resign within 60 calendar days of the withdrawal or suspension of a former Minimum Trustee Rating or other event giving rise to its failure to maintain a Minimum Trustee Rating. The resignation shall take effect upon the appointment of a successor Trustee as provided for in Section 6.09 hereof or an order of a court of competent jurisdiction allowing the Trustee to resign.

The resigning trustee shall not be liable for the actions of the successor Trustee.

Section 6.08 Removal of the Trustee. The Trustee may be removed at any time upon 30 days' written notice by an instrument or document or concurrent instruments or documents in writing delivered to the Trustee, with copies thereof mailed to the Issuer, the Registrar, the Paying Agents and Authenticating Agents and the Borrower, and signed by or on behalf of the Majority of the Holders of the Bonds.

The Trustee also may be removed at any time upon 30 days' written notice for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Issuer or the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding under this Indenture.

The removal of the Trustee under this Section shall take effect upon the appointment of a successor Trustee as provided for in Section 6.09 hereof.

Section 6.09 Appointment of Successor Trustee. If (a) the Trustee shall resign, shall be removed, shall be dissolved, or shall become otherwise incapable of acting hereunder, (b) the Trustee shall be taken under the control of any public officer or officers, or (c) a receiver shall be appointed for the Trustee by a court, then a successor Trustee shall be appointed by the Issuer; provided, that if a successor Trustee is not so appointed within 30 days after (1) a notice of resignation or an instrument or document of removal is received by the Issuer, as provided in Sections 6.07 and 6.08 hereof, respectively, or (2) the Trustee is dissolved, taken under control, becomes otherwise incapable of acting or a receiver is appointed, in each case, as provided above, then, but only so long as the Issuer shall not have appointed a successor Trustee, the Majority of the Holders of the Bonds may designate a successor Trustee by an instrument or document or concurrent instruments or documents in writing signed by or on behalf of those Holders. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section, the Holder of any Bond Outstanding hereunder or any retiring Trustee, at the Borrower's expense, may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Every successor Trustee appointed pursuant to this Section shall (i) be a trust company or a bank having the powers of a trust company; (ii) be in good standing within the Commonwealth; (iii) be duly authorized to exercise trust powers within the Commonwealth; (iv) have a reported capital, surplus and retained earnings of not less than \$100,000,000; (v) be willing to accept the trusteeship under the terms and conditions of this Indenture; and (vi) have a Minimum Trustee Rating.

Every successor Trustee appointed hereunder shall execute and acknowledge, and shall deliver to its predecessor, the Issuer and the Borrower an instrument or document in writing accepting the appointment. Thereupon, without any further act, the successor shall become vested with all of the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens of its predecessor. Upon the written request of its successor, the Issuer or the Borrower, and payment of all fees and expenses owed to it, the predecessor Trustee shall (A) execute and deliver an instrument or document transferring to its successor all of the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens of the predecessor Trustee hereunder; and (B) take any other action necessary to duly assign, transfer and deliver to its successor all property (including without limitation, all securities and money) held by it as Trustee. Should any instrument or document in writing from the Issuer be requested by any successor Trustee for vesting and conveying more fully and certainly in and to that successor the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens vested or conveyed or intended to be vested or conveyed hereby in or to the predecessor Trustee, the Issuer shall execute, acknowledge and deliver that instrument or document.

In the event of a change in the Trustee, the predecessor Trustee shall cease to be custodian of any money which it may hold pursuant to this Indenture and shall cease to be Registrar, Authenticating Agent and a Paying Agent for any of the Bonds, to the extent it served in any of those capacities.

Section 6.10 Adoption of Authentication. In case any of the Bonds shall have been authenticated, but shall not have been delivered, any successor Trustee, Registrar or Authenticating Agent may adopt the certificate of authentication of any predecessor Trustee, Registrar or Authenticating Agent and may deliver those Bonds so authenticated as provided herein. In case any Bonds shall not have been authenticated, any successor Trustee, Registrar or Authenticating Agent may authenticate those Bonds in its own name as successor Trustee. In all cases, the certificate of authentication shall have the same force and effect as provided in the Bonds or in this Indenture with respect to the certificate of authentication of the predecessor Trustee, Registrar or Authenticating Agent.

Section 6.11 Registrars.

(a) Succession. Anything herein to the contrary notwithstanding, any corporation or association (1) into which a Registrar may be converted or merged, (2) with which a Registrar or any successor to it may be consolidated, or (3) to which it may sell or transfer its assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, merger, consolidation, sale or transfer, ipso facto, shall be and become successor Registrar to that Registrar hereunder and shall be vested with each and every power, right, duty, obligation, discretion and privilege expressed or intended by this Indenture to be exercised by or vested in the predecessor Registrar, without the execution or filing of any instrument or document or any further act on the part of any of the parties hereto.

(b) Resignation. A Registrar may resign at any time by giving written notice of its resignation to the Issuer, the Borrower, the Trustee and to each Paying Agent and Authenticating Agent for the Bonds, at least 30 days before the resignation is to take effect. The resignation shall take effect immediately, however, upon the appointment of a successor Registrar, if the successor Registrar is appointed and accepts that appointment before the time stated in the notice.

(c) Removal. The Registrar may be removed at any time upon 30 days' written notice by an instrument or document or concurrent instruments or documents in writing delivered to the Registrar, with copies thereof mailed to the Issuer, the Trustee and the Borrower, and signed by or on behalf at least the Majority of the Holders of the Bonds.

(d) Appointment of Successors. If (1) a Registrar shall resign, shall be removed, shall be dissolved, or shall become otherwise completely incapable of acting hereunder, (2) a Registrar shall be taken under the control of any public officer or officers, (3) a receiver shall be appointed for a Registrar by a court, or (4) a Registrar shall have an order for relief entered in any case commenced by or against it under the federal bankruptcy laws or commence a proceeding under any federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for 90 days, then a successor Registrar shall be appointed by the Trustee, with the written consent of the Borrower; provided, that if a successor Registrar is not so appointed within 10 days after (i) a notice of resignation or an instrument or document of removal is received by the Trustee, as provided above, or (ii) the Registrar is dissolved, taken under control, becomes otherwise incapable of acting or a receiver is appointed, in each case, as provided above, then, if the Trustee shall not have appointed a successor Registrar, the Trustee shall be and become the Registrar.

Every successor Registrar appointed hereunder shall execute and acknowledge, and shall deliver to its predecessor, the Issuer, the Trustee and the Borrower, an instrument or document in writing accepting the appointment. Thereupon, without any further act, the successor shall become vested with all of the properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, titles and interests of its predecessor. Upon the written request of its successor, the Issuer or the Borrower, a predecessor Registrar (A) shall execute and deliver an instrument or document transferring to its successor all of the properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, titles and interests of it as predecessor Registrar hereunder, and (B) shall take any other action necessary to duly assign, transfer and deliver to its successor all property and records (including without limitation, the Register and any cancelled Bonds) held by it as Registrar. Should any instrument or document in writing from the Issuer be requested by any successor Registrar for vesting and conveying more fully and certainly in and to that successor the properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, titles and interests vested or conveyed or intended to be vested or conveyed hereby in or to a predecessor Registrar, the Issuer shall execute, acknowledge and deliver that instrument or document.

The Trustee shall cause the Borrower to pay pursuant to Section 4.2 of the Loan Agreement, to any Registrar customary compensation for its services from time to time, as authorized, but subject to the limitations set forth, in Section 6.03 hereof. The provisions of Sections 3.05, 3.06, 3.07, and 6.02(d) hereof shall be applicable to the Registrar.

Section 6.12 Designation and Succession of Paying Agents. The Trustee shall be a Paying Agent for the Bonds, and, with the consent of the Issuer, the Trustee may appoint a Paying Agent or Agents with power to act on its behalf and subject to its direction in the payment of Bond Debt Service Charges on the Bonds. It is the responsibility of the Trustee to establish the duties and responsibilities of the Paying Agent for the purposes of this Indenture, to the extent not specified herein.

Any corporation or association with or into which the Paying Agent may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, consolidation or conversion to which the Paying Agent shall be a party, or any corporation or association succeeding to the trust business of the Paying Agent, shall be the successor of that Paying Agent hereunder, if that successor corporation or association is otherwise eligible hereunder, without the execution or filing of any paper or any further act on the part of the parties hereto or the Paying Agent or that successor corporation or association.

The Paying Agent may at any time resign by giving written notice of resignation to the Trustee, to the Registrar and to the Borrower. The Trustee may at any time terminate the agency of the Paying Agent by giving written notice of termination to such Paying Agent, to the Registrar and to the Borrower. Upon receiving such a notice of resignation or upon such a termination, or in case at any time the Paying Agent shall cease to be eligible under this Section, the Trustee may appoint a successor Paying Agent. The Trustee shall give written notice of appointment of a successor Paying Agent to the Borrower, the Issuer and the Registrar and shall mail, within 10 days after that appointment, notice thereof to all Holders as their names and addresses appear on the Register on the date of that appointment.

The Trustee shall cause the Borrower to pay pursuant to Section 4.2 of the Loan Agreement, to the Paying Agent from time to time customary compensation as authorized, but subject to the limitations set forth, in Section 6.03 hereof for its services.

The provisions of Section 3.05, 3.07, and 6.02(d) shall be applicable to the Paying Agent.

Section 6.13 Designation and Succession of Authenticating Agents. The Trustee may appoint an authenticating agent or agents (each referred to herein as an “Authenticating Agent”), in addition to the Registrar, with power to act on its behalf and subject to its direction in the authentication and delivery of Bonds in connection with transfers and exchanges under Sections 3.06 and 4.02 hereof. For all purposes of this Indenture, the authentication and delivery of Bonds by an Authenticating Agent pursuant to this Section shall be deemed to be authentication and delivery of those Bonds “by the Trustee.”

Any corporation or association with or into which any Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, consolidation or conversion to which any Authenticating Agent shall be a party, or any corporation or association succeeding to the trust business of any Authenticating Agent, shall be the successor of that Authenticating Agent hereunder, if that successor corporation or association is otherwise eligible hereunder, without the execution or filing of any paper or any further act on the part of the parties hereto or the Authenticating Agent or such successor corporation.

Any Authenticating Agent may at any time resign by giving written notice of resignation to the Trustee, to the Registrar and to the Borrower. The Trustee may at any time terminate the agency of any Authenticating Agent by giving written notice of termination to such Authenticating Agent, to the Registrar and to the Borrower. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any Authenticating Agent shall cease to be eligible under this Section, the Trustee may appoint a successor Authenticating Agent. The Trustee shall give written notice of appointment of a successor Authenticating Agent to the Borrower, the Issuer and the Registrar and shall mail, within 10 days after that appointment, notice thereof to all Holders as their names and addresses appear on the Register on the date of that appointment.

The Trustee shall cause the Borrower to pay pursuant to Section 4.2 of the Loan Agreement, to any Authenticating Agent from time to time customary compensation for its services.

The provisions of Sections 3.05 and 6.02(b), (c), (d), (h) and (i) hereof shall be applicable to any Authenticating Agent.

Section 6.14 Dealing in Bonds. The Trustee, a Registrar, a Paying Agent and an Authenticating Agent, their Affiliates, and any directors, officers, employees or agents thereof, in good faith, may become the owners of Bonds secured hereby with the same rights which it or they would have hereunder if the Trustee, the Registrar, Paying Agents and Authenticating Agents did not serve in those capacities.

Section 6.15 Representations, Agreement and Covenants of Trustee. The Trustee hereby represents that it is a national banking association duly organized and validly existing under the laws of the United States of America, in good standing and duly authorized to exercise corporate trust powers in the Commonwealth, and that it has an unimpaired reported capital, surplus and retained earnings of not less than \$100,000,000. The Trustee covenants that it will take such action, if any, as is necessary to remain in good standing and duly authorized to exercise corporate trust powers in the Commonwealth, and that it will maintain an unimpaired reported capital, surplus and retained earnings of not less than \$100,000,000. The Trustee accepts and agrees to observe and perform the duties and obligations of the Trustee to which reference is made in any other instrument or document providing security for any of the Bonds.

Section 6.16 [Reserved].

Section 6.17 Interpleader. In the event of a dispute between any of the parties hereto with respect to the disposition of any funds held by the Trustee hereunder, or the Trustee receives conflicting demands made upon the Trustee with respect to the Trustee’s duties hereunder or any other document

related to the Bonds, the Trustee shall be entitled to file a suit in interpleader in a court of competent jurisdiction seeking to require the parties to interplead and litigate in such court their several claims and rights among themselves. Upon the filing of such a suit and the deposit of the applicable funds to such court, the Trustee will ipso facto be fully released and discharged from all obligations to further perform any and all duties imposed hereunder or any other document related to the Bonds regarding such matter and/or such funds that are the subject of such interpleader suit. In the event that the Trustee remains as Trustee under this Indenture and receives a court order, directive or other request regarding the interpleader suit, the Trustee shall be entitled to rely upon such instruction without incurring any obligation or liability and the parties hereto release, hold harmless and indemnify the Trustee for any obligation or liability for so relying on such court instruction.

Section 6.18 Survival of Certain Provisions. The provisions of Sections 6.01 through 6.17 hereof shall survive the release, discharge and satisfaction of this Indenture.

Section 6.19 Concerning the Remarketing Agent. The Remarketing Agent identified in Section 1.01 hereof shall serve as the Remarketing Agent for the Bonds. The Remarketing Agent shall designate to the Trustee its designated office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer, the Borrower and the Trustee. In addition, the Remarketing Agent will agree particularly to:

(a) keep such records relating to its computations of interest rates for the Bonds as shall be consistent with prudent industry practice and to make such records available for inspection by the Issuer, the Trustee and the Borrower at all reasonable times; and

(b) perform all of its functions and duties under this Indenture.

The Remarketing Agent shall be entitled to advice of legal counsel on any matter relating to the Remarketing Agent's obligations hereunder and shall be entitled to act upon the opinion of such counsel in the exercise of reasonable care in fulfilling such obligations.

The Remarketing Agent shall be entitled to appoint additional co-Remarketing Agents to assist in the performance of the Remarketing Agent's obligations under this Indenture, and any such appointment shall be effective without any action by the Issuer or the Borrower being necessary; provided that any such co-Remarketing Agent, shall have a capitalization of at least \$5,000,000, or shall have a line of credit with a commercial bank in the amount of at least \$5,000,000, shall be in conformity with all standards and requirements of the Municipal Securities Rulemaking Board and the Securities and Exchange Commission, and shall be authorized by law to perform all the duties imposed upon it by this Indenture. The Remarketing Agent shall take responsibility for any co-Remarketing Agent it appoints.

Section 6.20 Qualification of Remarketing Agent. The Remarketing Agent shall be a member in good standing of the Financial Industry Regulatory Authority having a capitalization of at least \$5,000,000, or shall have a line of credit with a commercial bank in the amount of at least \$5,000,000, and shall be authorized by law to perform all the duties imposed upon it by this Indenture. Subject to the terms of the Remarketing Agreement, the Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 30 days' notice of such resignation to the Issuer, the Borrower, the Investor Limited Partners, and the Trustee. The Remarketing Agent may be removed, with prior notice to the Issuer, at any time by the Borrower, with at least 30 days' notice of such removal to the Remarketing Agent.

Upon any resignation or removal of the Remarketing Agent, the departing Remarketing Agent shall pay over, assign and deliver any money and Bonds held by it in such capacity to its successor.

The Trustee, within 30 days of the resignation or removal of the Remarketing Agent or the appointment of a successor Remarketing Agent pursuant to the Remarketing Agreement, shall give notice thereof by registered or certified mail to the Rating Agency (if the Bonds are then rated) and to the Holders of the Bonds. The Trustee shall not, however, be subject to any liability to any Holder or any party to the transaction by reason of its failure to mail any such notice, and any such failure shall not affect the validity of actions which are the subject of such notice.

Section 6.21 Notices to Rating Agency and Remarketing Notice Parties. The Trustee shall notify the Rating Agency and the Remarketing Notice Parties in writing of (a) the occurrence of an Event of Default of which the Trustee has actual notice; (b) the occurrence of any monetary or other material default under the Loan of which the Trustee has actual notice; (c) any change in the identity of the Trustee; (d) any amendments, modifications, supplements or changes to this Indenture, the Loan Agreement, the Promissory Note or the Bonds, including any extension of principal or modification of interest or redemption premium due on any of the Bonds, in each case only in the event the Trustee has actual notice; (e) any change or proposed change in the structure or identity of the Borrower of which the Trustee has actual knowledge; (f) any change or notification of proposed change of the Mandatory Tender Date or Remarketing Date of which the Trustee has actual notice; (g) any partial prepayment of the Loan or the giving of notice of the call for redemption of any Bonds; (h) any change in the investment of funds subject to the lien of this Indenture other than in Eligible Investments of which the Trustee has actual notice; (i) any defeasance or acceleration of the Bonds hereunder; or (j) any change in the Remarketing Agent of which its Trustee has actual knowledge.

The Trustee shall not, however, be subject to any liability to any Holder or any party to the transaction by reason of its failure to give any such notice, and any such failure shall not affect the validity of actions which are the subject of such notice.

Section 6.22 Requests from Rating Agency. The Trustee shall promptly respond in writing, or in such other manner as may be reasonably requested, to requests from the Rating Agency for information deemed necessary by the Rating Agency in order to maintain the rating assigned thereby to the Bonds. The Trustee shall promptly furnish any such requested information in its possession to the Rating Agency and shall, as may be reasonably requested by the Rating Agency.

ARTICLE VII DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND HOLDERS

Section 7.01 Defaults; Events of Default. The occurrence of any of the following events is defined as and declared to be and to constitute an Event of Default hereunder:

(a) Payment of any interest on any Bond shall not be made when and as that interest shall become due and payable;

(b) Payment of the principal of any Bond shall not be made when and as that principal shall become due and payable, whether at stated maturity, upon acceleration or otherwise;

(c) Failure by the Issuer to observe or perform any other covenant, agreement or obligation on its part to be observed or performed contained in this Indenture or in the Bonds, which failure shall have continued for a period of 30 days after written notice, by registered or certified mail, to the Issuer and the Borrower specifying the failure and requiring that it be remedied, which notice may be given by the Trustee and shall be given by the Trustee at the written request of the Holders of not less than 25% in aggregate

principal amount of the Bonds then Outstanding; provided that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, that failure shall not constitute an Event of Default so long as the Issuer or the Borrower institutes curative action within the applicable period and diligently pursues that action to completion, which must be resolved within 180 days after the aforementioned notice and provides the Trustee certification to that effect; and

(d) The occurrence and continuance of an Event of Default as defined in Section 7.1 of the Loan Agreement.

The term “default” or “failure” as used in this Article means (1) a default or failure by the Issuer in the observance or performance of any of the covenants, agreements or obligations on its part to be observed or performed contained in this Indenture or in the Bonds; or (2) a default or failure by the Borrower under the Loan Agreement, exclusive of any period of grace or notice required to constitute an Event of Default, as provided above or in the Loan Agreement.

Section 7.02 Notice of Default. If an Event of Default shall occur, the Trustee shall give written notice of the Event of Default, by registered or certified mail, to the Issuer, the Borrower, the Investor Limited Partners, the Registrar or the Paying Agent, and the Authenticating Agent, within five (5) days after the Trustee has actual notice of the Event of Default pursuant to Section 6.02(f) hereof. If an Event of Default occurs of which the Trustee has notice pursuant to this Indenture, the Trustee shall give written notice thereof, within 30 days after the Trustee’s receipt of notice of its occurrence, to the Holders of all Bonds then Outstanding as shown by the Register at the close of business 15 days prior to the mailing of that notice.

The Federal Investor Limited Partner and the State Investor Limited Partner shall be entitled to cure any Event of Default hereunder within the time frame provided to the Borrower hereunder. The Issuer and the Trustee agree that cure of any default or Event of Default made or tendered by either the Federal Investor Limited Partner or the State Investor Limited Partner shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Section 7.03 Acceleration. Upon the occurrence of an Event of Default described in Section 7.01(a) and (b) hereof, the Trustee may declare, and upon the written request of the Holders of not less than 25% in aggregate principal amount of Bonds then Outstanding the Trustee shall declare, by a notice in writing delivered to the Issuer and the Borrower, the principal of all Bonds then Outstanding (if not then due and payable), and the interest accrued thereon, to be due and payable immediately. Upon the occurrence of any Event of Default other than those described in Section 7.01(a) and (b) hereof, the Trustee, with the written consent of all Holders of Bonds then Outstanding, may declare by a notice in writing delivered to the Issuer and Borrower, the principal of all Bonds then Outstanding (if not then due and payable), and the interest accrued thereon, to be due and payable immediately. Upon such declaration, the principal of and interest on the Bonds shall become and be due and payable immediately. Interest on the Bonds shall accrue to the date determined by the Trustee for the tender of payment to the Holders pursuant to that declaration; provided, that interest on any unpaid principal of Bonds Outstanding shall continue to accrue from the date determined by the Trustee for the tender of payment to the Holders of those Bonds.

The provisions of the preceding paragraph are subject, however, to the condition that if, at any time after declaration of acceleration and prior to the entry of a judgment in a court for enforcement hereunder (after an opportunity for hearing by the Issuer and the Borrower):

(a) all sums payable hereunder (except the principal of and interest on Bonds which have not reached their stated Maturity Date but which are due and payable solely by reason of that declaration of acceleration), plus interest to the extent permitted by law on any overdue installments of interest at the rate

borne by the Bonds in respect of which the default shall have occurred, shall have been duly paid or provision shall have been duly made therefor by deposit with the Trustee or Paying Agents; and

(b) all existing Events of Default shall have been cured, then and in every case, the Trustee shall waive the Event of Default and its consequences and shall rescind and annul that declaration. No waiver or rescission and annulment shall extend to or affect any subsequent Event of Default or shall impair any rights consequent thereon.

Section 7.04 Other Remedies; Rights of Holders. With or without taking action under Section 7.03 hereof, upon the occurrence and continuance of an Event of Default, the Trustee may pursue any available remedy, including without limitation actions at law or equity to enforce the payment of Bond Debt Service Charges or the observance and performance of any other covenant, agreement or obligation under this Indenture, the Loan Agreement, the Regulatory Agreement, the Promissory Note or any other instrument providing security, directly or indirectly, for the Bonds.

If, upon the occurrence and continuance of an Event of Default, the Trustee is requested to do so by the Holders of at least 25% in aggregate principal amount of Bonds Outstanding, the Trustee (subject to the provisions of Sections 6.01 and 6.02 hereof and particularly Sections 6.01(c)(4) and 6.02(i)) shall exercise any rights and powers conferred by this Section and by Section 7.03 hereof as so directed; provided, however, that the Trustee may refuse to follow any direction that it believes conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any Holder (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not any action or forbearance is unduly prejudicial to such Holders) or that would involve the Trustee in personal liability; provided, however, that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such discretion. Prior to taking any action under the Indenture, the Trustee shall be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses cause by taking or not taking such action.

No remedy conferred upon or reserved to the Trustee (or to the Holders) by this Indenture is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to every other remedy given hereunder or otherwise to the Trustee or to the Holders now or hereafter existing.

No delay in exercising or omission to exercise any remedy, right or power accruing upon any default or Event of Default shall impair that remedy, right or power or shall be construed to be a waiver of any default or Event of Default or acquiescence therein. Every remedy, right and power may be exercised from time to time and as often as may be deemed to be expedient.

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any remedy, right or power consequent thereon.

As the assignee of all right, title and interest of the Issuer in and to the Loan Agreement (except for the Unassigned Issuer's Rights), the Trustee is empowered to enforce each remedy, right and power granted to the Issuer under the Loan Agreement. In exercising any remedy, right or power thereunder or hereunder, the Trustee shall take such action as may be directed by the requisite percentage of the Holders of the Bonds then Outstanding, applying the standards described in Sections 6.01 and 6.02 hereof.

Section 7.05 Right of Holders to Direct Proceedings. Anything to the contrary in this Indenture notwithstanding, the Majority of the Holders of the Bonds shall have the right at any time to direct, by an instrument or document in writing executed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions

of this Indenture or any other proceedings hereunder; provided that (a) any direction shall not be other than in accordance with the provisions of law and of this Indenture and (b) the Trustee shall be indemnified as provided in Sections 6.01 and 6.02 hereof.

Section 7.06 Application of Money. After payment of any costs, expenses, liabilities and advances paid, incurred or made by the Trustee in the collection of money and to all fees of the Trustee for Ordinary and Extraordinary Expenses pursuant to any right given or action taken under the provisions of this Article or the provisions of the Loan Agreement, the Regulatory Agreement, or the Promissory Note (including without limitation, reasonable attorneys' fees and expenses, except as limited by law or judicial order or decision entered in any action taken under this Article), all money received by the Trustee following an Event of Default, shall be applied as follows, subject to Section 3.04 hereof:

(a) Unless the principal of all of the Bonds shall have become, or shall have been declared to be, due and payable, all of such money shall be deposited in the Bond Fund and shall be applied:

First – To the payment to the Holders entitled thereto of all installments of interest then due on the Bonds, in the order of the dates of maturity of the installments of that interest, beginning with the earliest date of maturity and, if the amount available is not sufficient to pay in full any particular installment, then to the payment thereof ratably, according to the amounts due on that installment, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds; and

Second – To the payment to the Holders entitled thereto of the unpaid principal of any of the Bonds which shall have become due, in the order of their due dates, beginning with the earliest due date, with interest on those Bonds from the respective dates upon which they became due at the rates specified in those Bonds, and if the amount available is not sufficient to pay in full all Bonds due on any particular date, together with that interest, then to the payment thereof ratably, according to the amounts of principal due on that date, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

(b) If the principal of all of the Bonds shall have become due or shall have been declared to be due and payable pursuant to this Article, all such money shall be deposited into the Bond Fund and shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest, of interest over principal, of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

(c) If the principal of all of the Bonds shall have been declared to be due and payable pursuant to this Article, and if that declaration thereafter shall have been rescinded and annulled under the provisions of Section 7.03 or 7.10 hereof, subject to the provisions of subsection (b) above in the event that the principal of all of the Bonds shall become due and payable later, the money shall be deposited in the Bond Fund and shall be applied in accordance with the provisions of Article III hereof.

(d) Whenever money is to be applied pursuant to the provisions of this Section, such money shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of money available for application and the likelihood of additional money becoming available for application in the future. Whenever the Trustee shall direct the application of such money, it shall fix the date upon which the application is to be made, and upon that date, interest shall cease to accrue on the amounts of principal, if any, to be paid on that date, provided the money is available therefor. The Trustee

shall give notice of the deposit with it of any money and of the fixing of that date, all consistent with the requirements of Section 3.04 hereof for the establishment of, and for giving notice with respect to, a Special Record Date for the payment of overdue interest. The Trustee shall not be required to make payment of principal of a Bond to the Holder thereof, until the Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if it is paid fully.

Section 7.07 Remedies Vested in Trustee. All rights of action (including without limitation, the right to appear on behalf of the Issuer and the Holders of the Bonds in any bankruptcy or insolvency proceeding and to file proof of claims in any such proceeding) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto. Any suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining any Holders as plaintiffs or defendants. Any recovery of judgment shall be for the benefit of the Holders of the Outstanding Bonds, subject to the provisions of this Indenture.

Section 7.08 Rights and Remedies of Holders. A Holder shall not have any right to institute any suit, action or proceeding for the enforcement of this Indenture, for the execution of any trust hereof, or for the exercise of any other remedy hereunder, unless:

(a) there has occurred and is continuing an Event of Default of which the Trustee has been notified, as provided in Section 6.02(f) hereof, or of which it is deemed to have notice under that paragraph;

(b) the Holders of at least 25% in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee and shall have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers granted herein or to institute the suit, action or proceeding in its own name, and shall have offered indemnity satisfactory to the Trustee as provided in Sections 6.01 and 6.02 hereof; and

(c) the Trustee thereafter shall have failed or refused to exercise the remedies, rights and powers granted herein or to institute the suit, action or proceeding in its own name.

Notification (or notice), request, opportunity and offer of indemnity (as set forth above) are conditions precedent in every case, to the institution of any suit, action or proceeding described above.

No one (1) or more Holders of the Bonds shall have any right to affect, disturb or prejudice in any manner whatsoever the security or benefit of this Indenture by its or their action, or to enforce, except in the manner provided herein, any remedy, right or power hereunder. Any suit, action or proceedings shall be instituted, had and maintained in the manner provided herein for the benefit of the Holders of all Bonds then Outstanding. Nothing in this Indenture shall affect or impair, however, the right of any Holder to enforce the payment of the Bond Debt Service Charges on any Bond owned by that Holder at and after the maturity thereof, at the place, from the sources and in the manner expressed in that Bond.

Section 7.09 Termination of Proceedings. In case the Trustee shall have proceeded to enforce any remedy, right or power under this Indenture in any suit, action or proceedings, and the suit, action or proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, the Issuer, the Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as if no suit, action or proceedings had been taken.

Section 7.10 Waivers of Events of Default. The Trustee shall waive any Event of Default hereunder and its consequences and may rescind and annul any declaration of maturity of principal or interest on, the Bonds upon the written request of:

(a) the Majority of the Holders of the Bonds in respect of which an Event of Default in the payment of Bond Debt Service Charges exists; or

(b) the Holders of at least 25% in aggregate principal amount of all Bonds then Outstanding, in the case of any other Event of Default.

There shall not be so waived, however, any Event of Default described in Section 7.01(a) or (b) hereof, nor shall any declaration of acceleration in connection therewith be rescinded or annulled, unless, at the time of that waiver or rescission and annulment, payments of the amounts provided in Section 7.03 hereof for waiver and rescission and annulment in connection with acceleration of maturity have been made or provision has been made therefor. In the case of the waiver or rescission and annulment, or in case any suit, action or proceedings taken by the Trustee on account of any Event of Default shall have been discontinued, abandoned or determined adversely to it, the Issuer, the Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively. No waiver or rescission shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

ARTICLE VIII

SUPPLEMENTAL INDENTURES

Section 8.01 Supplemental Indentures Generally. The Issuer and the Trustee may enter into indentures supplemental to this Indenture, as provided in this Article and pursuant to the other provisions therefor in this Indenture. The Trustee shall deliver copies of all Supplemental Indentures to the Borrower, the Federal Investor Limited Partner, and the State Investor Limited Partner. Any subsequent amendment to this Indenture or the Loan Agreement is subject to prior written approval of HUD (so long as the Project is subject to a mortgage insured or held by HUD). No amendment to this Indenture or the Loan Agreement shall conflict with the provisions of the Program Obligations.

Section 8.02 Supplemental Indentures Not Requiring Consent of Holders. Without the written consent of, or notice to, any of the Holders, the Issuer and the Trustee may enter into indentures supplemental to this Indenture for any one or more of the following purposes:

- (a) To cure any ambiguity, inconsistency or formal defect or omission in this Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that lawfully may be granted to or conferred upon the Holders or the Trustee;
- (c) To assign additional revenues under this Indenture;
- (d) To accept additional security and instruments and documents of further assurance with respect to the Project;
- (e) To add to the covenants, agreements and obligations of the Issuer under this Indenture, other covenants, agreements and obligations to be observed for the protection of the Holders, or to surrender or limit any right, power or authority reserved to or conferred upon the Issuer in this Indenture;

(f) To evidence any succession to the Issuer and the assumption by its successor of the covenants, agreements and obligations of the Issuer under this Indenture, the Loan Agreement and the Bonds;

(g) To permit the Trustee to comply with any obligations imposed upon it by law;

(h) To specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Registrar and any Authenticating Agents or Paying Agents;

(i) To achieve compliance of this Indenture with any applicable federal securities or tax law;

(j) To make amendments to the provisions hereof relating to arbitrage matters under Section 148 of the Code, if, in the Opinion of Bond Counsel, those amendments would not cause the interest on the Bonds Outstanding to be included in gross income of the Holders for federal income tax purposes, which amendments may, among other things, change the responsibility for making the relevant calculations, provided that in no event shall such amendment delegate to the Trustee, without its consent, the obligation to make or perform the calculations required under Section 148 of the Code;

(k) To maintain the rating then assigned to the Bonds; and

(l) To permit any other amendment which is not materially adverse to the Trustee or the Holders. However, the Trustee shall not be responsible for determining if an amendment has an adverse effect on Holders.

The provisions of subsections (h) and (j) above shall not be deemed to constitute a waiver by the Trustee, the Registrar, the Issuer or any Holder of any right which it may have in the absence of those provisions to contest the application of any change in law to this Indenture or the Bonds.

Section 8.03 Supplemental Indentures Requiring Consent of Holders. Exclusive of Supplemental Indentures to which reference is made in Section 8.02 hereof and subject to the terms, provisions and limitations contained in this Section, and not otherwise, with the written consent of the Majority of the Holders of the Bonds, evidenced as provided in this Indenture, and with the consent of the Borrower if required by Section 8.04 hereof, the Issuer and the Trustee may execute and deliver Supplemental Indentures adding any provisions to, changing in any manner or eliminating any of the provisions of this Indenture or any Supplemental Indenture or restricting in any manner the rights of the Holders. Nothing in this Section or in Section 8.02 hereof shall permit, however, or be construed as permitting:

(a) without the consent of the Holder of each Bond so affected, (1) an extension of the maturity of the principal of or the interest on any Bond or (2) a reduction in the principal amount of any Bond or the rate of interest thereon; or

(b) without the consent of the Holders of all Bonds then Outstanding, (1) the creation of a privilege or priority of any Bond or Bonds over any other Bond or Bonds or (2) a reduction in the aggregate principal amount of the Bonds required for consent to a Supplemental Indenture.

If the Issuer shall request that the Trustee execute and deliver any Supplemental Indenture for any of the purposes of this Section, upon (i) being satisfactorily indemnified with respect to its expenses in connection therewith, and (ii) if required by Section 8.04 hereof, receipt of the Borrower's consent to the proposed execution and delivery of the Supplemental Indenture, the Trustee shall cause notice of the proposed execution and delivery of the Supplemental Indenture to be mailed by first-class mail, postage

prepaid, to all Holders of Bonds then Outstanding at their addresses as they appear on the Register at the close of business on the fifteenth day preceding that mailing.

The Trustee shall not be subject to any liability to any Holder by reason of the Trustee's failure to mail, or the failure of any Holder to receive, the notice required by this Section. Any failure of that nature shall not affect the validity of the Supplemental Indenture when there has been consent thereto as provided in this Section. The notice shall set forth briefly the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Holders.

If the Trustee shall receive, within a period prescribed by the Borrower, of not less than 60 days, but not exceeding one year, following the mailing of the notice, an instrument or document or instruments or documents, in form to which the Trustee does not reasonably object, purporting to be executed by at least the Majority of the Holders of the Bonds (which instrument or document or instruments or documents shall refer to the proposed Supplemental Indenture in the form described in the notice and specifically shall consent to the Supplemental Indenture in substantially that form), the Trustee shall, but shall not otherwise, execute and deliver the Supplemental Indenture in substantially the form to which reference is made in the notice as being on file with the Trustee, without liability or responsibility to any Holder, regardless of whether that Holder shall have consented thereto.

Any consent shall be binding upon the Holder of the Bond giving the consent and, anything herein to the contrary notwithstanding, upon any subsequent Holder of that Bond and of any Bond issued in exchange therefor (regardless of whether the subsequent Holder has notice of the consent to the Supplemental Indenture). At any time after the Holders of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the Issuer a written statement that the Holders of the required percentage of Bonds have filed those consents. That written statement shall be conclusive evidence that the consents have been so filed.

If the Holders of the required percentage in aggregate principal amount of Bonds Outstanding shall have consented to the Supplemental Indenture, as provided in this Section, no Holder shall have any right (a) to object to (1) the execution or delivery of the Supplemental Indenture, (2) any of the terms and provisions contained therein, or (3) the operation thereof; (b) to question the propriety of the execution and delivery thereof; or (c) to enjoin or restrain the Trustee or the Issuer from that execution or delivery or from taking any action pursuant to the provisions thereof.

Section 8.04 Consent of Borrower and Remarketing Agent. Anything contained herein to the contrary notwithstanding, a Supplemental Indenture executed and delivered in accordance with this Article which affects any rights or obligations of the Borrower shall not become effective unless and until the Borrower shall have consented in writing to the execution and delivery of that Supplemental Indenture. The Trustee shall cause notice of the proposed execution and delivery of any Supplemental Indenture and a copy of the proposed Supplemental Indenture to be mailed to the Borrower, as provided in Section 13.03 hereof, (a) at least 30 days (unless waived by the Borrower) before the date of the proposed execution and delivery in the case of a Supplemental Indenture to which reference is made in Section 8.02 hereof; and (b) at least 30 days (unless waived by the Borrower) before the giving of the notice of the proposed execution and delivery in the case of a Supplemental Indenture for which provision is made in Section 8.03 hereof.

Anything contained herein to the contrary notwithstanding, a Supplemental Indenture executed and delivered in accordance with this Article which affects any rights or obligations of the Remarketing Agent shall not become effective unless and until the Remarketing Agent shall have consented in writing to the execution and delivery of that Supplemental Indenture. The Trustee shall cause notice of the proposed execution and delivery of any Supplemental Indenture and a copy of the proposed Supplemental Indenture

to be given to the Remarketing Agent (1) at least 30 days (unless waived by the Remarketing Agent) before the date of the proposed execution and delivery in the case of a Supplemental Indenture to which reference is made in Section 8.02 hereof; and (2) at least 30 days (unless waived by the Remarketing Agent) before the giving of the notice of the proposed execution and delivery in the case of a Supplemental Indenture for which provision is made in Section 8.03 hereof.

Section 8.05 Authorization to Trustee; Effect of Supplement. The Trustee is authorized to join with the Issuer in the execution and delivery of any Supplemental Indenture in accordance with this Article and to make the further agreements and stipulations which may be contained therein. Thereafter,

- (a) that Supplemental Indenture shall form a part of this Indenture;
- (b) all terms and conditions contained in that Supplemental Indenture as to any provision authorized to be contained therein shall be deemed to be a part of the terms and conditions of this Indenture for any and all purposes;
- (c) this Indenture shall be deemed to be modified and amended in accordance with the Supplemental Indenture; and
- (d) the respective rights, duties and obligations under this Indenture of the Issuer, the Borrower, the Trustee, the Remarketing Agent, the Registrar, the Paying Agents, the Authenticating Agents and all Holders of Bonds then Outstanding shall be determined, exercised and enforced hereunder in a manner which is subject in all respects to those modifications and amendments made by the Supplemental Indenture.

Express reference to any executed and delivered Supplemental Indenture may be made in the text of any Bonds issued thereafter, if that reference is deemed necessary or desirable by the Trustee or the Issuer. A copy of any Supplemental Indenture for which provision is made in this Article, except a Supplemental Indenture described in Section 8.02(g) hereof, shall be mailed by the Trustee to the Registrar, each Authenticating Agent and Paying Agent. The Trustee may but shall not be obligated to enter into any such Supplemental Indenture which affects the Trustee's own rights, duties, or immunities under this Indenture or otherwise.

Section 8.06 Opinion of Counsel. The Trustee shall receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it as conclusive evidence that (a) any proposed Supplemental Indenture or amendment complies with the provisions of this Indenture; and (b) it is proper for the Trustee to join in the execution of that Supplemental Indenture under the provisions of this Article. That counsel may be counsel for the Issuer or the Borrower and shall be an expense of the Borrower.

Section 8.07 Modification by Unanimous Consent. Notwithstanding anything contained elsewhere in this Indenture, with the exception of Section 13.14 hereof, the rights and obligations of the Issuer and of the Holders, and the terms and provisions of the Bonds and this Indenture or any Supplemental Indenture, may be modified or altered in any respect with the consent of (a) the Issuer; (b) the Holders of all of the Bonds then Outstanding; (c) the Borrower; and (d) if such modification or alteration contains provisions adverse to the Trustee, the Trustee.

ARTICLE IX

DEFEASANCE

Section 9.01 Release of Indenture. If (a) the Issuer shall pay all of the Outstanding Bonds, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Holders of the Outstanding Bonds, all Bond Debt Service Charges due or to become due thereon, and (b) provision also shall be made for the payment of all other sums payable hereunder or under the Loan Agreement, the Regulatory Agreement and the Promissory Note, then this Indenture shall cease, determine and become null and void (except for those provisions surviving by reason of Section 9.03 hereof in the event the Bonds are deemed paid and discharged pursuant to Section 9.02 hereof), and the covenants, agreements and obligations of the Issuer hereunder shall be released, discharged and satisfied.

Thereupon, and subject to the provisions of Section 9.03 hereof if applicable,

(1) the Trustee shall release this Indenture (except for those provisions surviving by reason of Section 9.03 hereof in the event the Bonds are deemed paid and discharged pursuant to Section 9.02 hereof), and shall execute and deliver to the Issuer any instruments or documents in writing as shall be requisite to evidence that release and discharge or as reasonably may be requested by the Issuer; and

(2) the Trustee and any other Paying Agents shall assign and deliver to the Issuer any property subject at the time to the lien of this Indenture which then may be in their possession, except amounts in the Bond Fund required (i) to be paid to the Borrower under Section 5.08 hereof or (ii) to be held by the Trustee and the Paying Agents under Section 5.09 hereof or otherwise for the payment of Bond Debt Service Charges.

Section 9.02 Payment and Discharge of Bonds. All or any part of the Bonds shall be deemed to have been paid and discharged within the meaning of this Indenture, including without limitation Section 9.01 hereof, if:

(a) the Trustee, as paying agent, and the Paying Agents shall have received, in trust for and irrevocably committed thereto, sufficient money, or

(b) the Trustee shall have received, in trust for and irrevocably committed thereto, noncallable direct obligations of or obligations guaranteed as to full and timely payment by the United States of America which are certified by an Independent public accounting firm or such other firm experienced with such certifications of national reputation to be of such maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient together with any money to which reference is made in subsection (a) above, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so irrevocably committed, except as provided herein), for the payment of all Bond Debt Service Charges on those Bonds at their maturity.

Any money held by the Trustee in accordance with the provisions of this Section may be invested by the Trustee only in noncallable direct obligations of or obligations guaranteed as to full and timely payment by the United States of America having maturity dates, or having redemption dates which, at the option of the holder of those obligations, shall be not later than the date or dates at which money will be required for the purposes described above. To the extent that any income or interest earned by, or increment to, the investments held under this Section is determined from time to time by the Trustee to be in excess of the amount required to be held by the Trustee for the purposes of this Section, that income, interest or increment shall be transferred at the time of that determination in the manner provided in Section 5.08 hereof for transfers of amounts remaining in the Bond Fund.

If any Bonds shall be deemed paid and discharged pursuant to this Section, then within 15 days after such Bonds are so deemed paid and discharged the Trustee shall cause a written notice to be given to

each Holder as shown on the Register on the date on which such Bonds are deemed paid and discharged. Such notice shall state the numbers of the Bonds deemed paid and discharged or state that all Bonds are deemed paid and discharged and shall set forth a description of the obligations held pursuant to subsection (b) above.

Section 9.03 Survival of Certain Provisions. Notwithstanding the foregoing, any provisions of the Bond Resolution and this Indenture which relate to the maturity of the Bonds, interest payments and dates thereof, exchange, transfer and registration of the Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of the Bonds, the storage and shredding of cancelled Bonds, non-presentment of the Bonds, the holding of money in trust, and repayments to the Borrower from the Bond Fund, the rebate of money to the United States in accordance with Section 5.09 hereof, and the rights and duties of the Trustee and the Registrar in connection with all of the foregoing, shall remain in effect and be binding upon the Trustee, the Registrar, the Authenticating Agents, the Paying Agents and the Holders notwithstanding the release and discharge of this Indenture. The provisions of this Article shall survive the release, discharge and satisfaction of this Indenture. The obligations of the Borrower to pay the Trustee its fees and expenses hereunder shall survive the release, discharge and satisfaction of this Indenture.

ARTICLE X
COVENANTS AND AGREEMENTS
OF THE ISSUER

Section 10.01 Covenants and Agreements of the Issuer. In addition to any other covenants and agreements of the Issuer contained in the Loan Agreement, this Indenture or the Bond Resolution, the Issuer further covenants and agrees with the Holders and the Trustee as follows:

(a) Payment of Bond Debt Service Charges. The Issuer will pay all Bond Debt Service Charges, or cause them to be paid, solely from the sources provided herein, on the dates, at the places and in the manner provided in this Indenture.

(b) Issuer Revenues and Assignment of Issuer Revenues. The Issuer will not assign the Issuer Revenues or create or authorize to be created any debt, lien or charge thereon, other than the assignment thereof under this Indenture.

(c) Issuer Not to Adversely Affect Exclusion from Gross Income of Interest on Bonds. The Issuer covenants that it (1) will take, or require to be taken, at the written direction of any Holder or the Trustee, and at the expense of the Borrower, all reasonably required actions that may be required of the Issuer for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes; and (2) will not take or authorize to be taken any actions that would, to its actual knowledge, adversely affect that exclusion under the provisions of the Code.

(d) Patriot Act. The Issuer covenants and agrees to provide documentation as reasonably requested or required by the Trustee to enable the Trustee to satisfy the requirements of the USA Patriot Act as described in Section 13.13 hereof.

Section 10.02 Observance and Performance of Covenants, Agreements, Authority and Actions. The Issuer will observe and perform faithfully at all times all covenants, agreements, authority, actions, undertakings, stipulations and provisions to be observed or performed on its part under the Loan Agreement, this Indenture, the Bond Resolution, the Regulatory Agreement and the Bonds which are executed, authenticated and delivered under this Indenture, and under all proceedings of the Issuer pertaining thereto.

The Issuer represents and warrants that:

(a) It is duly authorized under the Constitution and laws of the Commonwealth, including particularly and without limitation the Act, to issue the Bonds, to execute and deliver this Indenture, the Loan Agreement, and the Regulatory Agreement and to provide the security for payment of the Bond Debt Service Charges in the manner and to the extent set forth in this Indenture.

(b) All actions required on its part to be performed for the issuance, sale and delivery of the Bonds and for the execution and delivery of this Indenture and the Loan Agreement have been taken duly and effectively.

(c) The Bonds will be valid and enforceable special, limited obligations of the Issuer according to their terms.

Section 10.03 Trustee May Enforce Issuer's Rights. The Trustee may enforce, in its name or in the name of the Issuer, all rights of the Issuer for and on behalf of the Holders, except for Unassigned Issuer's Rights, and may enforce all covenants, agreements and obligations of the Borrower under and pursuant to the Loan Agreement, regardless of whether the Issuer is in default in the pursuit or enforcement of those rights, covenants, agreements or obligations. The Issuer, however, will do all things and take all actions on its part necessary to comply with covenants, agreements, obligations, duties and responsibilities on its part to be observed or performed under the Loan Agreement, and will take all actions within its authority to keep the Loan Agreement in effect in accordance with the terms thereof.

ARTICLE XI

AMENDMENTS TO LOAN AGREEMENT, REGULATORY AGREEMENT AND PROMISSORY NOTE

Section 11.01 Amendments Not Requiring Consent of Holders. Without the consent of or notice to the Holders, the Issuer, the Borrower, and the Trustee may consent to any amendment, change or modification of the Loan Agreement, the Regulatory Agreement or the Promissory Note as may be required (a) by the provisions of the Loan Agreement, the Regulatory Agreement, or this Indenture; (b) for the purpose of curing any ambiguity, inconsistency or formal defect or omission in the Loan Agreement, the Regulatory Agreement, or the Promissory Note; (c) in connection with an amendment or to effect any purpose for which there could be an amendment of this Indenture pursuant to Section 8.02 hereof; or (d) in connection with any other change therein which is not materially adverse to the Trustee or the Holders of the Bonds, applying the standards described in Sections 6.01 and 6.02 hereof. The Trustee shall not be responsible for determining if an amendment has an adverse effect on the Holders.

Any subsequent amendment to this Indenture or the Loan Agreement is subject to prior written approval of HUD (so long as the Project is subject to a mortgage insured or held by HUD). No amendment to this Indenture or the Loan Agreement shall conflict with the provisions of the Program Obligations.

Section 11.02 Amendments Requiring Consent of Holders. Except for the amendments, changes or modifications contemplated in Section 11.01 hereof, neither the Issuer nor the Trustee shall consent to:

(a) any amendment, change or modification of the Loan Agreement or the Promissory Note which would change the amount or time as of which Loan Payments are required to be paid, without the giving of notice as provided in this Section of the proposed amendment, change or modification and receipt of the written consent thereto of the Holders of all of the then Outstanding Bonds affected by such amendment, change or modification; or

(b) any other amendment, change or modification of the Loan Agreement, the Regulatory Agreement, or the Promissory Note without the giving of notice as provided in this Section of the proposed amendment, change or modification and receipt of the written consent thereto of at least the Majority of the Holders of the Bonds affected by such amendment, change or modification.

The consent of the Holders shall be obtained as provided in Section 8.03 hereof with respect to Supplemental Indentures.

If the Issuer or the Authorized Borrower Representative shall request at any time the consent of the Trustee to any proposed amendment, change or modification of the Loan Agreement, the Regulatory

Agreement, or the Promissory Note contemplated in subsection (a) or (b) above, upon being indemnified satisfactorily with respect to expenses, the Trustee shall cause notice of the proposed amendment, change or modification to be provided in the manner which is required by Section 8.03 hereof with respect to notice of Supplemental Indentures. The notice shall set forth briefly the nature of the proposed amendment, change or modification and shall state that copies of the instrument or document embodying it are on file at the designated corporate trust office of the Trustee for inspection by all Holders.

ARTICLE XII

MEETINGS OF HOLDERS

Section 12.01 Purposes of Meetings. A meeting of the Holders may be called at any time and from time to time pursuant to the provisions of this Article, to take any action (a) authorized to be taken by or on behalf of the Holders of any specified aggregate principal amount of the Bonds; (b) under any provision of this Indenture; or (c) authorized or permitted by law.

Section 12.02 Call of Meetings. The Trustee may (but shall not be obligated to) call at any time a meeting of Holders pursuant to Section 12.01 hereof to be held at any reasonable time and place the Trustee shall determine. Notice of such meeting, setting forth the time, place and generally the subject thereof, shall be mailed by first-class mail, postage prepaid, not fewer than 15 or more than 90 days prior to the date of the meeting to the Holders at their addresses as they appear on the Register on the fifteenth day preceding such mailing, which fifteenth day, preceding the mailing, shall be the record date for the meeting.

At any time the Issuer or the Borrower, or the Holders of at least 25% in aggregate principal amount of the Bonds then Outstanding, shall have requested the Trustee to call a meeting of the Holders, by written request setting forth the purpose of the meeting, and the Trustee shall not have mailed the notice of the meeting within 20 days after receipt of the request, then the Issuer, the Borrower, the Federal Investor Limited Partner, the State Investor Limited Partner, or the Holders of Bonds in the amount above specified may determine the time and the place of the meeting and may call the meeting to take any action authorized in Section 12.01 hereof, by mailing notice thereof as provided above.

Any meetings of the Holders shall be valid without notice, if the Holders of all Bonds then Outstanding are present in person or by proxy, or if notice is waived before or after the meeting by the Holders of all Bonds Outstanding who were not so present at the meeting, and if the Issuer, the Borrower, and the Trustee are either present by duly authorized representatives or have waived notice, before or after the meeting.

Section 12.03 Voting. To be entitled to vote at any meeting of the Holders, a Person shall (a) be a Holder of one (1) or more Outstanding Bonds as of the record date for the meeting as determined above; or (b) be a person appointed by an instrument or document in writing as proxy by a Person who is a Holder as of the record date for the meeting of one (1) or more Outstanding Bonds. Each Holder or proxy shall be entitled to one vote for each \$100,000 principal amount of Bonds held or represented by it.

The vote upon any resolution submitted to any meeting of the Holders shall be by written ballots on which shall be subscribed the signatures of the Holders of Bonds or of their representatives by proxy and the identifying number or numbers of the Bonds held or represented by them.

Section 12.04 Meetings. Notwithstanding any other provisions of this Indenture, the Trustee may make any reasonable regulations which it may deem to be advisable for meetings of the Holders, with regard to the following:

- (a) proof of the holding of the Bonds and of the appointment of proxies;
- (b) the appointment and duties of inspectors of votes;
- (c) recordation of the proceedings of those meetings;
- (d) the execution, submission and examination of proxies and other evidence of the right to vote; and
- (e) any other matters concerning the conduct, adjournment or reconvening of meetings which the Trustee may think fit.

The Trustee shall appoint a temporary chair of the meeting by an instrument or document in writing, unless the meeting shall have been called by the Issuer, the Borrower, or by the Holders, as provided in Section 12.02 hereof, in which case the Issuer, the Borrower, or the Holders calling the meeting, as the case may be, shall appoint a temporary chair in like manner. A permanent chair and a permanent secretary of the meeting shall be elected by vote of the Majority of the Holders of the Bonds represented at the meeting and entitled to vote.

The only Persons who shall be entitled to be present or to speak at any meeting of the Holders shall be the Persons entitled to vote at the meeting and their counsel, any representatives of the Trustee or the Registrar and their counsel, any representatives of the Issuer and its counsel and any representatives of the Borrower and its counsel.

Section 12.05 Miscellaneous. Nothing contained in this Article shall be deemed or construed to authorize or permit any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Holders under any of the provisions of this Indenture or of the Bonds by reason of any call of a meeting of Holders or any rights conferred expressly or impliedly hereunder to make a call.

ARTICLE XIII

MISCELLANEOUS

Section 13.01 Limitation of Rights. With the exception of rights conferred expressly in this Indenture, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto, the Registrar, the Authenticating Agents, the Paying Agents, the Borrower, the Investor Limited Partners, and the Holders of the Bonds any legal or equitable right, remedy, power or claim under or with respect to this Indenture or any covenants, agreements, conditions and provisions contained herein. This Indenture and all of those covenants, agreements, conditions and provisions are intended to be, and are, for the sole and exclusive benefit of the parties hereto, the Registrar, the Paying Agent, the Authenticating Agent, the Borrower, the Investor Limited Partners, and the Holders of the Bonds, as provided herein.

Section 13.02 Severability. In case any section or provision of this Indenture, or any covenant, agreement, stipulation, obligation, act or action, or part thereof, made, assumed, entered into or taken under this Indenture, or any application thereof, is held to be illegal or invalid for any reason, or is inoperable at

any time, that illegality, invalidity or inoperability shall not affect the remainder thereof or any other section or provision of this Indenture or any other covenant, agreement, stipulation, obligation, act or action, or part thereof, made, assumed, entered into or taken under this Indenture, all of which shall be construed and enforced at the time as if the illegal, invalid or inoperable portion were not contained therein.

Any illegality, invalidity or inoperability shall not affect any legal, valid and operable section, provision, covenant, agreement, stipulation, obligation, act, action, part or application, all of which shall be deemed to be effective, operative, made, assumed, entered into or taken in the manner and to the full extent permitted by law from time to time.

Section 13.03 Notices. It shall be sufficient service or giving of any notice, request, complaint, demand or other instrument or document, if mailed by registered or certified mail, postage prepaid, or forwarded by overnight courier service, delivery charges prepaid (receipt of which to be evidenced by a signed receipt from such overnight delivery service), or sent by facsimile or by electronic means which produces evidence of transmission, addressed to the appropriate party at its Notice Address.

Such notice or other communication shall be deemed given on (a) the third Business Day following deposit thereof in the mail when mailed by registered or certified mail; (b) the Business Day immediately following deposit thereof with the overnight courier service when forwarded by an overnight courier service; and (c) the Business Day immediately following the date specified in the written evidence of electronic transmission. The Issuer, the Trustee, the Borrower, the Federal Investor Limited Partner, or the State Investor Limited Partner may, by notice given as provided in this paragraph, designate any further or different address to which subsequent notices or other communication shall be sent.

Any notice given pursuant to Sections 6.09, 6.13, 7.02, 7.03, 8.02, 8.03, 9.02, and 11.02 hereof shall be simultaneously given to the Rating Agency, if and so long as the Bonds are rated. The foregoing parties may designate, by written notice given hereunder, any further or different addresses to which any subsequent notice, request, complaint, demand or other instrument or document shall be sent. The Trustee shall designate, by written notice to the Issuer, the Borrower, the Federal Investor Limited Partner, and the State Investor Limited Partner, the addresses to which notices or copies thereof shall be sent to the Registrar, the Authenticating Agents and the Paying Agents. In addition to the foregoing, the Trustee hereby agrees to send written notice to the Rating Agency, if and so long as the Bonds are rated, upon the occurrence of any of the following events: (1) any change in the Trustee; (2) any amendment to the documents; (3) a payment of all principal and interest on all of the Bonds; or (4) any defeasance or acceleration of the Bonds. The Trustee shall not, however, be subject to any liability to any Holder or any party to the transaction by reason of its failure to mail any such notice and any such failure shall not affect the validity of actions which are the subject of such notice.

In connection with any notice mailed pursuant to the provisions of this Indenture, a certificate of the Trustee, the Issuer, the Registrar, the Authenticating Agents, the Borrower, the Federal Investor Limited Partner, the State Investor Limited Partner, or the Holders of the Bonds, whichever or whoever mailed that notice, that the notice was so mailed shall be conclusive evidence of the proper mailing of the notice.

Section 13.04 Suspension of Mail and Courier Service. If because of the suspension of delivery of registered or certified mail or delivery by overnight courier services, the Trustee shall be unable to mail by registered or certified mail or forward by overnight courier service any notice required to be given by the provisions of this Indenture, the Trustee shall use its best efforts to give such notice in such other manner as in the judgment of the Trustee shall most effectively approximate the required mailing or forwarding thereof, and the giving of that notice in that manner for all purposes of this Indenture shall be deemed to be in compliance with the requirements of Section 13.03 hereof. Except as otherwise provided herein, the mailing of any notice by first-class mail, postage prepaid, shall be deemed given on the third

Business Day after upon deposit of that notice in the mail and the giving of any notice by any other means of delivery shall be deemed complete upon receipt of the notice by the delivery service.

Section 13.05 Payments Due on Saturdays, Sundays and Holidays. If any Interest Payment Date or a date of maturity of the principal of any Bonds is a Saturday, Sunday or a day on which (a) the Trustee is required, or authorized or not prohibited, by law (including without limitation, executive orders) to close and is closed, then payment of interest and principal need not be made by the Trustee or the Paying Agent on that date, but that payment may be made on the next succeeding Business Day on which the Trustee and the Paying Agent are open for business with the same force and effect as if that payment were made on the Interest Payment Date or date of maturity, and no interest shall accrue for the period after that date; or (b) a Paying Agent is required, or authorized or not prohibited, by law (including without limitation, executive orders) to close and is closed, then payment of interest and principal need not be made by that Paying Agent on that date, but that payment may be made on the next succeeding Business Day on which that Paying Agent is open for business with the same force and effect as if that payment were made on the Interest Payment Date or date of maturity and no interest shall accrue for the period after that date; provided, that if the Trustee is open for business on the applicable Interest Payment Date or date of maturity, it shall make any payment required hereunder with respect to payment of interest on the Outstanding Bonds and payment of principal of the Bonds presented to it for payment, regardless of whether the Paying Agent shall be open for business or closed on the applicable Interest Payment Date or date of maturity.

Section 13.06 Instruments of Holders. Any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, required under this Indenture to be executed by any Holder may be in any number of concurrent writings of similar tenor and may be executed by that Holder in person or by an agent or attorney appointed in writing. Proof of (a) the execution of any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, (b) the execution of any writing appointing any agent or attorney, and (c) the ownership of the Bonds shall be sufficient for any of the purposes of this Indenture, if made in the following manner, and if so made, shall be conclusive in favor of the Trustee with regard to any action taken thereunder, namely:

(1) The fact and date of the execution by any person of any writing may be proved by the certificate of any officer in any jurisdiction, who has power by law to take acknowledgments within that jurisdiction, that the person signing the writing acknowledged that execution before that officer, or by affidavit of any witness to that execution; and

(2) The fact of ownership of Bonds shall be proved by the Register maintained by the Registrar.

Nothing contained herein shall be construed to limit the Trustee to the foregoing proof, and the Trustee may accept any other evidence of the matters stated therein which it deems to be sufficient. Any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, of the Holder of any Bond shall bind every future Holder of the same Bond, with respect to anything done or suffered to be done by the Issuer, the Borrower, the Trustee, the Registrar or the Paying Agent, or the Authenticating Agent pursuant to that writing.

Section 13.07 Priority of This Indenture. This Indenture shall be superior to any liens which may be placed upon the Issuer Revenues or any other funds or accounts created pursuant to this Indenture.

Section 13.08 Extent of Covenants; No Personal Liability. All covenants, stipulations, obligations and agreements of the Issuer contained in this Indenture are and shall be deemed to be covenants, stipulations, obligations and agreements of the Issuer to the full extent authorized by the Act

and the laws of the Commonwealth. No covenant, stipulation, obligation or agreement of the Issuer contained in this Indenture shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Issuer in other than that person's official capacity. Neither the members of the Issuer nor any official executing the Bonds, this Indenture, the Loan Agreement or any amendment or supplement hereto or thereto shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance or execution hereof or thereof.

Section 13.09 Binding Effect. This Indenture shall inure to the benefit of and shall be binding upon the Issuer and the Trustee and their respective successors and assigns, subject, however, to the limitations contained herein.

Section 13.10 Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument. The exchange of copies of this Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture and signature pages for all purposes.

Section 13.11 Governing Law. This Indenture and the Bonds shall be deemed to be contracts made under the laws of the Commonwealth and for all purposes shall be governed by and construed in accordance with the laws of the Commonwealth.

Section 13.12 Security Advice Waiver. The Issuer acknowledges that regulations of the Comptroller of the Currency grant the Borrower the right to receive brokerage confirmations of the security transactions as they occur. Pursuant to Section 3.8 of the Loan Agreement, the Borrower has specifically waived such notification to the extent permitted by law and will receive periodic cash transaction statements that will detail all investment transactions.

Section 13.13 Patriot Act. To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account or establishes a relationship with such institutions. For a non-individual person such as a business entity, a charity, a trust or other legal entity the Trustee will request documentation to verify its formation and existence as a legal entity. Furthermore, if required by the Patriot Act, the Trustee may request financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

Section 13.14 FHA Federal Laws and Requirements Control. Notwithstanding anything in this Indenture or the Loan Agreement to the contrary:

(a) The Borrower, the Trustee, and the Issuer acknowledge that this Indenture and the Loan Agreement, and any obligations of the Borrower under the Loan Agreement, are subject and subordinate to the FHA Loan Documents and the Program Obligations. Notwithstanding any provision in this Indenture or the Loan Agreement to the contrary, no obligations of the Borrower under the Loan Agreement shall be payable except from (1) Surplus Cash; (2) funds that are not derived from (i) revenues of the Project (as defined in the FHA Mortgage), (ii) the proceeds of the FHA Note, or (iii) any reserve or deposit made with the FHA Lender or any other party as required by HUD in connection with the FHA Loan Documents; or (3) FHA Lender Funds which have been deposited into the Collateral Fund by or at the direction of the FHA Lender (collectively, "Non-Project Sources"). No claims or actions shall be made (or payable) under this Indenture against the Project, the FHA Lender, the proceeds of the FHA Note, or the assets of the Borrower, except from Non-Project Sources. In addition, the rights and obligations of the parties under this Indenture and all other documents evidencing, implementing, or securing this Indenture (collectively, the "Subordinate Bond Documents") are and shall be subordinated in all respects to the rights and obligations

of the parties to and under the FHA Loan Documents. In the event of any conflict between the provisions of (A) this Indenture or the Subordinate Bond Documents and (B) the provisions of the FHA Loan Documents or the Program Obligations, the provisions of the FHA Loan Documents or the Program Obligations shall control. The provisions of this Section 13.14 shall control over any inconsistent provisions in this Indenture or the Subordinate Bond Documents.

(b) Any subsequent amendment to this Indenture or the Loan Agreement is subject to prior written approval of HUD (so long as the Project is subject to a mortgage insured or held by HUD). No amendment to this Indenture or the Loan Agreement shall conflict with the provisions of the Program Obligations.

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

(d) There is no pledge hereunder or under the Loan Agreement of the gross revenues or any of the assets of the Project.

(e) Neither a default under this Indenture nor under the Loan Agreement shall constitute a default under the FHA Loan Documents related to the Project.

(f) Nothing contained herein or in the Loan Agreement shall inhibit or impair the right of FHA to require or agree to any amendment, change or modification of any FHA Loan Documents related to the Project for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provision contained therein, or in regard to matters or questions arising under said FHA Loan Documents so long as any such amendment, change or modification shall not adversely affect the payment terms of the Bonds.

(g) Neither the Issuer, the Trustee, nor any of the Holders has or shall be entitled to assert any claim against the Project, any reserves or deposits required by HUD in connection with the Project, or the rents or deposits or other income of the Project.

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

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

(j) HUD requires the following to be inserted into this Indenture:

"In the event of an assignment or conveyance of the mortgage to the Commissioner, as such individual is described in the paragraph below, subsequent to the issuance of the bonds, all money remaining in all funds and accounts other than the rebate fund, and any other funds remaining under the trust indenture after payment or provision for payment of debt service on the bonds and the fees and expenses of the credit enhancer, issuer, trustee, and other such parties unrelated to the mortgagor (other than funds originally

deposited by the mortgagor or related parties on or before the date of issuance of the bonds) shall be returned to the mortgagee.”

It is understood that “mortgage” means the FHA Mortgage, “Commissioner” is defined in the FHA Loan Documents, “bonds” means the Bonds, “rebate fund” means the Rebate Fund, “the trust indenture” means this Indenture, there is no credit enhancer, “issuer” means the Issuer, “trustee” means Trustee, and “mortgagor” means the Borrower.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the Issuer has caused this Indenture to be executed in its name and on its behalf by its Chairman, and attested by its Secretary/Executive Director, under the Seal of the Issuer impressed or reproduced hereon, and the Trustee to evidence its acceptance of the trusts created hereunder, has caused this Indenture to be executed in its name by its duly authorized officer, all as of the day and year first above written.

(SEAL)

**NEWPORT NEWS REDEVELOPMENT AND
HOUSING AUTHORITY**

By: _____
Title: Chairman

ATTEST:

By: _____
Title: Secretary/Executive Director

Execution page of the Trustee to the Indenture of Trust, dated as of the date and year first written above.

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION**

By _____
Its Vice President

EXHIBIT A
FORM OF BOND

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
MULTIFAMILY HOUSING REVENUE BOND
(STUART GARDENS I APARTMENTS)
SERIES 2026

No. R-1 \$23,000,000

<u>Initial Interest Rate</u>	<u>Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP Number</u>	<u>Initial Mandatory Tender Date</u>
[_ _ %]	October 1, 2030	[July _], 2026		October 1, 2028

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWENTY-THREE MILLION AND NO/100 (\$23,000,000) DOLLARS

Newport News Redevelopment and Housing Authority (together with its successors and assigns, the “Issuer”), a political subdivision of the Commonwealth of Virginia, for value received, promises to pay to the Registered Owner specified above or registered assigns, but solely from the sources and in the manner referred to herein, the principal amount on the maturity date specified above (subject to optional redemption as set forth herein), which shall be equal to \$23,000,000 and to pay from those sources interest thereon at the aforesaid interest rate on (a) each April and October 1, commencing October 1, 2026; (b) any date the Bonds (hereinafter defined) are called for redemption prior to maturity; (c) each Mandatory Tender Date; (d) the Maturity Date; and (e) the date of acceleration of the Bonds (each an “Interest Payment Date”) until the principal amount is paid or duly provided for. This Bond will bear interest from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from its date of delivery. Any capitalized terms not defined herein shall have the meanings given to them in the Indenture (hereinafter defined).

This Bond shall bear interest during each Interest Period at a rate per annum equal to the Interest Rate. Interest on the Bonds shall be calculated on the basis of a three hundred sixty (360) day year consisting of twelve (12) 30-day months.

For purposes of calculating such interest:

“Interest Period” means, initially, the period from the Closing Date to and including October 1, 2026, and thereafter, the period commencing on each succeeding Interest Payment Date and ending on the last day of that month preceding the next Interest Payment Date.

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

The principal of this Bond is payable upon presentation and surrender hereof at the designated corporate trust office of the trustee, presently U.S. Bank Trust Company, National Association, a national banking association in Atlanta, Georgia (the “Trustee”). Interest is payable on each Interest Payment Date by check or draft mailed to the person in whose name this Bond (or one or more predecessor bonds) is registered (the “Holder”) at the close of business on the fifteenth day of the calendar month next preceding that Interest Payment Date (the “Regular Record Date”) on the registration books for this issue maintained by the Trustee, as Registrar, at the address appearing therein. Any interest which is not timely paid or duly provided for shall cease to be payable to the Holder hereof (or of one or more predecessor bonds) as of the Regular Record Date, and shall be payable to the Holder hereof (or of one or more predecessor bonds) at the close of business on a Special Record Date to be fixed by the Trustee for the payment of that overdue interest. Notice of the Special Record Date shall be mailed to Holders not less than 10 days prior thereto. The principal of and interest on this Bond are payable in lawful money of the United States of America, without deduction for the services of the paying agent. While the Bonds are held in a book-entry system and in certain other circumstances, all as provided in the Indenture, principal of and interest on this Bond is required to be paid by wire transfer or other arrangement, other than any payment of the entire unpaid principal amount hereof.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE PLEDGED REVENUES (AS DEFINED IN THE INDENTURE) AND FROM OTHER MONEY PLEDGED UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA (THE “COMMONWEALTH”) NOR THE FAITH AND CREDIT OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER AND THE CITY OF NEWPORT NEWS, VIRGINIA (THE “CITY”)) ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST OR PREMIUM, IF ANY, ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER AND THE CITY) TO LEVY ANY TAXES WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT EXCEPT FROM THE FUNDS PLEDGED THEREFOR. THE ISSUER HAS NO TAXING POWER.

This Bond is designated as the Multifamily Housing Revenue Bonds (Stuart Gardens I Apartments) Series 2026 (the “Bonds”), issuable under the Indenture of Trust, dated as of July 1, 2026 (the “Indenture”), between the Issuer and the Trustee, in the original aggregate principal amount of \$23,000,000 and issued for the purpose of making a loan (the “Loan”) to the Borrower described therein (the “Borrower”) to finance a portion of the costs of rehabilitating, renovating, improving, constructing and equipping of the Project, as described in the Indenture and the Loan Agreement, dated as of July 1, 2026 (the “Loan Agreement”), between the Issuer and the Borrower. The Bonds are special, limited obligations of the Issuer, issued or to be issued under and are to be secured and entitled equally and ratably to the protection given by the Indenture. The Bonds are issued pursuant to, under the authority of, and in compliance with, the laws of

the Commonwealth of Virginia, including but not limited to the Act and a Bond Resolution duly adopted by the Issuer.

The Bonds are subject to optional redemption commencing on the Optional Redemption Date on April 1, 2028 prior to maturity from Available Money, at the direction of the Borrower (with delivery of a Cash Flow Projection, if required pursuant to the Indenture), in whole or in part, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest, but without premium, to the date fixed for redemption, (i) prior to the Initial Mandatory Tender Date, on any Business Day on or after April 1, 2028, and (ii) after the Initial Mandatory Tender Date, on any Business Day that is nearest to the date falling at 50% of the subsequent remarketing period between the most recent Mandatory Tender Date and the next Mandatory Tender Date or the Maturity Date, as applicable.

Other than as described above, the Bonds are not subject to optional redemption prior to the Maturity Date.

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

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

Pursuant to the Loan Agreement, the Borrower has executed and delivered to the Trustee the Borrower's promissory note of even date herewith (the "Promissory Note") in the principal amount up to \$23,000,000. The Borrower is required by the Loan Agreement and the Promissory Note to make payments to the Trustee in the amounts and at the times necessary to pay the principal of and interest (the "Bond Debt Service Charges") on the Bonds. In the Indenture, the Issuer has assigned to the Trustee, to provide for the payment of the Bond Debt Service Charges on the Bonds, the Issuer's right, title and interest in and to the Loan Agreement, except for Unassigned Issuer's Rights. To secure its compliance with certain covenants in the Loan Agreement, the Borrower has executed and delivered the Regulatory Agreement and Declaration as to Restrictive Covenants, dated as of July 1, 2026 (the "Regulatory Agreement"), between the Issuer, the Borrower, and the Trustee.

Copies of the Indenture, the Loan Agreement, the Regulatory Agreement and the Promissory Note are on file in the principal corporate trust office of the Trustee.

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

The Bonds are issuable only as fully registered bonds and, except as hereinafter provided, in printed or typewritten form, registered in the name of Cede & Co. as nominee of The Depository Trust Company, Brooklyn, New York ("DTC"), which shall be considered to be the Holder for all purposes of the Indenture, including, without limitation, payment by the Issuer of Bond Debt Service Charges, and receipt of notices

to, giving of consents by and exercise of rights of, the Holders. There shall be a single Bond representing each maturity, and all Bonds shall be immobilized in the custody of DTC with the owners of beneficial interests in those Bonds (the “book-entry interests”) having no right to receive from the Issuer Bonds in the form of physical securities or certificates. Ownership of book-entry interests in the Bonds shall be shown by book entry on the system maintained and operated by DTC, its participants (the “Participants”) and certain persons acting through the Participants, and transfers of ownership of book-entry interests shall be made only by that book-entry system, the Issuer and the Trustee having no responsibility therefor. DTC is to maintain records of the positions of Participants in the Bonds, and the Participants and persons acting through Participants are to maintain records of the purchasers and owners of book-entry interests in the Bonds. The Bonds as such shall not be transferable or exchangeable, except for transfer to another Depository or to another nominee of a Depository, without further action by the Issuer and otherwise at the expense of the Borrower.

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

The Indenture permits certain amendments or supplements to the Indenture, the Loan Agreement, the Regulatory Agreement, and the Promissory Note not prejudicial to the Holders to be made without the consent of or notice to the Holders, and certain other amendments or supplements thereto to be made with the consent of the Majority of the Holders of the Bonds.

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

The Bonds shall not constitute the personal obligation, either jointly or severally, of the members of the Issuer or of any other officer of the Issuer. No recourse shall be had for the payment of the Bonds against any elected or appointed officer, employee or agent of the Issuer, and no elected or appointed officer, employee or monetary liability arising out the Issuer’s obligations under the Bonds, or in connection with any covenant, representation or warranty made by the Issuer.

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

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

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

IN WITNESS WHEREOF, the Newport News Redevelopment and Housing Authority has caused this Bond to be executed on its behalf by the manual or facsimile signature of its Chairman, and attested to by the manual or facsimile signature of its Secretary/Executive Director, and has caused the official seal of the Issuer to be affixed hereto or impressed hereon as of the day and year first written above.

**NEWPORT NEWS REDEVELOPMENT AND
HOUSING AUTHORITY**

(SEAL)

By: _____
Title: Chairman

ATTEST:

By: _____
Title: Secretary/Executive Director

CERTIFICATE OF AUTHENTICATION

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

Date of Registration and Authentication: _____, 20__.

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION**

By: _____
Authorized Officer

ASSIGNMENT

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

Dated: _____

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

Signature Guaranteed:

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

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

Unless this certificate is presented by an authorized representative of The Depository Trust Company (140 58th Street, Brooklyn, New York) to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

EXHIBIT B

NOTICE OF MANDATORY TENDER

**Notice of Mandatory Tender
to the Holders of**

\$23,000,000

**Newport News Redevelopment and Housing Authority
Multifamily Housing Revenue Bonds
(Stuart Gardens I Apartments)
Series 2026**

CUSIP Number:

Interest Rate:

Maturity Date:

Mandatory Tender Date:

Principal Amount: \$[_____]

NOTICE IS HEREBY GIVEN that all bonds referenced above that are outstanding (the “Bonds”) are subject to mandatory tender for purchase on October 1, 2028 (the “Mandatory Tender Date”) pursuant to the terms of the Indenture of Trust, dated as of July 1, 2026 (the “Indenture”), between the Newport News Redevelopment and Housing Authority (the “Issuer”) and U.S. Bank Trust Company, National Association, a national banking association (the “Trustee”).

In accordance with Section 4.03 of the Indenture, the Bonds are subject to mandatory tender in whole and not in part on the Mandatory Tender Date and shall be purchased at a price equal to 100% of the principal amount of such Bonds, plus accrued interest to the Mandatory Tender Date.

No later than 12:00 Noon, Local Time, on the Mandatory Tender Date, the Holders shall deliver the Bonds to the Trustee. **The Holders do not have the right to elect to retain their Bonds and any Bonds not tendered will nevertheless be deemed to have been tendered and will cease to bear interest from and after the Mandatory Tender Date.**

Any capitalized terms not defined herein shall have the meanings given to them in the Indenture.

Payment of the Bonds will be made on and after the Mandatory Tender Date upon presentation to:

[VERIFY	U.S. Bank Trust Company, National Association
PAYMENT	111 Fillmore Avenue East
INSTRUCTIONS]	EP-MN-WS3C
	St. Paul, MN 55107

You are hereby advised that the above bonds are no longer eligible for reregistration or transfer to another owner.

Mail Date: _____

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

cc: Remarketing Agent

EXHIBIT B

**Draft Loan Agreement dated as of July 1, 2026 between the Issuer and the Borrower and
with the Borrower Promissory Note Attached**

LOAN AGREEMENT

between

**NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY,
as Issuer**

and

**STUART GARDENS HOUSING PARTNERS, LP,
as Borrower**

Dated as of July 1, 2026

Relating to:

**\$23,000,000
Newport News Redevelopment and Housing Authority
Multifamily Housing Revenue Bonds
(Stuart Gardens I Apartments)
Series 2026**

With the exception of certain reserved rights, the interest of the Newport News Redevelopment and Housing Authority in this Loan Agreement, dated as of July 1, 2026, has been assigned to U.S. Bank Trust Company, National Association, as trustee for the above-referenced bonds.

This instrument was drafted by:

Williams Mullen
200 South 10th Street, Suite 1600
Richmond, VA 23219

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

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LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of July 1, 2026 (the “Loan Agreement”), is between the **NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY**, (together with its successors and assigns, the “Issuer”), a political subdivision of the Commonwealth of Virginia (the “**Issuer**”), and **STUART GARDENS HOUSING PARTNERS, LP**, a Virginia limited partnership (the “**Borrower**”), under the following circumstances summarized in the following recitals.

RECITALS

Reference is hereby made to the Indenture of Trust, dated as of July 1, 2026 (the “Indenture”), between the Issuer and U.S. Bank Trust Company, National Association, a national banking association (the “**Trustee**”), for the recitals and the definitions of various terms used herein.

In consideration of the premises, the respective representations and agreements contained herein, and for other good and valuable consideration, the receipt whereof is hereby acknowledged, and in order to secure the payments to be made by the Borrower pursuant to Article IV hereof and the performance of all the covenants of the Borrower contained herein, the parties hereto agree as follows (provided that any obligation of the Issuer created by or arising out of this Loan Agreement shall never constitute a general debt of the Issuer or give rise to any pecuniary liability of the Issuer but shall be payable solely out of Issuer Revenues).

ARTICLE I

DEFINITIONS

Section 1.1 Use of Defined Terms. In addition to the words and terms defined elsewhere in this Loan Agreement, the words and terms in this Loan Agreement shall have the meanings set forth in the Indenture.

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

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

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

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

ARTICLE II

REPRESENTATIONS AND COVENANTS

Section 2.1 Representations of the Issuer.

(a) The Issuer is validly existing as a political subdivision of the Commonwealth of Virginia and is authorized to issue the Bonds to finance the Project pursuant to the Act.

(b) To the undersigned's actual knowledge, without inquiry or investigation, there is no pending or threatened suit, action, or proceeding against the Issuer before any court, arbitrator, administrative agency, or other governmental authority that challenges the Issuer's execution and delivery of the Bonds, the Indenture, the Regulatory Agreement, or the Loan Agreement.

(c) To the actual knowledge of the undersigned, without inquiry or investigation, the execution and delivery of the Bonds, the Indenture, the Regulatory Agreement and the Loan Agreement will not constitute a breach of or default under any existing (1) provision of any legislative act relating to the establishment of the Issuer; or (2) agreement, indenture, mortgage, lease, or other instrument to which the Issuer is a party or by which it is bound.

(d) No proceeding of the Issuer for the issuance, execution, or delivery of the Bonds, the Indenture, the Regulatory Agreement, or the Loan Agreement has been repealed, rescinded, amended or revoked.

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

(a) The Borrower is a Virginia limited partnership duly organized under the laws of the Commonwealth and is authorized to conduct its business in the Commonwealth.

(b) The Borrower has full power and authority to execute, deliver and perform the Borrower Documents and to enter into and carry out the transactions on its part contemplated by those documents. The execution, delivery and performance by it of the Borrower Documents do not, and will not, violate any provision of law applicable to the Borrower and do not, and will not, conflict with or result in a default under any agreement or instrument to which the Borrower is a party or by which it is bound. The Borrower Documents have, by proper action, been duly authorized, executed and delivered by the Borrower and all steps necessary have been taken to constitute the Borrower Documents valid and binding obligations of the Borrower.

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

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

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

(f) [Reserved.]

(g) At least 95% of the net proceeds (as defined in Section 150 of the Code) of the Bonds will be used to provide a “qualified residential rental project” (as defined in Section 142(d) of the Code), and the Borrower will not request or authorize any disbursement from the Project Fund pursuant to Section 3.4 hereof, which, if paid, would result in less than 95% of the net proceeds of the Bonds being so used.

(h) The costs of issuance financed by the Bonds will not exceed 2% of the proceeds (within the meaning of Section 147(g) of the Code) of the Bonds, and the Borrower will not request or authorize any disbursement from the Project Fund pursuant to Section 3.4 hereof or otherwise, which, if paid, would result in more than 2% of the proceeds of the Bonds being so used. Except as permitted by Section 1.148-6(d)(3)(ii) of the Treasury Regulations, none of the proceeds of the Bonds will be used for working capital purposes.

(i) Except for proceeds of the Bonds used for costs of issuance in accordance with subsection (h) above, the proceeds of the Bonds shall be used exclusively to pay costs that (1) are (i) capital expenditures (as defined in Section 1.150-1(a) of the Code’s regulations) and (ii) not made for the acquisition of existing property, to the extent prohibited in Section 147(d) of the Code, and (2) are made exclusively with respect to the requirements of a “qualified residential rental project” within the meaning of Section 142(d) of the Code so that the Project and the land on which it is located will have been financed 25% or more by the proceeds of the Bonds for the purpose of complying with Section 42(h)(4)(B) of the Code.

(j) Upon the execution and delivery thereof by the other parties thereto, each of the Borrower Documents will constitute valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws or judicial decisions affecting creditors’ rights generally and by judicial discretion in the exercise of equitable remedies.

(k) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the Project, that it is familiar with the provisions of all of the documents and instruments relating to the financing of the Project to which it is a party, that it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project, and that it has not relied on the Issuer for any guidance or expertise in analyzing the financial or other consequences of such financing transactions or otherwise relied on the Issuer in any manner except to issue the Bonds in order to provide funds for the Loan.

(l) The Borrower intends to hold the Project for its own account, has no current plans to sell and has not entered into any agreement to sell any of the units that comprise the Project. It is hereby acknowledged, however, that the Borrower’s partnership agreement may provide for certain rights of the General Partner or an Affiliate to acquire the Project, and for the possible acquisition of the Project following the 15-year tax credit compliance period as identified in the Borrower’s partnership agreement, and those provisions shall not result in a breach of this subsection (l).

(m) The Borrower shall use its best efforts to cause there to be deposited from time to time in the Collateral Fund Available Money in such amount and at such times as may be necessary to allow the Trustee to disburse funds from the Project Fund pursuant to Section 5.03 of the Indenture upon the Trustee's receipt of a Disbursement Request from the Borrower to pay Project Costs.

(n) In the event the proceeds of the Bonds are not sufficient to complete the rehabilitation, renovation, equipping and improvements of the Project and the payment of all costs of issuance of the Bonds, the Borrower will furnish any additional money from any source determined by the Borrower as necessary to complete the acquisition, rehabilitation, and equipping of the Project and pay all costs of issuance of the Bonds.

(o) None of the Bond proceeds has been or will be used to purchase the property upon which the real estate and buildings are located, therefore less than 25% of the proceeds of the Bonds will be used to pay or reimburse the Borrower for the cost of land or any interest therein.

(p) The rehabilitation expenditures, within the meaning of Section 147(d) of the Code, with respect to the Project equal or exceed 15% of the portion of the cost of renovating and rehabilitating the Project financed with proceeds of the Bonds.

(q) The Borrower has not knowingly taken or permitted to be taken and will not knowingly take or permit to be taken any action which would have the effect, directly or indirectly, of causing interest on any of the Bonds to be included in the gross income of the owners thereof for purposes of federal income taxation.

(r) The Borrower shall not take, or knowingly permit or suffer to be taken by the Trustee or any party acting on its behalf, any action with respect to the proceeds of the Bonds which if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Bonds would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code.

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

ARTICLE III

COMPLETION OF THE PROJECT; ISSUANCE OF THE BONDS

Section 3.1 Rehabilitation, Renovation, Improvements, Construction and Equipping the Project. The Borrower (a) has acquired the Project site and shall rehabilitate and equip the Project with all reasonable dispatch and in substantial accordance with the Plans and Specifications; (b) shall pay when due all fees, costs and expenses incurred in connection with that acquisition, rehabilitation, and equipping from funds made available therefor in accordance with this Loan Agreement or otherwise, except to the extent being contested in good faith; (c) shall ask, demand, sue for, levy, recover and receive all those sums of money, debts and other demands whatsoever which may be due, owing and payable under the terms of any contract, order, receipt, writing and instruction in connection with the acquisition, rehabilitation, and equipping of the Project; and (d) shall enforce the provisions of any contract, agreement, obligation, bond or other performance security with respect thereto. It is understood that the Project is that of the Borrower and any contracts made by the Borrower with respect thereto, whether acquisition contracts, construction contracts or otherwise, or any work to be done by the Borrower on the Project are made or done by the

Borrower in its own behalf and not as agent or contractor for the Issuer. The Borrower agrees that it will compensate all workers employed in the rehabilitation and improvement of the Project as required by law.

Section 3.2 Plans and Specifications. The Borrower may revise the Plans and Specifications from time to time, provided that no revision shall be made which would change the Project Purposes to purposes other than those permitted by the Act and the Regulatory Agreement.

Section 3.3 Issuance of the Bonds; Application of Proceeds. To provide funds to make the Loan for purposes of assisting in paying the Project Costs, the Issuer will issue, sell and deliver the Bonds to the Underwriter. The Bonds will be issued pursuant to the Indenture in the aggregate principal amount, will bear interest, will mature and will be subject to redemption, mandatory tender and remarketing as set forth therein. The Borrower hereby approves the terms and conditions of the Indenture and the Bonds, and of the terms and conditions under which the Bonds will be issued, sold and delivered.

The proceeds from the sale of the Bonds in the amount of \$23,000,000 shall be loaned to the Borrower and paid over to the Trustee for the benefit of the Borrower and the Holders of the Bonds. The proceeds of the sale of the Bonds (including without limitation, premium, if any, and interest accrued thereon) in the amount of \$23,000,000 shall be deposited by the Trustee on the Closing Date to the Project Fund. Pending disbursement pursuant to Section 3.4 hereof, the proceeds of the Bonds deposited in the Project Fund, together with any investment earnings thereon, shall constitute a part of the Issuer Revenues assigned by the Issuer to the Trustee as security for the payment of Bond Debt Service Charges as provided in the Indenture.

Section 3.4 Disbursements from the Project Fund. Subject to the provisions below and so long as no Event of Default hereunder has occurred and is continuing for which the Loan Payments and principal amount of the Bonds has been declared to be immediately due and payable pursuant to Section 7.2 hereof and Section 7.03 of the Indenture, respectively, disbursements from the Project Fund shall be made only to pay any of the following Project Costs:

- (a) costs incurred directly or indirectly for or in connection with the renovation, rehabilitation, equipping and improvements of the Project, including costs incurred in respect of the Project for preliminary planning and studies; architectural, legal, engineering, accounting, consulting, supervisory and other services; labor, services and materials; and recording of documents and title work;
- (b) premiums attributable to any surety bonds and insurance required to be taken out and maintained during the Construction Period with respect to the Project;
- (c) taxes, assessments and other governmental charges in respect of the Project that may become due and payable during the Construction Period;
- (d) costs incurred directly or indirectly in seeking to enforce any remedy against any contractor or subcontractor in respect of any actual or claimed default under any contract relating to the Project;
- (e) any other costs, expenses, fees and charges properly chargeable to the cost of acquisition, rehabilitation, renovation, construction and equipping of the Project;
- (f) payment of interest on the Bonds during the Construction Period; and
- (g) payments to the Rebate Fund.

Any disbursements from the Project Fund shall be made by the Trustee only as permitted pursuant to Section 5.03 of the Indenture and upon the written request of the Borrower in a Disbursement Request in substantially the form attached hereto as EXHIBIT E in compliance with the provisions hereof and of the Disbursing Agreement. No disbursement shall be made by the Trustee upon the basis of any such Disbursement Request except upon satisfaction of the following conditions and pursuant to the following procedures:

(1) An executed certificate of the FHA Lender substantially in the form attached hereto as EXHIBIT C, or an executed certificate of the Borrower substantially in the form attached hereto as EXHIBIT D, related to the deposit of Available Money into the Collateral Fund for the applicable Disbursement Request.

(2) All Loan Payments that are then due shall have been paid.

Each Disbursement Request for a disbursement of funds from the Project Fund shall be made in accordance with the Disbursing Agreement and shall be deemed a representation by the Borrower that:

(i) All items for which disbursement is requested thereunder either (A) are presently due and payable, constitute Project Costs properly incurred by the Borrower in connection with the Project being financed with the proceeds of the Loan, or are reimbursable Project Costs properly chargeable against the Loan; or (B) are to be deposited to an escrow fund to be disbursed therefrom solely for Project Costs properly incurred by the Borrower in connection with the Project; and in each case none of the items for which disbursement is requested has formed the basis for any disbursement heretofore made from the Project Fund.

(ii) Each such item is or was necessary in connection with the rehabilitation of the Dwelling Units (as defined in the Regulatory Agreement) of the Project.

(iii) The costs specified in the Disbursement Request, when added to all previous disbursements under the Loan, will result in at least 95% of the aggregate amount of all disbursements having been used to pay costs properly chargeable to the capital account of a qualified residential rental project within the meaning of Section 142(d) of the Code and functionally related and subordinate property thereto.

(iv) The costs specified in the Disbursement Request, when added to all previous and all proposed future disbursements under the Loan, will result in the rehabilitation expenditures, within the meaning of Section 147(d) of the Code, with respect to the Project [equaling or exceeding 15% of the portion of the cost of acquiring the Project] financed with proceeds of the Bonds.

(v) To the knowledge of the Borrower, there is no current or existing event of default pursuant to the terms of this Loan Agreement or the Regulatory Agreement and no event exists which by notice or passage of time or both would constitute an event of default under any of the foregoing documents.

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

(vii) Each expense for which disbursement is requested was or will be paid on or after the date of issuance of the Bonds. Notwithstanding the foregoing, the Borrower may be reimbursed for Project Costs incurred prior to the Closing Date of the Bonds in accordance with Section 1.150-2 of the Code.

Any money in the Project Fund remaining after the Completion Date and payment, or provision for payment, in full of the Project Costs, at the direction of the Authorized Borrower Representative, promptly shall be paid into the Bond Fund for payment of Bond Debt Service Charges.

All payments made from the Project Fund shall be presumed by the Trustee to be made for the purposes certified in said written requests, and the Trustee shall not be required to see to the application of any payments made from the Project Fund or to inquire into the purposes for which withdrawals are being made from the Project Fund. The Trustee shall not be bound to make an investigation into the facts or matters stated in any written request. The Trustee shall not be responsible for determining whether the funds on hand in the Project Fund are sufficient to complete the Project. The Trustee shall have no responsibility whatsoever to disburse or transfer funds absent written instructions from the Borrower.

Section 3.5 FHA Lender Funds and the Bridge Loan.

(a) The Borrower hereby acknowledges that the FHA Lender has determined to fund the FHA Insured Mortgage Loan, on the condition that the FHA Lender originate and service the FHA Insured Mortgage Loan in accordance with the FHA Loan Documents, the FHA Insurance Regulations and the GNMA Regulations, and the FHA Lender has further agreed pursuant to the related FHA Loan Documents issue the GNMA Securities in accordance with the GNMA Regulations, based on and backed by the FHA Insured Mortgage Loan.

(b) The Borrower hereby acknowledges that the Bridge Lender has determined to fund the Bridge Loan, on the condition that the Bridge Lender originate and service the Bridge Loan in accordance with the Bridge Loan Documents

(c) The Borrower will direct the Bridge Lender to deliver or cause to be delivered to the Trustee proceeds of the Bridge Loan upon the Bridge Lender's receipt and approval of a requisition from the Borrower requesting an advance under the Bridge Loan Documents for payments of Project Costs up to an amount equal to the proceeds of the Bonds to be disbursed from the Project Fund.

(d) The Borrower will direct the FHA Lender to deliver or cause to be delivered to the Trustee the FHA Lender Funds upon the FHA Lender's receipt and approval of a requisition from the Borrower requesting an advance under the FHA Insured Mortgage Loan for payments of Project Costs up to an amount equal to the proceeds of the Bonds to be disbursed from the Project Fund.

(e) The Borrower agrees to pay to the FHA Lender all amounts when due under the FHA Note and to abide by the provisions of the FHA Loan Documents and the GNMA Documents.

(f) The Borrower agrees to pay to the Bridge Lender all amounts when due under the Bridge Loan Documents and to abide by the provisions of the Bridge Loan Documents.

(g) Pursuant to the Disbursing Agreement, the Trustee shall, upon receipt from the FHA Lender of (i) the FHA Lender Funds and (ii) an approved requisition, disburse amounts from the Project Fund, in the exact same amount of the FHA Lender Funds received by the Trustee from the FHA Lender, to the Borrower, or to the Title Company by or at the direction of the FHA Lender for application to the payment of the Project Costs set forth in the approved requisition.

(h) The Borrower acknowledges that, to the extent that an advance of FHA Lender Funds as requested by the Borrower is approved by FHA Lender, the Borrower has directed the FHA Lender that all funds be wired by the FHA Lender directly to the Trustee and that such funds shall be disbursed and invested and applied by the Trustee in accordance with the provisions of Section 5.03 of the Indenture.

Section 3.6 Borrower Required to Pay Costs in Event Project Fund Insufficient. If money in the Project Fund is not sufficient to pay all Project Costs, the Borrower, nonetheless, will complete the Project in substantial accordance with the Plans and Specifications and shall pay all such additional Project Costs from its own funds (or from other public or private financing sources available to the Borrower). The Borrower shall pay all costs of issuing the Bonds. The Borrower shall not be entitled to any reimbursement for any such additional Project Costs or payment of issuance costs from the Issuer, the Trustee or any Holder, nor shall it be entitled to any abatement, diminution or postponement of the Loan Payments.

Section 3.7 Completion Date. The Borrower shall notify the Issuer and the Trustee of the Completion Date by the delivery of a Completion Certificate signed by the Authorized Borrower Representative substantially in the form attached hereto as EXHIBIT B. The Completion Certificate shall be delivered as promptly as practicable after the occurrence of the events and conditions referred to in paragraphs (a) through (d) of the Completion Certificate.

Section 3.8 Investment of Fund Money. At the written direction of the Borrower, any money held as part of the Bond Fund, the Project Fund, the Collateral Fund, and the Rebate Fund shall be invested or reinvested by the Trustee in Eligible Investments as provided in Sections 5.05 and 5.09 of the Indenture. The Borrower covenants that it will restrict that investment and reinvestment and the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time of delivery of and payment for the Bonds or subsequent intentional acts, so that the Bonds will not constitute arbitrage bonds under Section 148 of the Code. No provision of this Loan Agreement shall be construed to impose upon the Trustee any obligation or responsibility for compliance with arbitrage regulations.

The Borrower acknowledges that regulations of the Comptroller of the Currency grant the Borrower the right to receive brokerage confirmations of security transactions as they occur. The Borrower specifically waives such right to notification to the extent permitted by law and acknowledges that it will receive periodic transaction statements that will detail all investment transactions.

The Borrower further acknowledges that values shall be determined in accordance with the price provided by pricing services and sources relied upon by the Trustee, and the Trustee does not have any duty to independently value any asset or an obligation other than the price provided by pricing services and sources relied upon by the Trustee.

Section 3.9 Rebate Fund. The Borrower agrees to make such payments to the Trustee as are required of it under Section 5.09 of the Indenture as well as the expenses of any Independent certified public accounting firm or qualified rebate analyst engaged in accordance with said Section. The obligation of the Borrower to make such payments shall remain in effect and be binding upon the Borrower notwithstanding the release and discharge of the Indenture.

Section 3.10 Remarketing of Bonds. The Borrower is hereby granted the right to (a) request a remarketing of the Bonds in the manner and to the extent set forth in Section 4.05 of the Indenture and (b) in consultation with the Remarketing Agent, designate the length of the Remarketing Period and the related Mandatory Tender Date in the manner and to the extent set forth in Sections 4.03 and 4.05 of the Indenture.

ARTICLE IV

LOAN BY ISSUER; REPAYMENT OF THE LOAN; LOAN PAYMENTS AND ADDITIONAL PAYMENTS

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

The Borrower shall be entitled to a credit against the Loan Payments required to be made hereunder, on any date, equal to the amounts, if any, transferred by the Trustee from the Interest Account of the Bond Fund, the Project Fund or the Collateral Fund on such date for the payment of Bond Debt Service Charges.

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

Upon payment in full of the Bond Debt Service Charges on any or all of the Bonds, in accordance with the Indenture, whether at maturity, upon acceleration or otherwise, or upon provision for the payment of all other obligations herein and therein having been made in accordance with the provisions of the Indenture, (a) if with respect to less than all of the Bonds then Outstanding, an appropriate notation shall be endorsed on the Promissory Note evidencing the date and amount of the principal payment (or prepayment) equal to the Bonds so paid, or with respect to which provision for payment has been made; and (b) with respect to all of the Bonds then Outstanding, the Promissory Note shall be deemed fully paid, the obligations of the Borrower shall be terminated, and the Promissory Note shall be surrendered by the Trustee to the Borrower for cancellation. Unless the Borrower is entitled to a credit under express terms of this Loan Agreement or the Promissory Note, all payments on the Promissory Note shall be in the full amount required thereunder.

The Borrower and the Issuer each acknowledge that neither the Borrower nor the Issuer has any interest in the Bond Fund or the Collateral Fund and any money deposited therein shall be in the custody of and held by the Trustee in trust for the benefit of the Holders.

Section 4.2 Additional Payments. The Borrower shall pay to the Issuer or the Trustee, as the case may be, as Additional Payments hereunder the following:

(a) To the Issuer or the Trustee, as the case may be, whether or not an Event of Default has occurred hereunder, as payment for or reimbursement or prepayment of any and all costs, expenses, and liabilities (1) incurred or paid by the Issuer or the Trustee, as the case may be, in satisfaction of any obligations of the Borrower hereunder not performed by the Borrower in accordance with the provisions hereof; (2) incurred as a result of a request by the Borrower or of a requirement of any Borrower Document or the Indenture and not otherwise required to be paid by the Borrower under this Loan Agreement; (3) incurred in the defense of any action or proceeding with respect to the Project or any Borrower Document, or in enforcing any Borrower Document, or arising out of or based upon any other document related to the issuance of the Bonds; or (4) any rebate amount required with respect to the Bonds as required by the Indenture or the Tax Certificate.

(b) To the applicable party, as payment for or reimbursement or prepayment of any Ordinary Services and Ordinary Expenses and Extraordinary Services and Extraordinary Expenses of the Trustee as trustee, registrar, authenticating agent and paying agent, and of any other paying agent, authenticating agent, and registrar on the Bonds under the Indenture, all as provided in the Indenture, as and when the same become due; provided that the Borrower may, without creating an Event of Default hereunder, contest in

good faith the necessity for any Extraordinary Services and Extraordinary Expenses and the amount of any such Ordinary Services, Ordinary Expenses, Extraordinary Services or Extraordinary Expenses; provided that fees for Ordinary Services provided for by the respective letter agreements agreed to by the Borrower and the Trustee, the Registrar, and any Paying Agents and Authenticating Agents, respectively, shall be considered to be customary.

(c) All Extension Payments and other sums required under Section 4.05 of the Indenture in order to revise or extend the Mandatory Tender Date or remarket the Bonds, and the Borrower further agrees to execute any and all certificates required by the Issuer, the Trustee or the Remarketing Agent in order to effectuate such revision, extension or remarketing.

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

(e) To the Issuer in immediately available funds, upon demand, for all costs and expenses, including without limitation reasonable attorneys' fees, paid or incurred by the Issuer in connection with (1) the discussion, negotiation, preparation, approval, execution and delivery of the Bonds, the Indenture, the Regulatory Agreement, this Loan Agreement, and the documents and instruments related hereto or thereto; (2) any amendments or modifications to any of the foregoing documents, instruments or agreements and the discussion, negotiation, preparation, approval, execution and delivery of any and all documents necessary or desirable to effect such amendments or modifications; (3) the servicing and administration of the Loan during the term hereof or thereafter; and (4) the enforcement by the Issuer during the term hereof or thereafter of any of the rights or remedies of the Issuer hereunder or under the foregoing documents, or any document, instrument or agreement related hereto or thereto, including, without limitation, costs and expenses of collection in the Event of Default, whether or not suit is filed with respect thereto.

(f) To the Issuer, the administrative fee (the "Administrative Fee") payable on a one-time basis on the Closing Date in an amount equal to one half of one percent of the initial maximum principal amount of the Bonds (\$23,000,000). The Administrative Fee is not pledged to payment of the Bonds and may be used by the Issuer for any proper purpose. The Administrative Fee is required by the Issuer for the purpose of partially compensating the Issuer for services to be performed by it prior to and during the term of this Loan Agreement but the Issuer is not required to provide an accounting to the Borrower of such services or the Administrative Fee applied to such services.

Upon the payment, prepayment, or incurrence of any such cost, expense, or liability described in this Section by any such party, the Additional Payments in respect thereof shall be payable upon written demand to the Borrower, which demand shall be accompanied by invoices or other appropriate documentation concerning the nature, amount and incurrence of such cost, expense or liability. If the Additional Payments payable under this Section are not paid by the Borrower within 30 days of the Borrower's receipt of such demand, such Additional Payments shall bear interest from such thirtieth day at the Interest Rate for Advances until the amount due shall have been fully paid.

Section 4.3 Place of Payments. The Borrower shall make all Loan Payments directly to the Trustee at its designated corporate trust office. Additional Payments shall be made directly to the person or entity to whom or to which they are due.

Section 4.4 Obligations Unconditional. The obligations of the Borrower to make Loan Payments, Additional Payments, and any payments required of the Borrower under Sections 5.09 and 6.03 of the Indenture shall be absolute and unconditional, and the Borrower shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim which the Borrower may have or assert against the Issuer, the Trustee or any other Person; provided that the Borrower may contest in good faith the

necessity for any Extraordinary Services and Extraordinary Expenses and the amount of any Ordinary Services, Ordinary Expenses, Extraordinary Services, or Extraordinary Expenses.

Section 4.5 Assignment of Loan Agreement and Issuer Revenues. To secure the payment of Bond Debt Service Charges, the Issuer shall assign to the Trustee, by the Indenture, its rights under and interest in this Loan Agreement (except for the Unassigned Issuer's Rights) and the Promissory Note. The Borrower hereby agrees and consents to those assignments. The Issuer shall not attempt to further assign, transfer or convey its interest in the Issuer Revenues or this Loan Agreement or create any pledge or Lien of any form or nature with respect to the Issuer Revenues or Loan Payments hereunder.

ARTICLE V

ADDITIONAL AGREEMENTS AND COVENANTS

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

Section 5.2 Borrower to Maintain Its Existence; Sales of Assets or Mergers. The Borrower shall maintain its existence, not dissolve or sell, transfer or otherwise dispose of all or substantially all of its assets, not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it, and not sell or transfer the Project; provided, however, that it may do so if the surviving, resulting or transferee entity is other than the Borrower, it assumes in writing all of the obligations of the Borrower under this Loan Agreement and the Regulatory Agreement and it has a net worth equal to or greater than that of the Borrower immediately prior to such consolidation, merger, sale or transfer or if the Bonds are repaid in full. Nothing herein contained shall limit the rights of (a) any direct or indirect owners of interests in the Borrower to (1) transfer, convey, sell or otherwise dispose (a "Transfer") their ownership interests to any Affiliate of such owner or of any other owner of interests in the Borrower, or in connection with any estate planning, or by operation of law, or (2) make Transfers among and between themselves; or (3) allow either the Federal Investor Limited Partner or the State Historic Tax Credit Equity Investor to transfer its interest to any Affiliate or third party, or (b) Borrower to make Transfers as otherwise permitted by (or subject to the terms and conditions set forth in) the Regulatory Agreement.

Notwithstanding anything to the contrary contained herein or in any other Subordinate Bond Document and subject to the consent of HUD and the FHA Lender prior to each occurrence to the extent such consent is required under the FHA Loan Documents, the following shall be permitted and shall not require the prior written approval of the Issuer or the Trustee: (i) the transfer by either the Federal Investor Limited Partner or the State Historic Tax Credit Equity Investor of its interests in the Borrower in accordance with the terms of the Borrower's Amended and Restated Agreement of Limited Partnership, as it may be amended from time to time (the "Partnership Agreement"); (ii) the removal of the General Partner of the Borrower in accordance with the Partnership Agreement and the replacement thereof with the either the Federal Investor Limited Partner or the State Historic Tax Credit Investor or any Affiliate; (iii) the transfer of ownership interests in either the Federal Investor Limited Partner or the State Historic Tax Credit Equity Investor; (iv) the transfer of the interests of either the Federal Investor Limited Partner or the State Historic Tax Credit Equity Investor in the Borrower to the Borrower's General Partner, State Historic Tax Credit Equity Investor or the Federal Investor Limited Partner or any Affiliate; and (v) any amendment to

the Partnership Agreement to memorialize the transfers or removal described above. The parties agree that this Section shall control to the extent of any conflict in any Subordinate Bond Documents.

Section 5.3 Indemnification. The Borrower releases the Issuer and the Trustee from, agrees that the Issuer and the Trustee shall not be liable for, and indemnifies, defends and holds the Issuer and the Trustee harmless from and against, any and all liabilities, claims, costs and expenses and reasonable attorneys' fees imposed upon, incurred or asserted against the Issuer or the Trustee on account of: (a) any loss or damage to property or injury to or death of or loss by any person that may be occasioned by any cause whatsoever pertaining to the acquisition, rehabilitation, financing, occupation, possession, management, equipping, furnishing, maintenance, operation and use of the Project or from any work or thing done in or about the Project site, or any sidewalks, passageways, driveways, curbs, vaults and vault space, streets or parking areas on the Project site or adjacent thereto; (b) any breach or default on the part of the Borrower in the performance of any covenant or agreement of the Borrower under this Loan Agreement, the Regulatory Agreement, the Promissory Note or any related document, or arising from any act or failure to act by the Borrower, or any of its agents, contractors, servants, employees or licensees; (c) the Borrower's failure to comply with any requirement of this Loan Agreement including the covenant in Section 5.4 hereof; (d) any action taken or omitted to be taken by the Issuer or the Trustee under this Loan Agreement, the Indenture or the Regulatory Agreement; (e) the issuance of the Bonds; and (f) any claim, action or proceeding brought with respect to any matter set forth in clause (a), (b), (c), (d), or (e) above; provided, however, that the indemnification provided in this Section shall not apply to any matter arising or resulting from the gross negligence or willful misconduct of the party proposed to be indemnified hereunder.

The Borrower agrees to indemnify the Trustee for and to hold it harmless against all liabilities, claims, costs and expenses incurred without negligence or willful misconduct on the part of the Trustee, on account of any action taken or omitted to be taken by the Trustee in accordance with the terms of this Loan Agreement, the Bonds, the Regulatory Agreement, the Promissory Note, or the Indenture, any action taken at the request of or with the consent of the Borrower or any loss, liability, damage, claim, tax or expense incurred by it, arising out of or in connection with the acceptance or administration of the Indenture or the trusts thereunder or the performance of its powers or duties thereunder or under this Loan Agreement, the Bonds, the Indenture, the Regulatory Agreement, the Promissory Note or any other document relating to the Bonds, including the costs and expenses of the Trustee in defending itself against any such claim, action or proceeding brought in connection with the exercise or performance of any of its powers or duties under this Loan Agreement, the Bonds, the Indenture, the Regulatory Agreement, or the Promissory Note.

In case any action or proceeding is brought against the Issuer or the Trustee in respect of which indemnity may be sought hereunder, the party seeking indemnity promptly shall give notice of that action or proceeding to the Borrower, and the Borrower upon receipt of that notice shall have the obligation and the right to assume the defense of the action or proceeding; provided, that failure of a party to give that notice shall not relieve the Borrower from any of its obligations under this Section unless that failure prejudices the defense of the action or proceeding by the Borrower and then only to the extent that such failure prejudices the defense of such action or proceeding by the Borrower. The indemnified party shall have the right to employ separate counsel in any such action or proceedings and to participate in the defense thereof, but, unless such separate counsel is employed with the approval and consent of the Borrower, or because the indemnified party has been advised by counsel that there may be a conflict of interest between the Borrower and the indemnified party or the Trustee believes in good faith that there are defenses available to it which are adverse to or in conflict with those available to the Borrower and which the Issuer or the Trustee believes in good faith cannot be effectively asserted by common counsel, the Borrower shall not be required to pay the fees and expenses of such separate counsel. The Borrower shall not be liable for any settlement made without its consent, which consent shall not be unreasonably withheld, conditioned or delayed, and the Borrower agrees that it will not settle any claim or action to which the Trustee or the Issuer

is a party without the consent of the Issuer or the Trustee, as applicable. This indemnification survives the payment in full of the Bonds and the resignation or removal of the Trustee.

The indemnification set forth above is intended to and shall include the indemnification of all affected members of the Issuer's Board of Trustees, the Executive Director and other Issuer officials, officers, agents, representatives and employees of the Issuer and the Trustee and its Board members, officers, employees, officials and agents, respectively. That indemnification is intended to and shall be enforceable by the Issuer and the Trustee, respectively, to the full extent permitted by law.

Section 5.4 Borrower Not to Adversely Affect Exclusion from Gross Income of Interest on Bonds. The Borrower hereby represents that it has taken and caused to be taken, and covenants that it will take and cause to be taken, all actions that may be required of it, alone or in conjunction with the Issuer, for the interest on the Bonds to be and to remain excluded from gross income for federal income tax purposes (other than interest on the Bonds for any period during which the Bonds are held by a "substantial user" of any facility financed with the proceeds of the Bonds or a "related person," as such terms are used in Section 147(a) of the Code), and represents that it has not taken or permitted to be taken on its behalf, and covenants that it will not take or permit to be taken on its behalf, any actions that would adversely affect such exclusion under the provisions of the Code.

Section 5.5 Affirmative Covenants. Unless the Issuer or the FHA Lender shall otherwise consent in writing:

(a) **Maintenance of Properties.** The Borrower shall maintain and preserve in good working order and condition, ordinary wear and tear and casualty loss excepted, all of its properties which are necessary or useful in the proper conduct of its business, and shall from time to time make all necessary repairs, renewals, replacements, additions and improvements to said properties. All damage to apartment units shall be repaired promptly and apartment units shall be maintained so as to be available at all times for habitation.

(b) **Keeping of Records and Books of Account.** The Borrower shall keep adequate records and books of account in which complete entries will be made in accordance with GAAP or indicating deviations therefrom, reflecting all financial transactions. The Borrower shall deliver to the Trustee annually, not later than 120 days following the end of the Borrower's Fiscal Year, commencing with the Fiscal Year ending in 2026, its year-end financial statements accompanied by a written statement of the Borrower that the Borrower has not violated any of the terms, covenants or provisions of this Loan Agreement insofar as it relates to accounting matters. The Trustee shall have no duty to review or analyze any such financial statements. The Trustee shall not be deemed to have notice of any information contained therein or event of default which may be disclosed in any manner therein.

(c) **Payment of Taxes, Etc.** The Borrower shall promptly pay and discharge all taxes, assessments, fees, and other Government charges or levies imposed upon it or upon any of its properties, income or profits, before the same shall become delinquent; all lawful claims of materialmen, mechanics, carriers, warehousemen, landlords and other similar Persons for labor, materials, supplies and rentals, which if unpaid might by law become a Lien upon its properties; any Indebtedness heretofore or hereafter incurred by it when due, and discharge, perform and observe covenants, provisions and conditions to be discharged, performed and observed by it in connection therewith, or in connection with any agreement or other instrument relating thereto or in connection with any Lien existing at any time upon any of its properties; provided, however, that the Borrower shall not be required to pay any of the foregoing if (1) the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings; (2) the Borrower shall have set aside on its books adequate reserves with respect thereto; and (3) the title of the

Borrower to, and its right to use, its properties is not materially and adversely affected thereby. The Borrower hereby agrees that, in the event it fails to pay or cause to be paid taxes, assessments, fees and other Government charges or levies or the premium on any required insurance and such failure constitutes a default under the FHA Loan Documents, the Trustee may make such payment, but is not obligated to do so, and the Trustee shall be reimbursed by the Borrower therefor with interest on the amount so advanced at the Interest Rate for Advances as provided in Section 4.2 hereof.

(d) Insurance. The Borrower shall at all times maintain, or cause to be maintained, insurance of such types and in such amounts as required by the FHA Loan Documents.

(e) Notice of Material Litigation. The Borrower shall promptly notify the Issuer and the Trustee in writing of any litigation, arbitration proceeding or administrative investigation, inquiry or other proceeding to which it may hereafter become a party or be subject to which may result in a change in the business or assets or in the condition, financial or otherwise, of the Borrower which would materially impair the ability of the Borrower to perform this Loan Agreement, the Regulatory Agreement, the Borrower guaranties or the Promissory Note, or any other agreement or instrument herein or therein contemplated.

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

(g) Performance of Contracts, Etc. Except to the extent contested in good faith, the Borrower shall perform according to and shall materially comply with all of its Contractual Obligations and all requirements of law if nonperformance thereof would result in a change in the business or assets or in the condition, financial or otherwise, of the Borrower which would materially impair the ability of the Borrower to perform the Borrower Documents or any other agreement or instrument herein or therein contemplated.

(h) Notice of Other Matters. The Borrower shall promptly notify the Trustee in writing of any of the following events:

(1) Any event with respect to the business or assets or in the condition, financial or otherwise, of the Borrower which would materially impair the ability of the Borrower to perform its obligations under the Borrower Documents or any other agreement or instrument herein or therein contemplated.

(2) A default by the Borrower in any material respect under any material agreement to which the Borrower is a party or by which the Borrower or its properties or assets may be bound which would materially impair the ability of the Borrower to repay the Loan, giving in each case the details thereof and specifying the action proposed to be taken with respect thereto.

(i) Cooperation in Perfecting Security Interests, Etc. The Borrower shall promptly perform such acts as may be necessary or advisable to perfect and maintain any Lien provided for in this Loan Agreement or in any agreement or document contemplated herein or therein, including the Bond Mortgage, or otherwise to carry out the intent of this Loan Agreement. The Borrower shall promptly execute, file, deliver and perform or cause to be done, executed, delivered and performed all such documents, instruments, agreements, things and acts, including, without limitation, financing statements, continuation statements and mortgages as may be necessary or advisable to perfect or maintain a Lien on any and all assets or rights owned by the Borrower, or any interest of the Borrower therein.

(j) Environmental Matters. The Borrower will take and continue to take prompt action to remedy all environmental pollution and contamination, hazardous waste disposal and other environmental cleanup problems of which it is aware and responsible for, if any, whether or not such cleanup problems

have resulted from the order or request of a municipal, state, federal, administrative or judicial authority, or otherwise. The foregoing covenant shall not constitute or create a waiver of any rights the Borrower may have to pursue any legal rights or remedies against any third party for any environmental claims.

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

(l) **Patriot Act.** The Borrower covenants and agrees to provide documentation as reasonably requested or required by the Trustee to enable the Trustee to comply with the requirements of the USA Patriot Act as described in Section 13.13 of the Indenture.

Section 5.6 Additional Indebtedness. The FHA Insured Mortgage Loan and any other subordinate loans from subordinate lenders consistent with the Borrower's plan of finance are all permitted Indebtedness. In addition, so long as no Event of Default or default hereunder shall have occurred and be continuing, the Borrower shall be permitted to incur any additional Indebtedness for any Project Cost or other costs associated with the Project or other obligation or payment due under this Loan Agreement, the Indenture or the Regulatory Agreement.

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

Section 5.8 Cooperation in Enforcement of Regulatory Agreement. In order to maintain the exclusion from gross income under federal tax law of interest on the Bonds and to assure compliance with the laws of the Commonwealth (including the Act), the Borrower hereby agrees that it shall, concurrently with or before the execution and delivery of the Bonds, execute and deliver and cause to be recorded the Regulatory Agreement. The Borrower hereby covenants and agrees as follows:

- (a) to comply with all provisions of the Regulatory Agreement;
- (b) to advise the Issuer in writing promptly upon learning of any default with respect to the covenants, obligations and agreements of the Borrower set forth in the Regulatory Agreement;
- (c) upon written direction by the Issuer, to cooperate fully and promptly with the Issuer in enforcing the terms and provisions of the Regulatory Agreement; and
- (d) to file in accordance with the time limits established by the Regulatory Agreement all reports and certificates required thereunder, and the annual certification to the Secretary of the Treasury required by the Regulatory Agreement.

The Issuer shall not incur any liability in the event of any breach or violation of the Regulatory Agreement by the Borrower, and the Borrower agrees to indemnify the Issuer from any claim or liability for such breach pursuant to Section 5.3 hereof.

Section 5.9 Tax-Exempt Status of the Bonds.

(a) It is the intention of the Issuer and the Borrower that interest on the Bond shall be and remain excludable from gross income for federal income taxation purposes, and to that end the covenants and agreements of the Borrower in this Section are for the benefit of the owners of the Bonds and the Issuer.

(b) The Borrower covenants and agrees that it will not (1) use or permit the use of any of the funds provided by the Issuer hereunder or any other funds of the Borrower, directly or indirectly, in such manner as would; (2) enter into, or allow any “related person” (as defined in Section 147(a)(2) of the Code) to enter into, any arrangement, formal or informal, for the purchase of the Bonds that would; or (3) take or omit to take any other action that would, in each case cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(c) In the event that at any time the Borrower is of the opinion or becomes otherwise aware that for purposes of this Section it is necessary to restrict or to limit the yield on the investment of any money held under the Indenture or otherwise by the Trustee, the Borrower shall determine the limitations and so instruct the Trustee in writing and cause the Trustee to comply with those limitations under the Indenture.

(d) The Borrower will take such action or actions as may be necessary to fully comply with the Tax Certificate and with Section 148 of the Code as applicable to the Bonds.

(e) The Borrower further agrees that it shall not discriminate on the basis of race, creed, color, sex, sexual preference, source of income (e.g. AFDC, SSI), physical disability, national origin or marital status in the lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project, to the extent required by applicable Commonwealth or federal law.

(f) The Borrower further warrants and covenants that it has not executed and will not execute any other agreement, or any amendment or supplement to any other agreement, with provisions contradictory to, or in opposition to, the provisions, of this Loan Agreement and of the Regulatory Agreement, and that in any event, the requirements of this Loan Agreement and the Regulatory Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith and therewith.

(g) The Borrower will use due diligence to complete the renovation, rehabilitation, improvements, construction and equipping of all of the units comprising the Project and reasonably expects to fully expend the entire \$23,000,000 in principal amount of the Loan before the Initial Mandatory Tender Date.

(h) The Borrower will take such action or actions as necessary to ensure compliance with Section 2.2(e), (g), (h), (i), (l), (o), (p), (q) and (r) hereof.

Section 5.10 Useful Life. The Borrower hereby represents and warrants that, within the meaning of Section 147(b) of the Code, the average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the facilities being financed with the proceeds of the Bonds.

Section 5.11 Federal Guarantee Prohibition. The Borrower shall take no action, nor permit nor suffer any action to be taken if the result of the same would be to cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

Section 5.12 Prohibited Facilities. The Borrower represents and warrants that no portion of the proceeds of the Loan shall be used to provide any airplane, skybox or other private luxury box, health

club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Loan shall be used for an office unless (a) the office is located on the premises of facilities constituting a portion of the Project and (b) not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

Section 5.13 Borrower's Performance Under Indenture. The Indenture provisions concerning the Bonds and the other matters therein are an integral part of the terms and conditions of the Loan made by the Authority to the Borrower pursuant to this Loan Agreement, and the execution of this Loan Agreement shall constitute conclusive evidence of approval of the Indenture by the Borrower, to the extent that it relates to the Borrower. Additionally, the Borrower agrees that, whenever the Indenture by its terms imposes a duty or obligation on the Borrower, such duty or obligation shall be binding upon the Borrower to the same extent as if the Borrower were an express party to the Indenture, and the Borrower hereby agrees to carry out and perform all of its obligations under the Indenture as fully as if the Borrower were a party to the Indenture. The Borrower agrees that any provisions governing the rights, immunities and protections of the Trustee under the Indenture are incorporated by reference into this Loan Agreement as though fully set forth herein.

ARTICLE VI

PREPAYMENT

Section 6.1 Optional Prepayment. The Promissory Note may be prepaid by the Borrower in whole or in part any Business Day occurring on or after April 1, 2028, and must be prepaid by the Borrower in whole as soon as practicable after the Borrower has advised the Trustee in writing that the Project is placed in service for all purposes within the meaning of Section 42 of the Code, without penalty at a prepayment price equal to the outstanding principal amount plus any unpaid accrued interest on the Promissory Note. In order to prepay the Promissory Note, the Borrower shall give the Trustee written notice at least 30 days prior to the prepayment date to effect a redemption of the Bonds pursuant to Section 4.01 of the Indenture. After a Remarketing Date, the Promissory Note may be prepaid by the Borrower in whole or in part on any Business Day that is nearest to the date falling at 50% of the subsequent remarketing period between the most recent Mandatory Tender Date and the next Mandatory Tender Date or the Maturity Date, as applicable.

Section 6.2 Borrower's Obligations Upon Tender of Bonds. If any Tendered Bond is not remarketed on any Mandatory Tender Date and a sufficient amount is not available in the Collateral Fund, the Bond Fund, and the Project Fund as provided in Section 4.03(e) of the Indenture for the purpose of paying the purchase price of such Bond, the Borrower will cause to be paid to the Trustee by the applicable times provided in the Indenture, an amount of Available Money equal to the amount by which the principal amount of all Bonds tendered and not remarketed, together with interest accrued to the Mandatory Tender Date, exceeds the amount otherwise available pursuant to Section 4.03(e) of the Indenture.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

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

(a) The Borrower shall fail to pay any Loan Payment on or prior to the date on which that Loan Payment is due and payable or within the Loan Payment Cure Period;

(b) The Borrower shall fail to observe and perform any other agreement, term or condition contained in this Loan Agreement and the continuation of such failure for a period of 30 days after written notice thereof shall have been given to the Borrower [and the Investor Limited Partners] by the Issuer or the Trustee, or for such longer period as the Issuer and the Trustee may agree to in writing; provided, that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, that failure shall not constitute an Event of Default so long as the Borrower institutes curative action within the applicable period and diligently pursues that action to completion, which must be resolved within 180 days after the aforementioned notice; provided that the Trustee is provided with a certification from the Borrower to the effect that such default cannot through the exercise of diligence be wholly cured within such 30 day period but can be wholly cured and the Borrower has commenced or will promptly commence with due diligence and dispatch the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch;

(c) The Borrower shall (1) admit in writing its inability to pay its debts generally as they become due; (2) have an order for relief entered in any case commenced by or against it under the federal bankruptcy laws, as now or hereafter in effect, which is not dismissed within 90 days; (3) voluntarily commence a proceeding under any other federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for 90 days; (4) make an assignment for the benefit of creditors; or (5) have a receiver or trustee appointed for it or for the whole or any substantial part of its property which appointment is not vacated within a period of 90 days;

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

(e) There shall occur an "Event of Default" as defined in the Indenture or the Regulatory Agreement.

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

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

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

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

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

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

(a) If acceleration of the principal amount of the Bonds has been declared pursuant to Section 7.03 of the Indenture, the Trustee shall declare all Loan Payments to be immediately due and payable together with any other amounts payable by the Borrower under this Loan Agreement and the Promissory Note whereupon the same shall become immediately due and payable;

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

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

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

Notwithstanding the foregoing, neither the Issuer nor the Trustee, as assignee of the Issuer, shall be obligated to take any step which in its respective opinion will or might cause it to expend time or money or otherwise incur liability unless and until a satisfactory indemnity bond has been furnished to the Issuer or the Trustee, as applicable, at no cost or expense to the Issuer or the Trustee. Any amounts collected as Loan Payments or applicable to Loan Payments and any other amounts which would be applicable to payment of Bond Debt Service Charges collected pursuant to action taken under this Section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if the Outstanding Bonds have been paid and discharged in accordance with the provisions of the Indenture, shall be paid as provided in Section 5.08 of the Indenture for transfers of remaining amounts in the Bond Fund.

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

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

Section 7.4 Agreement to Pay Attorneys' Fees and Expenses. As further provided in Section 4.2 hereof, if the Issuer or the Trustee should incur expenses, including attorneys' fees, in connection with the enforcement of this Loan Agreement, the Regulatory Agreement, or the Promissory Note or the collection of sums due thereunder, the Borrower shall reimburse the Issuer and the Trustee, as applicable, for the expenses so incurred upon demand.

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

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

Section 7.7 Investor Limited Partners' Cure Rights. The Issuer hereby agrees that any cure of any Event of Default hereunder made or tendered by the Federal Investor Limited Partner or the State Historic Tax Credit Equity Investor shall be deemed to be cured by the Borrower and shall be accepted or rejected by the Issuer on the same basis as if made or tendered by the Borrower.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 Term of Agreement. This Loan Agreement shall be and remain in full force and effect from the date of delivery of the Bonds to the Holder until such time as all of the Bonds shall have been fully paid (or provision made for such payment) pursuant to the Indenture and all other sums payable by the Borrower under this Loan Agreement and the Promissory Note shall have been paid, except for obligations of the Borrower under Sections 3.9, 4.2, and 5.3 hereof, which shall survive any termination of this Loan Agreement.

Section 8.2 Amounts Remaining in Funds. Any amounts in the Bond Fund remaining unclaimed by the Holders of Bonds for two (2) years after the due date thereof (whether at stated maturity or otherwise), at the option of the Borrower, shall be deemed to belong to and shall be paid, at the written request of the Borrower, to the Borrower by the Trustee as overpayment of Loan Payments. With respect to that principal of and interest on the Bonds to be paid from money paid to the Borrower pursuant to the preceding sentence, the Holders of the Bonds entitled to such money shall look solely to the Borrower for the payment of such money. Further, any amounts remaining in the Bond Fund, the Project Fund and any other special funds or accounts created under this Loan Agreement, the Regulatory Agreement, or the Indenture after all of the Outstanding Bonds shall be deemed to have been paid and discharged under the provisions of the Indenture and all other amounts required to be paid under this Loan Agreement, the Promissory Note, the Regulatory Agreement, and the Indenture have been paid, shall be paid to the Borrower to the extent that such money is in excess of the amounts necessary to effect the payment and discharge of the outstanding Bonds.

Section 8.3 Notices. All notices, certificates, requests or other communications hereunder shall be given in the same manner as notices, certificates, requests and other communications are to be given under Section 13.03 of the Indenture.

Section 8.4 Extent of Covenants of the Issuer; No Personal Liability. All covenants, obligations and agreements of the Issuer contained in this Loan Agreement and the Indenture shall be effective to the extent authorized and permitted by applicable law. No such covenant, obligation or agreement shall be deemed to be a covenant, obligation or agreement of any present or future member, officer, agent or employee of the Issuer in other than his or her official capacity, and neither the members of the Issuer nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof or by reason of the covenants, obligations or agreements of the Issuer contained in this Loan Agreement or in the Indenture.

Section 8.5 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding in accordance with its terms upon the Issuer, the Borrower and their respective permitted successors and assigns provided that this Loan Agreement may not be assigned by the Borrower (except in connection with a sale or transfer of assets pursuant to Section 5.2 hereof) and may not be assigned by the Issuer except to the Trustee pursuant to the Indenture or as otherwise may be necessary to enforce or secure payment of Bond Debt Service Charges. This Loan Agreement may be enforced only by the parties, their assignees and others who may, by law, stand in their respective places.

Section 8.6 Amendments and Supplements. Except as otherwise expressly provided in this Loan Agreement or the Indenture, subsequent to the issuance of the Bonds and prior to all conditions provided for in the Indenture for release of the Indenture having been met, this Loan Agreement, the Regulatory Agreement and the Promissory Note may not be effectively amended, changed, modified, altered or terminated except in accordance with the provisions of Article XI of the Indenture, as applicable.

Section 8.7 Execution Counterparts. This Loan Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

Section 8.8 Severability. If any provision of this Loan Agreement, or any covenant, obligation or agreement contained herein is determined by a court to be invalid or unenforceable, that determination shall not affect any other provision, covenant, obligation or agreement, each of which shall be construed and enforced as if the invalid or unenforceable portion were not contained herein. That invalidity or unenforceability shall not affect any valid and enforceable application thereof, and each such provision, covenant, obligation or agreement shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 8.9 Governing Law. This Loan Agreement shall be deemed to be a contract made under the laws of the Commonwealth and for all purposes shall be governed by and construed in accordance with the laws of the Commonwealth.

Section 8.10 Non-Recourse Obligations. Notwithstanding anything to the contrary set forth herein, in the Promissory Note and in any other document delivered in connection herewith, it is hereby expressly agreed and understood that the obligations of the Borrower hereunder, under the Promissory Note and under every document executed and delivered in connection herewith, are non-recourse. Neither the Borrower nor any member, partner, officer, director or employee of the Borrower (each a “Related Party”) shall have any personal liability for the repayment of the Loan. In furtherance thereof, the Issuer and the Trustee shall be entitled to look solely and exclusively to the Issuer Revenues, the Project and any income derived therefrom for the payment and other obligations of the Borrower hereunder, under the Promissory

Note and all evidences of indebtedness secured hereby, and shall not seek a personal judgment against any member, partner, officer, director, member or stockholder of the Borrower, provided that nothing herein shall relieve any such Related Party from liability for any of the following:

- (a) rent collected for more than one month in advance and received by such Related Party and not applied to the reasonable operating requirements of the Project;
- (b) misappropriation or misapplication by such Related Party of insurance or eminent domain proceeds;
- (c) fraud or material misrepresentation by such Related Party against the Issuer or the Holder;
- (d) conversion by such Related Party of all or a material portion of the Project; or
- (e) gross negligence, willful misconduct or intentional torts of such Related Party relating to the Project or the revenues therefrom.

Section 8.11 HUD-Required Provisions. The Borrower and the Issuer acknowledge that this Loan Agreement and all the Borrower's obligations hereunder are subject and subordinate to the FHA Loan Documents and the Program Obligations. Notwithstanding any provisions of this Loan Agreement to the contrary, no obligations of the Borrower hereunder shall be payable except from (a) Surplus Cash; (b) funds that are not derived from (1) revenues of the Project (as defined in the FHA Mortgage), (2) the proceeds of the FHA Note, or (3) any reserve or deposit made with the FHA Lender or any other party as required by HUD in connection with the FHA Loan Documents; or (c) FHA Lender Funds which have been deposited into the Collateral Fund by or at the direction of the FHA Lender (collectively, "Non-Project Sources"). No claims or actions shall be made (or payable) under this Loan Agreement against the Project, the FHA Lender, the proceeds of the FHA Note, or the assets of the Borrower, except from Non-Project Sources. In addition, the rights and obligations of the parties under this Loan Agreement and all other documents evidencing, implementing, or securing this Loan Agreement (collectively, the "Subordinate Bond Documents") are and shall be subordinated in all respects to the rights and obligations of the parties to and under the FHA Loan Documents. In the event of any conflict between the provisions of (i) this Loan Agreement or the Subordinate Bond Documents and (ii) the provisions of the FHA Loan Documents or the Program Obligations, the provisions of the FHA Loan Documents or the Program Obligations shall control. The provisions of this section shall control over any inconsistent provisions in this Loan Agreement or the Subordinate Bond Documents. This Loan Agreement shall not be amended or modified without the prior written consent of HUD.

Section 8.12 Limitation on Liability of the Issuer. THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE PLEDGED REVENUES (AS DEFINED IN THE INDENTURE) AND FROM OTHER MONEY PLEDGED UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA (THE "COMMONWEALTH") NOR THE FAITH AND CREDIT OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER AND THE CITY OF NEWPORT NEWS, VIRGINIA (THE "CITY")) ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST OR PREMIUM, IF ANY, ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER AND THE CITY) TO LEVY ANY TAXES WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR

PAYMENT EXCEPT FROM THE FUNDS PLEDGED THEREFOR. THE ISSUER HAS NO TAXING POWER.

The Borrower hereby acknowledges that the Issuer's sole source of money to repay the Bonds will be provided by the payments made by the Borrower pursuant to this Loan Agreement, and amounts in certain funds and accounts held by the Trustee under the Indenture, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal of and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal of or interest on the Bonds, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Issuer or any third party, subject to any right of reimbursement from the Trustee, the Issuer or any such third party, as the case may be, therefor.

Section 8.13 Waiver of Personal Liability. No City council member of the City of Newport News ("City Council Member") and any member of the Board of Commissioners of the Issuer, or any officer, official, agent or employee of the Issuer shall be individually or personally liable for the payment of any principal of or interest on the Bonds or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Loan Agreement; but nothing herein contained shall relieve any such City Council Member, member of the Board of Commissioners of the Issuer, officers, officials, agents or employees of the Issuer from the performance of any official duty provided by law or by this Loan Agreement.

Section 8.14 Delivery of Reports, Etc. The delivery of reports, information and documents to the Issuer as provided herein is for informational purposes only and the Issuer's receipt of such shall not constitute constructive knowledge of any information contained therein or determinable from information contained therein. The Issuer shall have no duties or responsibilities except those that are specifically set forth herein, and no other duties or obligations shall be implied in this Loan Agreement against the Issuer.

Section 8.15 Audit Expenses. The Borrower agrees to pay any costs incurred by the Issuer, including fees of Issuer's counsel, as a result of an audit by the Issuer or the Issuer's compliance with an audit or inquiry of any kind, random or otherwise, by the Internal Revenue Service, the Commonwealth of Virginia Department of Revenue or any other governmental agency with respect to the Bonds or the Project.

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

**NEWPORT NEWS REDEVELOPMENT AND
HOUSING AUTHORITY**

(SEAL)

By: _____
Title: Chairman

ATTEST:

By: _____
Title: Secretary/Executive Director

Execution page of the Borrower to the Loan Agreement, dated as of the date and year first written above.

STUART GARDENS HOUSING PARTNERS, LP,
a Virginia limited partnership

By: Stuart Gardens Housing Management, LLC,
a Virginia limited liability company,
its General Partner

By: Vitus Development III, LLC,
a Delaware limited liability company,
its Member and Manager

By: _____
Name: Stephen R. Whyte
Title: President

EXHIBIT A
FORM OF PROMISSORY NOTE

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

\$23,000,000

[July __], 2026

Stuart Gardens Housing Partners, LP, a Virginia limited partnership (the “Borrower”), for value received, promises to pay in installments to the Newport News Redevelopment and Housing Authority, as issuer (the “Issuer”) under an Indenture of Trust, dated as of July 1, 2026 (the “Indenture”), between the Issuer and U.S. Bank Trust Company, National Association, a national banking association (the “Trustee”), the principal sum of

TWENTY-THREE MILLION AND 0/100 DOLLARS

and to pay interest on the unpaid balance of such principal sum from and after the date hereof at the rate of [_____] % per annum, to but not including the Initial Mandatory Tender Date, and thereafter at the applicable Remarketing Rate until the payment of such principal sum has been made or provided for. The principal amount stated above shall be paid on or before the fifth Business Day immediately preceding the Maturity Date. Interest shall be calculated on the basis of a three hundred sixty (360) day year of twelve (12) equal months. Interest on this Promissory Note shall be paid in Federal Reserve funds on the fifth Business Day next preceding each April 1 and October 1 (the “Interest Payment Dates”), commencing October 1, 2026.

This Promissory Note has been executed and delivered by the Borrower to the Issuer pursuant to a certain Loan Agreement, dated as of July 1, 2026 (the “Loan Agreement”), between the Issuer and the Borrower.

Terms used but not defined herein shall have the meanings ascribed to such terms in the Indenture.

Under the Loan Agreement, the Issuer has loaned the Borrower a portion of the principal proceeds received from the sale of the Issuer’s Multifamily Housing Revenue Bonds (Stuart Gardens I Apartments), Series 2026 (the “Bonds”), issued on the date hereof in the original aggregate principal amount of \$23,000,000, to assist in the financing of the Project, and the Borrower has agreed to repay such loan by making payments (the “Loan Payments”) at the times and in the amounts set forth in this Promissory Note for application to the payment of Bond Debt Service Charges on the Bonds as and when due. The Bonds have been issued, concurrently with the execution and delivery of this Promissory Note, pursuant to, and are secured by, the Indenture, and the Indenture has been assigned by the Issuer to the Trustee to secure the repayment of principal and interest on the Bonds and other amounts under the Indenture.

To provide funds to pay the principal of and interest on the Bonds as and when due as specified herein, the Borrower hereby agrees to and shall make Loan Payments in United States Federal Reserve funds on the fifth Business Day immediately preceding each Interest Payment Date in an amount equal to the Bond Debt Service Charges on the Bonds payable on the next succeeding Interest Payment Date related thereto. In addition, to provide funds to pay the Bond Debt Service Charges on the Bonds as and when due at any other time, the Borrower hereby agrees to and shall make Loan Payments in United States Federal Reserve funds on the fifth Business Day immediately preceding any other date on which any Bond Debt

Service Charges on the Bonds shall be due and payable, whether at maturity, upon redemption, mandatory tender, acceleration or otherwise, in an amount equal to those Bond Debt Service Charges.

If payment or provision for payment in accordance with the Indenture is made in respect of the Bond Debt Service Charges on the Bonds from money other than Loan Payments, this Promissory Note shall be deemed paid to the extent such payments or provision for payment of Bonds has been made. Consistent with the provisions of the immediately preceding sentence, the Borrower shall have credited against its obligation to make Loan Payments any amounts transferred from the Project Fund or the Collateral Fund to the Bond Fund. Subject to the foregoing, all Loan Payments shall be in the full amount required hereunder.

All Loan Payments shall be made to the Trustee at its designated corporate trust office for the account of the Issuer and deposited in the Bond Fund created by the Indenture. Except as otherwise provided in the Indenture, the Loan Payments shall be used by the Trustee to pay the Bond Debt Service Charges on the Bonds as and when due.

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

This Promissory Note is subject to optional prepayment by the Borrower on the terms stated in the Loan Agreement.

Whenever an Event of Default under Section 7.01 of the Indenture shall have occurred and, as a result thereof, the principal of and any premium on all Bonds then Outstanding, and interest accrued thereon, shall have been declared to be immediately due and payable pursuant to Section 7.03 of the Indenture, the unpaid principal amount of and any premium and accrued interest on this Promissory Note shall also be due and payable in Federal Reserve funds on the date on which the principal of and premium and interest on the Bonds shall have been declared due and payable; provided that the annulment of a declaration of acceleration with respect to the Bonds shall also constitute an annulment of any corresponding declaration with respect to this Promissory Note.

The payment obligations of this Promissory Note are non-recourse to the Borrower to the extent set forth in Sections 8.10 and 8.11 of the Loan Agreement.

The Borrower, Trustee and Issuer acknowledge that, after closing of the FHA Insured Mortgage Loan, this Promissory Note, and all Borrower's obligations hereunder, will be subject and subordinate to the FHA Loan Documents: (i) Note (Multistate), dated as of July 1, 2026, from Borrower to FHA Lender, initially endorsed for mortgage insurance by the United States Department of Housing and Urban Development ("HUD") pursuant to Section 221(d)(4) of the National Housing Act, as amended (the "FHA Note"); (ii) Multifamily Mortgage, Security Agreement, Assignment of Rents, Fixture Filing (Virginia), dated as of the date of the FHA Note, from Borrower for the benefit of FHA Lender to secure the FHA Note (the "FHA Mortgage"); (iii) Regulatory Agreement for Multifamily Projects, dated as of the date of the FHA Note, between Borrower and HUD (the "HUD Regulatory Agreement"); and (iv) any and all other documents, agreements, or instruments which evidence or secure the indebtedness evidenced by the FHA Note. Notwithstanding any provision in this Promissory Note to the contrary, this Promissory Note shall not be due and payable prior to the maturity date of the FHA Note, provided that it may be prepaid at any time from (A) Surplus Cash (as defined in the HUD Regulatory Agreement), (B) funds that are not derived from revenues of the Project (as defined in the FHA Mortgage), the proceeds of the FHA Note, or any

reserve or deposit made with the FHA Lender or any other party as required by HUD in connection with the FHA Loan Documents, or (C) FHA Lender Funds which have been deposited into the Collateral Fund by or at the direction of the FHA Lender (collectively, "Non-Project Sources"), but provided further that no prepayment of this Promissory Note is permitted prior to "placement in service" of the Project as such term is used in Section 42 of the Internal Revenue Code of 1986, as amended. Payments due under this Promissory Note may only be paid from Surplus Cash (but in no event greater than 75% of the total amount of Surplus Cash) or from Non-Project Sources; provided that this restriction on payment shall not excuse any default caused by the failure of the Borrower to pay the indebtedness evidenced by this Promissory Note. In addition, (1) the indebtedness evidenced by this Promissory Note and all other documents evidencing or securing this Promissory Note (collectively, the "Subordinate Loan Documents") are and shall be subordinated in right of payment, to the prior payment in full of the indebtedness evidenced by the FHA Loan Documents, and (2) the Subordinate Loan Documents are and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the FHA Mortgage and the other FHA Loan Documents and to all advances heretofore made or which may hereafter be made pursuant to the FHA Mortgage and the other FHA Loan Documents (including but not limited to, all sums advanced for the purposes of (a) protecting or further securing the lien of the FHA Mortgage, curing defaults by Borrower under the FHA Loan Documents or for any other purpose expressly permitted by the FHA Mortgage, or (b) constructing, rehabilitating, renovating, repairing, furnishing, fixturing, or equipping the Project).

In the event of any conflict between the provisions of (i) this Promissory Note or the Subordinate Loan Documents and (ii) the provisions of the FHA Loan Documents or the Program Obligations (as defined in the FHA Mortgage), the provisions of the FHA Loan Documents or the Program Obligations shall control.

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

STUART GARDENS HOUSING PARTNERS, LP,
a Virginia limited partnership

By: Stuart Gardens Housing Management, LLC,
a Virginia limited liability company,
its General Partner

By: Vitus Development III, LLC,
a Delaware limited liability company,
its Member and Manager

By: _____
Name: Stephen R. Whyte
Title: President

EXHIBIT B

FORM OF COMPLETION CERTIFICATE

\$23,000,000
Newport News Redevelopment and Housing Authority
Multifamily Housing Revenue Bonds
(Stuart Gardens I Apartments)
Series 2026

COMPLETION CERTIFICATE

To:

U.S. Bank Trust Company, National Association, as Trustee
2 Concourse Parkway, Suite 800
Atlanta, GA 30328-5588
Attn: Global Corporate Trust

and

Newport News Redevelopment and Housing Authority
227 27th Street
Newport News, VA 23607
Attention: Executive Director

Pursuant to Section 3.7 of the Loan Agreement, dated as of July 1, 2026 (the “Loan Agreement”), between the Newport News Redevelopment and Housing Authority (the “Issuer”) and Stuart Gardens Housing Partners, LP, a Virginia limited partnership (the “Borrower”), and relating to the above-captioned bonds, the undersigned Authorized Borrower Representative hereby certifies that (with capitalized words and terms used and not defined in this Completion Certificate (the “Certificate”) having the meanings assigned in the Indenture of Trust, dated as of July 1, 2026, between the Issuer and U.S. Bank Trust Company, National Association (the “Trustee”):

(a) The Project was substantially rehabilitated and available and suitable for use as multifamily housing on _____.

(b) All other facilities necessary in connection with the Project have been acquired, rehabilitated, renovated, constructed, and equipped.

(c) The rehabilitation, renovation, improvements, construction and equipping of the Project and those other facilities have been accomplished in such a manner as to conform in all material respects with all applicable zoning, planning, building, environmental and other similar governmental regulations.

(d) Except as provided in subsection (e) of this Certificate, all costs of that acquisition, rehabilitation, renovation, construction and equipping due on or after the date of this Certificate and now payable have been paid.

(e) The Trustee shall retain \$_____ in the Project Fund for the payment of costs of the Project not yet due or for liabilities which the Borrower is contesting or which otherwise should be retained, for the following reasons: _____.

(f) This Certificate is given without prejudice to any rights against third parties that now exist or subsequently may come into being.

IN WITNESS WHEREOF, the Authorized Borrower Representative has set his or her hand as of the ____ day of _____, 20__.

Authorized Borrower Representative

By: _____
Its: _____

EXHIBIT C

FORM OF FHA LENDER'S CERTIFICATE TO TRUSTEE

FHA LENDER'S CERTIFICATE TO TRUSTEE

Pursuant to Section 3.4 of the Loan Agreement, dated as of July 1, 2026, between the Newport News Redevelopment and Housing Authority (the "*Issuer*") and Stuart Gardens Housing Partners, LP, a Virginia limited partnership, the undersigned Authorized Lender Representative hereby certifies that the deposit of \$ _____ into the Collateral Fund on _____, 20__ was fully derived from FHA Lender Funds or other Available Money.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given them in the Indenture of Trust, dated as of July 1, 2026, between the Issuer and U.S. Bank Trust Company, National Association.

This ____ day of _____, 20__.

Authorized Lender Representative

By: _____
Its: _____

EXHIBIT D

FORM OF BORROWER'S CERTIFICATE TO TRUSTEE

BORROWER'S CERTIFICATE TO TRUSTEE

Pursuant to Section 3.4 of the Loan Agreement, dated as of July 1, 2026, between the Newport News Redevelopment and Housing Authority (the "*Issuer*") and Stuart Gardens Housing Partners, LP, a Virginia limited partnership, the undersigned Authorized Borrower Representative hereby certifies that the deposit of \$ _____ into the Collateral Fund on _____, 20__ was fully derived from Available Money.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given them in the Indenture of Trust, dated as of July 1, 2026, between the Issuer and U.S. Bank Trust Company, National Association.

This ____ day of _____, 20__.

Authorized Borrower Representative

By: _____
Its: _____

EXHIBIT E

FORM OF DISBURSEMENT REQUEST

STATEMENT NO. _____ REQUESTING DISBURSEMENT OF FUNDS FROM THE PROJECT FUND PURSUANT TO SECTION 3.4 OF THE LOAN AGREEMENT, DATED AS OF JULY 1, 2026, BETWEEN THE NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY AND STUART GARDENS HOUSING PARTNERS, LP

Pursuant to Section 3.4 of the Loan Agreement, dated as of July 1, 2026 (the “*Agreement*”), between the Newport News Redevelopment and Housing Authority (the “*Issuer*”) and Stuart Gardens Housing Partners, LP, a Virginia limited partnership (the “*Borrower*”), relating to the Issuer’s Multifamily Housing Revenue Bonds (Stuart Gardens I Apartments) Series 2026, in the original aggregate principal amount of \$23,000,000, the undersigned Authorized Borrower Representative hereby requests and authorizes U.S. Bank Trust Company, National Association, a national banking association (the “*Trustee*”), as depository of the Project Fund created by the Indenture of Trust, dated as of July 1, 2026 (the “*Indenture*”), between the Issuer and the Trustee, to disburse out of the moneys deposited in the Project Fund in the amount(s) and to the person(s) set forth in this certificate immediately upon a corresponding amount of FHA Lender Funds or other Available Moneys being deposited by the FHA Lender or the Borrower into the Collateral Fund. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Indenture.

To induce the Trustee to release moneys deposited in the Project Fund pursuant to the terms of the Indenture and the Agreement in the amounts(s) and to the person(s) set forth herein and in the Disbursement Schedule attached hereto, the undersigned Borrower represents, warrants and certifies to the Issuer and the Trustee:

- (a) Each item for which disbursement is requested hereunder either (i) is presently due and payable, constitutes Project Costs properly incurred by the Borrower in connection with the Project being financed with the proceeds of the Loan, or is a reimbursable Project Cost properly chargeable against the Loan; or (ii) is to be deposited to an escrow fund to be disbursed therefrom solely for Project Costs properly incurred by the Borrower in connection with the Project; and in each case none of the items for which disbursement is requested has formed the basis for any disbursement heretofore made from the Project Fund. The amount or amounts and the party or parties to whom the disbursements shall be made are specified in the Disbursement Schedule attached hereto (and may be the undersigned in the case of reimbursement for advances and payments made or cost incurred for work done by the undersigned).
- (b) Each such item is or was necessary in connection with the acquisition and rehabilitation of the Dwelling Units (as defined in the Regulatory Agreement) of the Project.
- (c) The costs specified in the Disbursement Schedule attached hereto, when added to all previous disbursements under the Loan, will result in at least 95% of the aggregate amount of all disbursements having been used to pay costs properly chargeable to the capital account of a qualified residential rental project within the meaning of Section 142(d) of the Code and functionally related and subordinate property thereto.

- (d) The costs specified herein, when added to all previous and all proposed future disbursements under the Loan, will result in the renovation and rehabilitation expenditures, within the meaning of Section 147(d) of the Code, with respect to the Project equaling or exceeding 15% of the portion of the cost of acquiring the Project financed with proceeds of the Bonds.
- (e) To the knowledge of the undersigned, there is no current or existing event of default pursuant to the terms of the Agreement or the Regulatory Agreement and no event exists which by notice or passage of time or both would constitute an event of default under any of the foregoing documents.
- (f) No representation or warranty of the Borrower contained in the Agreement or the Regulatory Agreement is materially incorrect or inaccurate, except as the Borrower has set forth in writing, and there has been no event of default under the terms of any of those documents and which is continuing and no event shall exist which by notice, passage of time or both would constitute an event of default under any of those documents.
- (g) This statement and all exhibits hereto, including the Disbursement Schedule attached hereto, shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warrant, protection and authority to the Trustee for its actions taken pursuant hereto.

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

This ____ day of _____, 202_.

STUART GARDENS HOUSING PARTNERS, LP,
a Virginia limited partnership

By: Stuart Gardens Housing Management, LLC,
a Virginia limited liability company,
its General Partner

By: Vitus Development III, LLC,
a Delaware limited liability company,
its Member and Manager

By: _____
Name: Stephen R. Whyte
Title: President

DISBURSEMENT SCHEDULE 1

TO STATEMENT NO. _____ REQUESTING AND AUTHORIZING DISBURSEMENT OF FUNDS FROM THE PROJECT FUND PURSUANT TO SECTION 3.4 OF THE LOAN AGREEMENT, DATED AS OF JULY 1, 2026, BETWEEN THE NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY AND STUART GARDENS HOUSING PARTNERS, LP, A VIRGINIA LIMITED PARTNERSHIP

<u>PAYEE</u>	<u>AMOUNT</u>	<u>PURPOSE</u>

EXHIBIT C

**Draft Bond Purchase Agreement dated as of the Date of Execution Between the Issuer,
Underwriter and Borrower**

BOND PURCHASE AGREEMENT

\$23,000,000

**Newport News Redevelopment and Housing Authority
Multifamily Housing Revenue Bonds
(Stuart Gardens I Apartments)
Series 2026**

_____, 2026

Newport News Redevelopment and Housing Authority
227 27th Street
Newport News, Virginia 23607

Stuart Gardens Housing Partners, LP
c/o Vitus Development III, LLC
2607 2nd Avenue, Suite 300
Seattle, Washington 98121

Ladies and Gentlemen:

Colliers Securities LLC (the “Underwriter”), on its own behalf and not as your fiduciary, hereby offers to enter into this Bond Purchase Agreement (this “Bond Purchase Agreement”) with the Newport News Redevelopment and Housing Authority, a political subdivision of the Commonwealth of Virginia (the “Issuer”) and Stuart Gardens Housing Partners, LP, a Virginia limited partnership (the “Borrower”). This offer is made subject to the Issuer’s and the Borrower’s acceptance on or before 10:00 a.m., Eastern Time, of the date hereof, and, upon such acceptance, this Bond Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Issuer, the Borrower and the Underwriter, all as of 10:00 a.m., Eastern Time, on the date hereof.

The Issuer is authorized to issue the above-captioned Multifamily Housing Revenue Bonds (Stuart Gardens I Apartments) Series 2026 (the “Bonds”) pursuant to the Virginia Housing Authorities Law, Chapter 1, Title 36 of the Code of Virginia of 1950, as amended (the “Act”) and pursuant to a final resolution of the Issuer adopted on June 16, 2026 (the “Bond Resolution”). The Bonds shall be as described in and shall be issued pursuant to an Indenture of Trust, dated as of July 1, 2026 (the “Indenture”), by and between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). Capitalized terms used herein but not defined herein shall have the meanings assigned thereto in the Indenture, as the context requires.

Simultaneously with the issuance of the Bonds, there will be executed and delivered a Loan Agreement, dated as of the date of the Indenture (the “Loan Agreement”), between the Issuer and the Borrower, pursuant to which the Issuer will loan the proceeds of the Bonds to the Borrower (the “Loan”) for the purpose of financing costs of the renovation, rehabilitation, construction, improvement, and equipping of the multifamily rental housing facility consisting of approximately 250 rental units and related facilities and located at 1358 Garden Drive, Newport News, Virginia 23607 (the “Project”).

The Bonds are special, limited obligations of the Issuer, and the principal of and interest thereon will be payable solely from the revenues and other moneys assigned by the Indenture to secure such payment. At all times the Bonds will be secured by Eligible Investments and Available Money sufficient to pay, without need for reinvestment, all of the interest and principal on the Bonds when due to the Initial Mandatory Tender Date, as further described herein.

The Borrower will be required to operate the Project in compliance with a Regulatory Agreement and Declaration of Restrictive Covenants, dated as of July 1, 2026, between the Issuer and the Borrower (the “Regulatory Agreement”).

The Project will utilize a mortgage loan (the “FHA Insured Mortgage Loan”) insured by the Federal Housing Administration (“FHA”) under Section 221(d)(4) of the National Housing Act of 1934, as amended, and applicable regulations promulgated thereunder. In connection with the FHA Insured Mortgage Loan, the Borrower will execute a Note (Multistate) (the “FHA Note”). The Borrower’s repayment obligations under the FHA Note will be secured by a first-lien priority Multifamily Mortgage, Security Agreement, Assignment of Rents, and Fixture Filing (Virginia) (the “FHA Mortgage”) on the Project. The Borrower will also execute a Regulatory Agreement for Multifamily Projects required by FHA (the “HUD Regulatory Agreement”) with respect to the Project in order to provide for, among other things, a reserve fund for replacements as well as escrows for taxes, insurance and mortgage insurance premiums, which will be held by Merchants Capital Corp., an Indiana corporation (the “FHA Lender”). In the event of conflict between the provisions of the FHA Note, the FHA Mortgage, the HUD Regulatory Agreement and certain other documents required by FHA or the FHA Lender (collectively, the “FHA Loan Documents”) and the Indenture, the Loan Agreement or the Regulatory Agreement, the FHA Loan Documents will control. Neither the Owners of the Bonds nor the Trustee will have rights under the FHA Loan Documents. The Trustee for the benefit of the Owners of the Bonds will have a subordinate lien on the real estate on which the Project is located.

On or prior to the Closing Date, the Underwriter shall have received a copy of each of the following documents, duly executed by all parties thereto or certified to the satisfaction of the Underwriter:

- (a) Indenture;
- (b) Loan Agreement;
- (c) Regulatory Agreement;
- (d) Continuing Disclosure Agreement;
- (e) Remarketing Agreement;
- (f) Bonds;
- (g) Official Statement (as defined below); and
- (h) Bond Purchase Agreement.

The foregoing documents are hereinafter collectively referred to as the “Bond Documents.” The Bond Documents executed by the Issuer shall be referred to herein as the “Issuer Documents.” The Bond Documents executed by the Borrower shall be referred to herein as the “Borrower Documents.” The Bond Documents executed by the Trustee shall be referred to herein as the “Trustee Documents.”

SECTION 1. Purchase and Sale of the Bonds

On the basis of the representations, warranties and agreements contained herein, but subject to the terms and conditions herein, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter, all, but not less than all, of the Bonds for a purchase price of [100]% of the principal amount thereof. The Bonds shall bear interest at the rate and mature on the date as

provided in **Schedule I** hereto, and have such other terms as provided in the Indenture and described in the Official Statement (as defined below). The Borrower agrees to pay to the Underwriter, as compensation for its services, an underwriting fee equal to \$ _____ with respect to the Bonds (the “Underwriting Fee”), from which, the Underwriter will pay certain fees and expenses. The Underwriting Fee, plus an additional \$ _____ to reimburse the Underwriter for certain fees and expenses, shall be due and payable in immediately available funds on the Closing Date, solely and exclusively from funds provided by the Borrower.

The Issuer will deliver the Bonds to or for the account of the Underwriter against payment of the purchase price therefor by wire transfer of immediately available funds to the Trustee (the “Closing”) at or prior to 10:00 a.m., Eastern Time, on July __, 2026, or at such other time not later than seven (7) days thereafter as the Underwriter, the Borrower and the Issuer shall mutually agree (the “Closing Date”). One Bond will be delivered, registered in the name of Cede & Co. to the Trustee as agent for The Depository Trust Company on or prior to the Closing Date. The Bonds may be in printed, engraved, typewritten or photocopied form, and each such form shall constitute a “definitive” form.

The Borrower and the Issuer acknowledge that the Underwriter, without regard to priority, may allocate the Bonds between customer orders and orders that could be considered to be from “related accounts” for purposes of MSRB Rule G-11. The Issuer and the Borrower hereby agree to the Underwriter’s allocation of the Bonds to the orders that the Underwriter received during the order period for the Bonds, regardless of priority between customer accounts and those accounts that could be considered “related accounts.”

SECTION 2. Official Statement

(a) The Borrower has delivered or will deliver to the Underwriter, without charge, in such quantities as the Underwriter has requested or may hereafter reasonably request, copies of the Preliminary Official Statement, dated [_____, 2026], prepared with respect to the Bonds (the “Preliminary Official Statement”), and the final Official Statement, dated or to be dated [_____, 2026], prepared with respect to the Bonds (the “Official Statement”), and any amendments or supplements thereto. The Borrower will be responsible for any costs associated with printing and mailing the Preliminary Official Statement and the Official Statement.

(b) The Issuer and the Borrower acknowledge that the Underwriter is required to comply with the requirements of Rule 15c2-12 of the Securities Exchange Act of 1934 (the “Rule”) in connection with the offer and sale of the Bonds and each agrees to cooperate (at the cost and expense of the Borrower) with the Underwriter so as to enable the Underwriter to comply with the Rule. To this end, the Borrower has delivered to the Underwriter the Preliminary Official Statement with respect to the Bonds that the Borrower deemed final as of its date, except for the omission of no more than the following information: offering price(s), interest rate(s), accreted values, yield to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters and the identity of the underwriter(s), all with respect to the issuance and sale of the Bonds (collectively, “Permitted Omissions”). The Borrower deems the Preliminary Official Statement, as of its date, final within the meaning of the Rule, except for Permitted Omissions. The Borrower expects, for the benefit of the Holders of the Bonds, to enter into a Continuing Disclosure Agreement, dated as of July 1, 2026 (the “Continuing Disclosure Agreement”), by and between the Borrower and U.S. Bank Trust Company, National Association, in its capacity as dissemination agent, by which the Borrower will undertake to provide continuing disclosure in accordance with the Rule. The Borrower, its partners and all entities affiliated with the Borrower and its partners have complied with all of their previous continuing disclosure obligations under the Rule, if any (except to the extent described in the Preliminary Official Statement and the Official Statement).

(c) The Borrower has authorized the delivery of the Preliminary Official Statement and the execution and delivery of the Official Statement. The Issuer and the Borrower each hereby approve the use by the Underwriter of the Preliminary Official Statement and the Official Statement in connection with the public offering of the Bonds by the Underwriter; provided that the Issuer has not reviewed or approved any matters described in the Preliminary Official Statement or the Official Statement and assumes no responsibility for the accuracy or completeness of the information therein, except for information appearing under the captions “THE ISSUER” and “NO LITIGATION – The Issuer” (collectively, the “Issuer Portion”).

(d) The Borrower will supply sufficient quantities of the Official Statement to enable the Underwriter (i) to send a single copy of the Official Statement with any confirmation that requests payment for a Bond, and in any event within seven business days after the date hereof, and to any potential customer upon request until the earlier of (A) ninety (90) days after the End of the Underwriting Period (as defined below) or (B) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, but in no case less than twenty-five (25) days following the End of the Underwriting Period, and (ii) to comply with any applicable rules of the Municipal Securities Rulemaking Board. The Underwriter agrees to promptly file the Official Statement with a nationally recognized municipal securities information repository. The “End of the Underwriting Period” means the later of the delivery of the Bonds by the Issuer to the Underwriter or when the Underwriter no longer retains (directly or as a syndicate member) an unsold balance of the Bonds for sale to the public, provided that the “End of the Underwriting Period” will be deemed to be the Closing Date unless the Underwriter otherwise notifies the Issuer and the Borrower in writing prior to such date that there is an unsold balance of the Bonds.

(e) If, during the period from the date hereof and ending on the earlier of (i) ninety (90) days after the End of the Underwriting Period or (ii) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, but in no case less than twenty-five (25) days following the End of the Underwriting Period, any event occurs as a result of which the Official Statement for the Bonds as then amended or supplemented might include an untrue statement of material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Issuer, if such event relates to the information included in the Official Statement under the Issuer Portion, or the Borrower shall promptly notify the Underwriter thereof and shall (in either case, at the expense of the Borrower), upon the request of the Underwriter, prepare and deliver to the Underwriter, as many copies of an amendment or supplement which will correct such statement or omission as the Underwriter may reasonably request.

(f) The Issuer and the Underwriter agree to cooperate with the Borrower to minimize any expenses incurred in connection with the preparation and distribution of any amendments or supplements to the Preliminary Official Statement, the Official Statement and/or any remarketing memoranda required by the foregoing provisions.

SECTION 3. Issuer’s Representations and Warranties and Agreements.

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

(a) The Issuer is and will be on the Closing Date, a political subdivision of the Commonwealth of Virginia (the “Commonwealth”) pursuant to the Act, and has, and at the Closing Date will have, full legal right, power and authority (i) to enter into this Bond Purchase Agreement and the other Issuer Documents; (ii) to adopt the Bond Resolution and issue, sell and deliver the Bonds to the Underwriter pursuant to the Bond Resolution and the Indenture as provided herein; (iii) to pledge and assign the revenue, other money, securities, funds, accounts, guarantees, insurance, and other items pledged under the terms of

the Indenture, as provision of and security for the payment of the principal of and interest on the Bonds, and to similarly pledge all money, securities and earnings held in the funds and accounts held under the Indenture, all in the manner described in the Bond Resolution, the Indenture and the Loan Agreement; (iv) to loan the proceeds of the Bonds to the Borrower for the purpose set forth in the Official Statement; and (v) to carry out and consummate the transactions contemplated by the Official Statement and the Issuer Documents.

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

(c) At or prior to the Closing, (i) the Issuer will have taken all action required to be taken by it to authorize the issuance and sale of the Bonds and the performance of its obligations hereunder, including, without limitation, the due and valid adoption of the Bond Resolution; (ii) the execution and delivery of, and the performance by the Issuer of the obligations contained in the Bonds, this Bond Purchase Agreement (as of the date hereof) and the Issuer Documents shall have been duly authorized, and when executed this Bond Purchase Agreement, and the Issuer Documents (assuming the due authorization, execution and delivery by the other parties thereto) will constitute valid and legally binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, subject to any applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights generally and the application of equitable principles where equitable remedies are sought and limitations on the enforcement of judgments against public bodies; (iii) the Issuer will have duly authorized the consummation by it of all transactions contemplated by this Bond Purchase Agreement; and (iv) the Issuer Documents will have been duly and validly authorized by the Issuer and will be at Closing in full force and effect;

(d) Between the date hereof and the Closing, the Issuer will not, except with respect to the issuance of the Multifamily Housing Revenue Bonds (Stuart Gardens II Apartments) Series 2026, without notifying the Underwriter in writing, issue any bonds, notes or other obligations for borrowed money on behalf of the Borrower except for such borrowings as may be described in or contemplated by the Official Statement;

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

(f) The information in the Issuer Portion of the Preliminary Official Statement, as of its date and the date hereof, and in the Issuer Portion of the Official Statement, as of its date and the Closing Date (including any supplements and amendments thereto), does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(g) To its actual knowledge, the Issuer, with respect to the Bonds, is not in material breach of or default under any applicable law or administrative regulation of the Commonwealth, any department, division, agency or instrumentality thereof, or the United States or any applicable judgment or decree or any loan agreement, note, resolution, certificate, agreement or other instrument to which the Issuer is a party or is otherwise subject; and the adoption of the Bond Resolution and the execution and delivery of this Bond Purchase Agreement, the Bonds, the other Issuer Documents and all other documents to be executed by the Issuer in connection with the issuance of the Bonds, and compliance with the provisions of

each thereof do not conflict with or constitute a material breach of or default under any applicable law or administrative regulation of the Commonwealth, any department, division, agency or instrumentality thereof, or the United States or any applicable judgment or decree, or any loan agreement, note, resolution, certificate, agreement or other instrument to which the Issuer is a party or is otherwise subject;

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

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

(j) The Issuer will furnish such information, execute such instruments and cooperate with the Underwriter as the Underwriter may reasonably request in order for the Underwriter (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions; provided that the Issuer shall not be required to register as a dealer or broker in any jurisdiction or execute a general or special consent to service of process or qualify to do business in any jurisdiction;

(k) To the actual knowledge of the Issuer, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or threatened against the Issuer in any way:

(i) Affecting the organization of the Issuer, or the legal or corporate existence of the Issuer, or the title of the members of the Issuer to their respective offices, or any powers of the Issuer under the laws of the Commonwealth pursuant to which the Issuer was created;

(ii) Seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds or the collection of revenues from the Borrower derived from payments under the Loan Agreement, or the pledge thereof;

(iii) Contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents;

(iv) Contesting the power of the Issuer to enter into, execute and deliver the Issuer Documents or to consummate the transactions contemplated by such documents and the Preliminary Official Statement and the Official Statement;

(v) Contesting in any way the completeness or accuracy of the Preliminary Official Statement and the Official Statement or any amendment or supplement thereto (nor to the actual knowledge of the Issuer, is there any basis therefor); or

(vi) Wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Issuer Documents, or the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

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

(m) The Issuer agrees that all representations, warranties and covenants made by it herein, and in certificates, agreements or other instruments delivered pursuant hereto or in connection herewith, shall be deemed to have been relied upon by the Underwriter.

SECTION 4. Representations, Warranties and Agreements of the Borrower.

The Borrower represents and covenants with the Issuer and the Underwriter as follows:

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

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

(c) By all necessary action, the Borrower and the General Partner, as applicable, have duly authorized and adopted the Borrower Documents and approved the execution and delivery of the Borrower Documents, and the performance by the Borrower and the General Partner, as applicable, of the obligations in connection with the issuance of the Bonds on their part contained in the Borrower Documents and the consummation by them of all other transactions contemplated by the Indenture, the Official Statement and the Borrower Documents in connection with the issuance of the Bonds.

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

(e) At the time of the Borrower's acceptance hereof and at all times subsequent thereto during the period up to and including the date of Closing, the Preliminary Official Statement, as of its date and the date hereof, and the final Official Statement, as of its date and the Closing Date, does not and will not contain any untrue or misleading statement of a material fact in the portions of the Official Statement captioned "PLAN OF FINANCING," "THE PROJECT AND THE PRIVATE PARTICIPANTS," "CERTAIN BONDHOLDERS' RISKS" (but only with respect to those risks that expressly relate to the Borrower, the other private participants or the Project), "NO LITIGATION – The Borrower," and "CONTINUING DISCLOSURE" or any omission or alleged omission from the portions of the Preliminary Official Statement, as of its date and the date hereof, and the final Official Statement, as of its date and the

Closing Date, captioned “PLAN OF FINANCING,” “THE PROJECT AND THE PRIVATE PARTICIPANTS,” “CERTAIN BONDHOLDERS’ RISKS” (but only with respect to those risks that expressly relate to the Borrower, the other private participants or the Project), “NO LITIGATION – The Borrower,” and “CONTINUING DISCLOSURE” of any material fact necessary to be stated therein in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(f) As of the date hereof, neither the Borrower nor the General Partner is in violation of, breach of or default under any applicable law of the Commonwealth or of any state in which the Borrower or the General Partner is authorized to do business or of the United States, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Borrower or the General Partner or any of their respective activities, properties or assets, or any indenture, mortgage, deed of trust, resolution, note agreement (including, without limitation, the Borrower Documents) or other agreement or instrument to which the Borrower or the General Partner is a party or by which the Borrower or the General Partner or any of their respective property or assets is bound, which violation or breach of or default would have a material adverse effect upon the transactions contemplated by this Bond Purchase Agreement, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instruments; and the execution and delivery of the Borrower Documents, and compliance with the provisions on the Borrower’s or the General Partner’s part contained therein, do not and will not conflict with or constitute on the part of the Borrower or the General Partner a violation or breach of or default under any law of the Commonwealth or of any state in which the Borrower or the General Partner is authorized to do business or of the United States, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Borrower or the General Partner or any of their respective activities, properties or assets, or any indenture, mortgage, deed of trust, resolution, note agreement (including, without limitation, the Borrower Documents) or other agreement or instrument to which the Borrower or the General Partner is a party or by which the Borrower or the General Partner or any of their respective property or assets is bound which violation, breach or default would have a material adverse effect upon the transactions contemplated by this Bond Purchase Agreement, nor will any such execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower or the General Partner or under the terms of any such law, regulation or instrument, except as provided by the Bonds or the Borrower Documents.

(g) All consents, approvals, authorizations, and orders of or filings or registrations with any governmental authority, board, agency or commission of any state or of the United States having jurisdiction required in connection with, or the absence of which would materially adversely affect, the execution and delivery by the Borrower of the Borrower Documents or the performance by the Borrower of its obligations thereunder have been obtained or made and are in full force and effect or will be timely obtained.

(h) As of the date hereof, there is no action, suit, proceeding, inquiry or investigation of which the Borrower has been notified, at law or in equity, before or by any judicial or administrative court or governmental agency or body, state, federal or other, pending or, to the best knowledge of the Borrower, threatened against the Borrower or the General Partner, affecting the existence of the Borrower or the General Partner or the titles of their respective officers executing this Bond Purchase Agreement to their respective offices, or contesting or affecting as to the Borrower or the General Partner, as applicable, the validity or enforceability of the Bonds, any Borrower Document or the execution and delivery or adoption by the Borrower of any Borrower Document, or in any way contesting or challenging the completeness or accuracy of the Official Statement or the powers of the Borrower or the General Partner or their respective authority with respect to the Borrower Documents or the consummation of the transactions contemplated hereby or thereby; nor, to the best knowledge of the Borrower, is there any basis for any such action, suit,

proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Borrower's or the General Partner's financial condition or operations or the validity of the authorization, execution, delivery or performance by the Borrower or the General Partner, as applicable, of any Borrower Document.

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

(j) Any certificate signed by the Borrower and delivered to the Underwriter or the Issuer pursuant to the Indenture or the Borrower Documents shall be deemed a representation and warranty by the Borrower to the Underwriter and the Issuer as to the statements made therein as of the date thereof.

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

(l) The Borrower shall honor all other covenants contained in the Borrower Documents.

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

The execution and delivery of this Bond Purchase Agreement by the Borrower shall constitute a representation to the Underwriter that the representations and warranties contained in this Section 4 are true as of the date hereof.

SECTION 5. Indemnification

(a) (i) The Borrower agrees to pay, defend, protect, indemnify, save and hold harmless the Underwriter and each affiliate, member, officer, director, official, supervisor, employee and agent past, present and future of the Underwriter and each person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended (collectively referred to herein as the "Underwriter Indemnified Parties"), against any and all liabilities, losses, damages, costs, expenses (including reasonable attorneys' fees), causes of action (whether in contract, tort or otherwise), suits, claims, demands and judgments of any kind, character and nature (collectively referred to herein as the "Liabilities"), except any Liability arising from the gross negligence or willful misconduct of the Underwriter, caused by or directly or indirectly arising from or in any way relating to (A) the Borrower's obligations relating to the Bonds, the Project, the Loan, the Loan Agreement, the Indenture, this Bond Purchase Agreement or any document related to the Bonds, the Project, the Loan (the "Transaction Documents") or any transaction or agreement, written or oral, pertaining to the foregoing but specifically excluding the Preliminary Official Statement and the Official Statement; or (B) any untrue or misleading statement or alleged untrue or alleged misleading statement of a material fact

contained in the Preliminary Official Statement, as of its date and the date hereof, and the final Official Statement, as of its date and the Closing Date, under the headings “PLAN OF FINANCING,” “THE PROJECT AND THE PRIVATE PARTICIPANTS,” “CERTAIN BONDHOLDERS’ RISKS” (but only with respect to those risks that expressly relate to the Borrower, the other private participants or the Project), “NO LITIGATION – The Borrower,” and “CONTINUING DISCLOSURE,” or caused by any omission or alleged omission from the above-referenced sections of the Preliminary Official Statement, as of its date and the date hereof, and the final Official Statement, as of its date and the Closing Date, of any material fact necessary to be stated therein in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(ii) The Borrower agrees to pay, defend, protect, indemnify, save and hold harmless the Issuer and each affiliate, member, officer, director, official, supervisor, employee and agent past, present and future of the Issuer and each person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended (collectively referred to herein as the “Issuer Indemnified Parties” and together with the Underwriter Indemnified Parties, the “Indemnified Parties”), against any and all Liabilities caused by or directly or indirectly arising from or in any way relating to (A) the Borrower’s obligations relating to the Transaction Documents or any transaction or agreement, written or oral, pertaining to the foregoing; or (B) any untrue or misleading statement or alleged untrue or alleged misleading statement of a material fact contained in the Official Statement (other than the Issuer Portion) or caused by any omission or alleged omission from the Official Statement (other than the Issuer Portion) of any material fact necessary to be stated therein in order to make the statements made therein, in light of the circumstances under which they were made, not misleading; provided, however, this Section shall not apply to any Liability arising from the gross negligence or willful misconduct of the Issuer and shall not be construed to modify the indemnification provisions of the Loan Agreement.

(b) The Borrower also agrees to pay, defend, protect, indemnify, save and hold harmless the Underwriter and each affiliate, member, officer, director, official, employee and agent of the Underwriter from and against the Liabilities directly or indirectly arising from or relating to any errors or omissions of any nature whatsoever contained in any legal proceedings or other official representation or inducement made by the Issuer pertaining to the Bonds.

(c) Any Indemnified Party shall notify the Borrower of the existence of any Liability to which this indemnification obligation would apply and shall give to the Borrower an opportunity to defend the same at the Borrower’s expense and with counsel satisfactory to the Indemnified Party, provided that the Indemnified Party shall at all times also have the right to fully participate in the defense and shall have the right to review and approve or disapprove any compromise or settlement which approval shall not be unreasonably withheld. If there may be legal defenses available to the Indemnified Party that are different from or in addition to those available to the Borrower, if conflicts of interest exist or arise between the Borrower and the Indemnified Party or if the Borrower shall, after this notice and within a period of time necessary to preserve any and all defenses to any claim asserted, fail to assume the defense or to employ counsel for that purpose satisfactory to the Indemnified Party, the Indemnified Party shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter on behalf of, for the account of, and at the risk and expense of, the Borrower. Notwithstanding the foregoing provisions of this Section 5, the Borrower shall not be personally liable for the payment of principal or interest on the Loan.

(d) In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in paragraph (a) or (b) of this Section is for any reason held to be unavailable, the Borrower and the Underwriter shall contribute proportionately to the aggregate Liabilities to which the Borrower and the Indemnified Parties may be subject, so that the Underwriter is responsible for that portion

represented by the percentage that the fees paid by the Borrower to the Underwriter in connection with the issuance and administration of the Bonds bear to the aggregate offering price of the Bonds, with the Borrower responsible for the balance; provided, however, that in no case shall the Underwriter be responsible for any amount in excess of the fees paid by the Borrower to the Underwriter in connection with the issuance and administration of the Bonds and provided further that the Borrower shall not be required to contribute for Liabilities arising from the gross negligence or willful misconduct of the Underwriter. No person guilty of fraudulent misrepresentation (within the meaning of Section 10(b) of the Securities Act of 1933) shall be entitled to contribution from any person who was not guilty of such misrepresentation.

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

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

All obligations under this Section are subject to the limitations in Section 19 of this Bond Purchase Agreement.

SECTION 6. Closing

At 10:00 a.m., Local Time, on the Closing Date, or at such time on such earlier or later date as shall be agreed upon in writing by the Issuer, the Borrower and the Underwriter, the Issuer shall direct the Trustee to deliver the Bonds to the Underwriter through the facilities of The Depository Trust Company ("DTC"), Brooklyn, New York, in definitive form, duly executed and authenticated by the Trustee. Subject to the terms and conditions hereof, the Issuer shall deliver at the Issuer's offices, or at such other place as may be mutually agreed upon by the Issuer, the Borrower and the Underwriter, the Bond Documents and the Underwriter shall accept delivery of the Bonds and the Bond Documents and pay the purchase price for the Bonds by wire transfer, to the Trustee, in immediately available federal funds, for the account of the Issuer or as the Issuer shall direct. As a condition precedent to such acceptance, the Underwriter shall have received the Underwriting Fee by wire transfer in immediately available federal funds to the order of the Underwriter, in such manner as shall be agreed upon by the Borrower and the Underwriter. If the Underwriter shall make such request, the applicable Bonds shall be made available to the Underwriter one business day before the Closing at the offices of DTC for purposes of inspection and packaging. The ownership of one fully registered Bond in the aggregate principal amount of the Bonds, bearing a proper, duly assigned CUSIP number, will be issued initially in the name of Cede & Co., as nominee of DTC.

SECTION 7. Closing Conditions of the Underwriter

The obligation of the Underwriter to purchase the Bonds and the obligation of the Issuer to sell the Bonds to the Underwriter shall be subject to the following conditions precedent:

(a) The representations of the Issuer and the Borrower in this Bond Purchase Agreement and the representations and warranties made in each of the Bond Documents by the respective parties shall be true and correct on this date and on the Closing Date, as if made on the Closing Date, and each such party to the Bond Documents shall deliver a certificate to such effect. The Issuer and the Borrower shall have performed all of their obligations under this Bond Purchase Agreement, and the Issuer and the Borrower

shall deliver certificates to such effect. The Official Statement (as the same may be amended or supplemented with the written approval of the Underwriter) shall be true and correct in all material respects and shall not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) Except as may have been agreed to by the Underwriter, as of the Closing Date, each of the Bond Documents and all other official action of the Issuer relating thereto shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement shall not have been amended or supplemented.

(c) The Issuer and the Underwriter shall have received the legal opinion of Bond Counsel, in substantially the form set forth in Appendix B to the Official Statement, and the Underwriter shall have received supplemental opinions of Bond Counsel dated the Closing Date with respect to the Official Statement and addressed to the Underwriter in substantially the forms set forth in **Exhibit A** hereto.

(d) No default or event of default (as defined in any of the Bond Documents) shall have occurred and be continuing, and no event shall have occurred and be continuing which, with the lapse of time or the giving of notice or both, would constitute such a default or event of default.

(e) No material adverse change shall have occurred, nor shall any development involving a prospective material and adverse change in, or affecting the affairs, business, financial condition, results of operations, prospects or properties (including the Project) of, the Issuer, the Borrower or the General Partner have occurred between the date hereof and the Closing Date.

(f) On or prior to the Closing Date, all actions required to be taken as of the Closing Date in connection with the Bonds and the Bond Documents by the Issuer and the Borrower shall have been taken, and the Issuer and the Borrower shall each have performed and complied with all agreements, covenants and conditions required to be performed or complied with by the Bond Documents, and the Issuer and the Borrower shall deliver a certificate to such effect insofar as the foregoing actions, agreements, covenants and conditions apply to each such party, and each of such agreements shall be in full force and effect and shall not have been amended, modified or supplemented, except as has been agreed to by the Underwriter.

(g) Each of the Bond Documents shall have been executed and delivered by each of the respective parties thereto, all such documents shall be in forms exhibited to Underwriter on this date with only such changes as the Underwriter may approve, and each of the Bond Documents shall be in full force and effect.

(h) None of the events referred to in Section 8 of this Bond Purchase Agreement shall have occurred.

(i) The Underwriter shall have received the opinion of counsel to the Borrower covering the opinions identified in **Exhibit B** hereto. The Borrower hereby authorizes and directs its counsel to render such opinion to and for the benefit of the Underwriter.

(j) The Underwriter shall have received written evidence that Moody's Ratings has issued its rating of "[Aa1/ VMIG-1]" with respect to the Bonds, and as of the Closing Date, the rating shall not have been withdrawn or lowered.

(k) The Underwriter shall have received a certificate of the Borrower to the effect that: (A) each of the representations and warranties set forth in the Borrower Documents are true and correct in all

material respects on the Closing Date with the same effect as if made on the Closing Date, (B) no event has occurred since the date of the Official Statement to cause the information in the Official Statement under the headings “PLAN OF FINANCING,” “THE PROJECT AND THE PRIVATE PARTICIPANTS,” “CERTAIN BONDHOLDERS’ RISKS” (but only with respect to those risks that expressly relate to the Borrower, the other private participants or the Project) “NO LITIGATION – The Borrower,” and “CONTINUING DISCLOSURE” to contain an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they are made, not misleading, and (C) Borrower has complied with all agreements and satisfied all the conditions on its part to be performed or satisfied under the Borrower Documents at or prior to the Closing Date.

(l) The Underwriter shall have received an opinion of its counsel in form and substance satisfactory to the Underwriter.

(m) The Underwriter shall have received certificates, dated the Closing Date, and signed by an Authorized Official of the Issuer, to the effect that the representations and warranties of the Issuer contained in this Bond Purchase Agreement are true and correct in all material respects on the date thereof with the same effect as if made on the date thereof; no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Issuer Portion of the Official Statement for the purpose for which it is to be used or which is necessary to be disclosed therein to cause the Issuer Portion of the Official Statement to contain an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they are made, not misleading; and that the Issuer has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied under the Bonds and the Issuer Documents at or prior to the date thereof.

(n) The Underwriter shall have received a tax certificate of the Borrower endorsed by Issuer, dated the Closing Date, with respect to the facts, estimates and circumstances and reasonable expectations pertaining to Section 148 of the Code to support the conclusion that, among other things, none of the Bonds will be an “arbitrage bond.”

(o) The Underwriter shall have received a closing certificate from the Trustee in a form acceptable to the Underwriter.

(r) The Underwriter shall have received such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request.

If any conditions to the obligations of the Underwriter or Issuer contained in this Bond Purchase Agreement are not satisfied and the satisfaction of such conditions shall not be waived by the Underwriter and the Issuer, then, at the option of the Underwriter and the Issuer, (i) the Closing Date shall be postponed for such period, not to exceed seven (7) days, as may be necessary for such conditions to be satisfied or (ii) without limiting the generality of Section 8 of this Bond Purchase Agreement, the obligations of the Underwriter and Issuer under this Bond Purchase Agreement shall terminate, and neither the Underwriter nor Issuer shall have any further obligations or liabilities under this Bond Purchase Agreement.

All of the legal opinions, certificates, proceedings, instruments and other documents mentioned above or elsewhere in this Bond Purchase Agreement shall be deemed to be in compliance with the provisions of this Bond Purchase Agreement if, but only if, they are in form and substance reasonably satisfactory to the Underwriter, the Borrower and the Issuer.

SECTION 8. Termination

The Underwriter may terminate its obligations under this Bond Purchase Agreement by written notice to the Issuer and the Borrower if, at any time subsequent to this date and on or prior to the Closing Date:

(a) (i) Legislation shall have been enacted by the Congress, or recommended to the Congress for passage by the President of the United States or the Department of the Treasury of the United States or the Internal Revenue Service or any member of the United States Congress, or favorably reported for passage to either House of the Congress by any Committee of such House to which such legislation has been referred for consideration, or (ii) a decision shall have been rendered by a court established under Article III of the Constitution of the United States, or the United States Tax Court, or (iii) an order, ruling, regulation or communication (including a press release) shall have been issued by the Department of the Treasury of the United States or the Internal Revenue Service, in each case referred to in clauses (i), (ii) and (iii), with the purpose or effect, directly or indirectly, of imposing federal income taxation upon interest to be received on obligations of the general character of the Bonds.

(b) Legislation shall have been enacted or a decision by a court of the United States shall be rendered or any action taken by the Securities and Exchange Commission which, in the opinion of counsel to the Underwriter, has the effect of requiring the offer or sale of the Bonds to be registered under the Securities Act of 1933, as amended, or the Indenture to be qualified under the Trust Indenture Act of 1939, as amended, or any fact shall exist or event shall have occurred that, in the judgment of the Underwriter, makes untrue or incorrect any statement of a material fact in the Official Statement or that, in the judgment of the Underwriter, should be reflected therein in order to make the statements therein, in light of the circumstances under which they are made, not misleading, and the Official Statement shall not have been supplemented or amended to reflect such fact or event.

(c) (i) In the judgment of the Underwriter, the market price of the Bonds is adversely affected because: (A) additional material restrictions not in force as of this date shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; (B) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter; (C) a general banking moratorium shall have been established by federal, New York or Commonwealth authorities; or (D) a war involving the United States of America shall have been declared, or any other national or international calamity, or escalation thereof, shall have occurred, or any conflict involving the armed forces of the United States of America shall have escalated to such a magnitude as to materially affect the ability of the Underwriter to market the Bonds; (ii) any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance or sale of the Bonds or in any way contesting or affecting any authority or security for or the validity of the Bonds, or the existence or powers of the Issuer; or (iii) legislation shall have been introduced in or enacted by the Legislature of the Commonwealth with the purpose or effect, directly or indirectly, of imposing Commonwealth income taxation upon interest to be received by any owners of the Bonds or that would, in the judgment of the Underwriter, adversely affect an investment in or the security pledged for the Bonds.

(d) There shall have occurred any change that, in the judgment of the Underwriter, makes unreasonable or unreliable any of the assumptions upon which: (i) yield on the Bonds for purposes of compliance with the Code, (ii) payment of debt service on the Bonds, or (iii) the basis for the exclusion from gross income for federal income tax purposes of interest on the Bonds, is predicated.

(e) The marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially and adversely affected by disruptive events, occurrences or conditions in the securities or debt markets.

(f) There shall have occurred or any notice shall have been given of any intended downgrading, suspension, withdrawal or negative change in credit watch status by any national rating service to any of the Issuer's or Borrower's obligations.

SECTION 9. Expenses

The Underwriter shall be under no obligation to pay, and the Borrower hereby agrees to pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to, (a) the costs of printing and preparation for printing or other reproduction for distribution and use in connection with the public offering of the Bonds such number of copies as may be requested by the Underwriter of the Preliminary Official Statement, the Official Statement, the Indenture, the Bond Resolution and the blue sky survey, as well as any delivery costs incurred in connection with the distribution of the foregoing documents; (b) the cost of preparing the definitive Bonds; (c) the fees and disbursements of Bond Counsel in connection with the authorization and issuance of the Bonds; the fees and expenses of Issuer's counsel; the fees and expenses of the Trustee and its counsel; any application or administrative fee of the Issuer; and the fees and disbursements of the Issuer's financial advisor and any other experts or consultants retained by the Issuer; (d) the fees of rating agencies in connection with the rating of the Bonds; (e) the Underwriting Fee; (f) the fees and expenses of counsel to the Underwriter; (g) the expenses relating to the meals, transportation, lodging, and entertainment incidental to implementing this Bond Purchase Agreement; and (h) all other expenses in connection with the public offer and sale of the Bonds. The Issuer shall have no obligation to pay any fees, expenses or costs associated with or resulting from the issuance and delivery of the Bonds. The Borrower shall pay for any expenses incurred on behalf of the Issuer's employees which are incidental to implementing this Bond Purchase Agreement.

SECTION 10. Notices

Any notice or other communication to be given to the Issuer or the Borrower under this Bond Purchase Agreement may be given by delivering the same in writing to the Issuer or the Borrower at their respective addresses set forth on the first page hereof. Any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to Colliers Securities LLC, 90 South 7th Street, Suite 4300, Minneapolis, Minnesota 55402, Attention: Public Finance.

SECTION 11. Parties in Interest

This Bond Purchase Agreement is made solely for the benefit of the Issuer, the Borrower and the Underwriter (including any successor or assignees of the Underwriter), and, except as provided in Section 5 hereof, no other party or person shall acquire or have any right hereunder or by virtue hereof.

SECTION 12. Amendments

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

SECTION 13. Survival of Representations and Warranties

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

SECTION 14. Execution in Counterparts

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

SECTION 15. No Prior Agreements

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

SECTION 16. Effective Date

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

SECTION 17. Governing Law

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

SECTION 18. Underwriter Not Acting as Advisor or Fiduciary

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

SECTION 19. HUD Provisions

The Borrower, the Underwriter and the Issuer acknowledge that this Bond Purchase Agreement, and all of the Borrower's obligations hereunder, are subject and subordinate to the FHA Loan Documents and the Program Obligations (as defined in the FHA Mortgage). Notwithstanding any provision in this

Bond Purchase Agreement to the contrary, no obligations of the Borrower hereunder shall be payable except from (A) Surplus Cash (as defined in the HUD Regulatory Agreement), (B) funds that are not derived from (i) revenues of the Project (as defined in the FHA Mortgage), (ii) the proceeds of the FHA Note, or (iii) any reserve or deposit made with the FHA Lender or any other party as required by HUD in connection with the FHA Loan Documents, or (C) FHA Lender Funds which have been deposited into the Collateral Fund by or at the direction of the FHA Lender (collectively, “Non-Project Sources”). No claims or actions shall be made (or payable) under this Bond Purchase Agreement against the Project, the FHA Lender, the proceeds of the FHA Note, or the assets of the Borrower, except from Non-Project Sources. In addition, the rights and obligations of the parties under this Bond Purchase Agreement and all other documents evidencing, implementing, or securing this Bond Purchase Agreement (collectively, the “Subordinate Bond Documents”) are and shall be subordinated in all respects to the rights and obligations of the parties to and under the FHA Loan Documents. In the event of any conflict between the provisions of (i) this Bond Purchase Agreement or the Subordinate Bond Documents and (ii) the provisions of the FHA Loan Documents or the Program Obligations, the provisions of the FHA Loan Documents or the Program Obligations shall control. The provisions of this Section shall control over any inconsistent provisions in this Bond Purchase Agreement or the Subordinate Bond Documents.

SECTION 20. Establishment of Issue Price for the Bonds

(a) The Underwriter agrees to assist the Issuer in establishing the issue price of the Bonds and shall execute and deliver to the Issuer at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as **Exhibit C**, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Issuer and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(b) Except as otherwise set forth in **Schedule I** attached hereto, the Issuer will treat the first price at which 10% of each maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Bond Purchase Agreement, the Underwriter shall report to the Issuer the price or prices at which it has sold to the public each maturity of Bonds (excluding any Bonds which remain unsold). With respect to the Bonds for which the 10% test has not been satisfied as set forth in **Schedule I**, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the Issuer when it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(c) The Underwriter confirms that any selling group agreement and any retail distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that

maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter. The Issuer acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a retail distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires. The Issuer further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(d) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “public” means any person other than an underwriter or a related party,

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

(iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Bond Purchase Agreement by all parties.

(Remainder of Page Intentionally Left Blank)

(Underwriter's Signature Page to the Stuart Gardens I Bond Purchase Agreement)

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

COLLIERS SECURITIES LLC

By:

Frank J. Hogan, Managing Director

(Issuer's Signature Page to the Stuart Gardens I Bond Purchase Agreement)

**NEWPORT NEWS REDEVELOPMENT AND HOUSING
AUTHORITY**

By: _____
Title: Chairman

This signature page is attached to a Bond Purchase Agreement, by and between the Issuer, Colliers Securities LLC and Stuart Gardens Housing Partners, LP, in connection with the issuance of the Issuer's Multifamily Housing Revenue Bonds (Stuart Gardens I Apartments) Series 2026.

(Borrower's Signature Page to the Stuart Gardens I Bond Purchase Agreement)

STUART GARDENS HOUSING PARTNERS, LP,
a Virginia limited partnership

By: Stuart Gardens Housing Management, LLC,
a Virginia limited liability company,
its General Partner

By: Vitus Development III, LLC,
a Delaware limited liability company,
its Member and Manager

By: _____
Name: Stephen R. Whyte
Title: President

SCHEDULE I

AMOUNT, MATURITY, INTEREST RATE AND PRICE

<u>Principal Amount</u>	<u>Initial Mandatory Tender Date</u>	<u>Maturity Date</u>	<u>Interest Rate to Initial Mandatory Tender Date</u>	<u>Price</u>
\$23,000,000	October 1, 2028	October 1, 2030	__% __%	__%

Redemption of Bonds

The Bonds are subject to optional redemption prior to maturity from Available Moneys, at the direction of the Borrower (with delivery of a Cash Flow Projection, if required pursuant to the Indenture), in whole or in part, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest, but without premium, to the date fixed for redemption, (i) prior to the Initial Mandatory Tender Date, on any Business Day on or after April 1, 2028, and (ii) after the Initial Mandatory Tender Date, on any Business Day that is nearest to the date falling at 50% of the subsequent remarketing period between the most recent Mandatory Tender Date and the next Mandatory Tender Date or the Maturity Date, as applicable.

(Remainder of Page Intentionally Left Blank)

EXHIBIT A

SUPPLEMENTAL OPINION OF BOND COUNSEL

July __, 2026

Colliers Securities LLC
90 South 7th Street, Suite 4300
Minneapolis, MN 55402-4108

\$23,000,000

**Newport News Redevelopment and Housing Authority
Multifamily Housing Revenue Bonds
(Stuart Gardens I Apartments)
Series 2026**

Ladies and Gentlemen:

This opinion is being rendered to you pursuant to the Bond Purchase Agreement (the “Bond Purchase Agreement”), dated July __, 2026, among the Newport News Redevelopment and Housing Authority (the “Issuer”), the Underwriter named therein (the “Underwriter”) and Stuart Gardens Housing Partners, LP, a Virginia limited partnership (the “Borrower”), relating to the sale by the Issuer of the above-captioned bonds (the “Bonds”) which are being issued pursuant to the Indenture of Trust (the “Indenture”), dated as of July __, 2026, by and between the Issuer and U.S. Bank Trust Company, National Association, as trustee.

We have acted as Bond Counsel in connection with the issuance and sale of the Bonds, and in that capacity we have participated in various conferences with representatives of and counsel for the Underwriter, representatives of and counsel for the Borrower, and representatives of and counsel for the Issuer relating to the preparation of the Official Statement, dated July __, 2026 (the “Official Statement”). In addition, we have participated in the preparation of the Indenture. We have also examined the documents and other items referred to in our opinion of even date herewith relating to the Bonds.

Based on and subject to the foregoing, and in reliance thereon, we are of the opinion that:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended.

2. The statements contained in the Official Statement (except as to any statistical and financial data included in the Official Statement and except for the information relating to The Depository Trust Company, its Participants and its book-entry only system, as to which we do not express an opinion) under the captions “THE BONDS,” “TAX MATTERS,” “APPENDIX A – DEFINITIONS OF CERTAIN TERMS,” “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE,” “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT” and “APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT,” insofar as such statements contained under such captions purport to summarize certain provisions of the Bonds, the Indenture, the Loan Agreement, the Tax Regulatory Agreement, and certain aspects of our firm's opinion relating to the federal and Commonwealth of Virginia tax implications of certain aspects of the Bonds, present an accurate summary of such matters.

3. The Bond Purchase Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due execution and delivery by the other parties thereto, constitutes a valid, legal and binding special obligation of the Issuer enforceable in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights or contractual obligations generally and no opinion is being rendered as to the availability of any particular remedy thereunder.

This letter is furnished by us solely for your benefit and may not be relied upon by any other persons. This letter is not to be used, circulated, quoted, or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to be relied upon by the holders of the Bonds.

Very Truly Yours,

WILLIAMS MULLEN

EXHIBIT B

BORROWER'S COUNSEL OPINION

Colliers Securities LLC
90 South 7th Street, Suite 4300
Minneapolis, Minnesota 55402

U.S. Bank Trust Company, National Association
2 Concourse Parkway, Suite 800
Atlanta, Georgia 30328-5588

Newport News Redevelopment and
Housing Authority
227 27th Street
Newport News, Virginia 23607

Vitus Group LLC
2607 Second Avenue, Suite 300
Seattle, Washington 98121

\$23,000,000
Newport News Redevelopment and Housing Authority
Multifamily Housing Revenue Bonds
(Stuart Gardens I Apartments)
Series 2026

[TO BE UPDATED]

[After appropriate introductory language, the opinion shall state substantially as follows:]

1. The Borrower is a limited partnership, duly organized, validly existing and in good standing under the laws of the Commonwealth of Virginia and has all requisite limited partnership power and all material government licenses, authorizations, consents and approvals necessary to own and operate its property and conduct its business. The Borrower is qualified to do business in the Commonwealth of Virginia.

2. The Borrower has full legal right, power and authority (a) to own its properties and conduct its business as described in the Preliminary Official Statement and the Official Statement and (b) to enter into and to carry out and consummate the transactions contemplated by the Borrower Documents.

3. The General Partner is a limited liability company, duly organized, validly existing and in good standing under the laws of the Commonwealth of Virginia and has all requisite limited liability company power and all material government licenses, authorizations, consents and approvals necessary to own and operate its property and conduct its business. The General Partner is qualified to do business in the Commonwealth of Virginia.

4. By all necessary action, the Borrower has duly authorized and adopted the Borrower Documents, and approved the execution and delivery of, and the performance by the Borrower of the obligations in connection with the issuance of the Bonds on its part contained in the Bonds and the Borrower Documents and the consummation by it of all other transactions contemplated by the Indenture and the Borrower Documents in connection with the issuance of the Bonds. The individual who has executed the Borrower Documents on behalf of the General Partner of the Borrower has the authority to bind the General Partner and thereby the Borrower to the terms and conditions of the Borrower Documents.

5. The Borrower Documents have been duly executed and delivered by the Borrower and, assuming the due authorization, execution and delivery of such agreements by the respective other parties thereto where necessary, if any, constitute legal, valid and binding obligations of the Borrower enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency,

reorganization, moratorium and other similar laws of general applicability affecting the enforcement of creditors' rights and to general principles of equity, regardless of whether such enforceability is considered in equity or in law.

6. The execution and delivery of the Borrower Documents, the performance by Borrower of its obligations thereunder and the consummation of the transactions contemplated therein are within the organizational powers of Borrower and will not (i) conflict with or constitute a breach of the Borrower's organizational documents; (ii) to our knowledge, constitute a default under any indenture, mortgage, deed of trust or other material lien, lease, contract, note, order, judgment, decree or other material agreement, instrument or restriction of any kind to which Borrower is a party or by which any of its properties are bound or affected; or (iii) result in a violation of any constitutional or statutory provision or any material order, rule, regulation, decree or ordinance of any court, government or governmental authority known to us to be applicable to the Borrower or its property.

7. To the best of our knowledge after due and diligent inquiry, as of the Closing Date, the Borrower is not in violation of, breach of or default under any applicable constitutional provision or law of any state or of the United States, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Borrower or any of its activities, properties or assets, or any indenture, mortgage, deed of trust, resolution, note, agreement (including, without limitation, the Borrower Documents) or other agreement or instrument to which the Borrower is a party or by which the Borrower or any of its property or assets is bound, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instruments; and the execution and delivery of the Bonds and the Borrower Documents, and compliance with the provisions on the Borrower's part contained therein, do not and will not conflict with, or constitute on the part of the Borrower a violation of, breach of or default under, any applicable constitutional provision or law of any state or of the United States, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Borrower or any of its activities, properties or assets, or any indenture, mortgage, deed of trust, resolution, note, agreement or other agreement or instrument to which the Borrower is a party or by which the Borrower or any of its property or assets is bound, nor will any such execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower or under the terms of any such law, regulation or instrument, except as provided by the Bonds or the Borrower Documents.

8. As of the Closing Date, all consents, approvals, authorizations, and orders of or filings or registrations with any governmental authority, board, agency or issuer of any state or of the United States having jurisdiction required in connection with, or the absence of which would materially adversely affect, the execution and delivery by the Borrower of the Borrower Documents or the performance by the Borrower of its obligations thereunder have been obtained or made and are in full force and effect.

9. To the best of our knowledge after due and diligent inquiry, as of the Closing Date, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any judicial or administrative court or governmental agency or body, state, federal or other, pending or, to the best of our knowledge, threatened against the Borrower, affecting the existence of the Borrower or the titles of its officers to their respective offices, or contesting or affecting as to the Borrower the validity or enforceability of the Act, the Bonds, any Borrower Document or the execution and delivery or adoption by the Borrower of any Borrower Document, or in any way contesting or challenging the completeness or accuracy of the Preliminary Official Statement or the Official Statement or the powers of the Borrower or its authority with respect to the Borrower Documents or the consummation of the transactions contemplated thereby; nor, to the best of our knowledge, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the financial condition

or operations of the Borrower or the validity of the authorization, execution, delivery or performance by the Borrower of any Borrower Document.

10. Nothing has come to our attention that would lead us to believe that the statements and information contained in the Preliminary Official Statement, as of its date and the date of the Bond Purchase Agreement, and the Official Statement, as of its date and the date hereof, under the headings “PLAN OF FINANCING,” “THE PROJECT AND THE PRIVATE PARTICIPANTS,” “CERTAIN BONDHOLDERS’ RISKS” (but only with respect to those risks that expressly relate to the Borrower, the Project and the private participants), “NO LITIGATION—The Borrower” and “CONTINUING DISCLOSURE” (except as to the statistical and financial data included in the Preliminary Official Statement and the Official Statement with respect to which we do not express any opinion), contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

11. The Borrower may not plead the defense of usury or maintain an action for usury with respect to the loan(s) being made under the Transaction Documents.

Very truly yours,

EXHIBIT C

ISSUE PRICE CERTIFICATE

\$23,000,000

**Newport News Redevelopment and Housing Authority
Multifamily Housing Revenue Bonds
(Stuart Gardens I Apartments)
Series 2026**

The undersigned, on behalf of Colliers Securities LLC, as underwriter (“Colliers”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the price listed in **Schedule A** attached hereto.

2. ***Reserved.***

3. ***Defined Terms.***

(a) *General Rule Maturities* means those Maturities of the Bonds listed in **Schedule A** hereto as the “General Rule Maturities.”

(b) *Issuer* means the Newport News Redevelopment and Housing Authority.

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

(d) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate means, with respect to a purchaser of the Bonds, if the Underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

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

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

[Signature Page Follows]

COLLIERS SECURITIES LLC

By: _____

Name: _____

Dated: _____, 2026

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES

<u>Principal Amount</u>	<u>Initial Mandatory Tender Date</u>	<u>Maturity Date</u>	<u>Interest Rate to Initial Mandatory Tender Date</u>	<u>Price</u>
\$23,000,000	October 1, 2028	October 1, 2030	__._%	__%

EXHIBIT D

**Draft Remarketing Agreement dated as of the Date of Execution Between the Underwriter
and the Borrower**

REMARKETING AGREEMENT

\$23,000,000

**Newport News Redevelopment and Housing Authority
Multifamily Housing Revenue Bonds
(Stuart Gardens I Apartments)
Series 2026**

THIS REMARKETING AGREEMENT, dated as of July 1, 2026 (the “Agreement”), is made and entered into by and between Stuart Gardens Housing Partners, LP, a Virginia limited partnership (the “Borrower”), and Colliers Securities LLC (the “Remarketing Agent”).

W I T N E S S E T H:

WHEREAS, the Newport News Redevelopment and Housing Authority (the “Issuer”) has issued its Multifamily Housing Revenue Bonds (Stuart Gardens I Apartments) Series 2026 (the “Bonds”) pursuant to an Indenture of Trust, dated as of July 1, 2026 (the “Indenture”), between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”); and

WHEREAS, the Bonds and the Indenture provide, among other things, that the owners of the Bonds will be required to tender their Bonds for purchase on October 1, 2028 (the “Initial Mandatory Tender Date”), upon the terms and conditions contained in the Bonds and the Indenture;

WHEREAS, the Remarketing Agent has accepted the duties and responsibilities of the remarketing agent for the Bonds under the Indenture and this Agreement;

NOW, THEREFORE, for and in consideration of the mutual covenants made herein and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions.

Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Indenture.

Section 2. Appointment of Remarketing Agent.

Subject to the terms and conditions contained herein, the Borrower hereby appoints the Remarketing Agent to serve as remarketing agent for the Bonds under the Indenture and this Agreement and the Remarketing Agent hereby accepts the Borrower’s appointment hereunder as remarketing agent for the Bonds. The terms and conditions of the Indenture relating to the duties and obligations of the Remarketing Agent are incorporated herein by reference.

Section 3. Responsibilities of Remarketing Agent.

Subject to the terms and conditions set forth in this Agreement and in the Indenture, commencing on the Closing Date, the Remarketing Agent agrees to (a) perform all duties and obligations of the Remarketing Agent under and be bound by the terms of the Indenture, including without limitation using its best efforts to remarket the Bonds and (b) provide, in accordance with and at the times specified in the Indenture, all notices required by the Indenture. It is understood that in undertaking to perform such duties,

and in the performance thereof, it is the intention of the parties that the Remarketing Agent will act solely as an agent and not as a principal except as expressly provided in Section 12 hereof.

(a) ***Determination of Interest Rates.*** The Remarketing Agent shall determine the interest rates on the Bonds in the manner and at the times specified therefor in the Indenture.

(b) ***Remarketing of Tendered Bonds.***

(i) The Remarketing Agent shall use its best efforts to remarket Bonds to be purchased as described in the Indenture. It shall be a condition of the Remarketing Agent's obligations to perform its duties hereunder at any time that there does not then currently exist an Event of Default under the Indenture.

(ii) The Remarketing Agent may suspend its remarketing efforts hereunder immediately, after written or electronic notice to the Borrower, the Issuer and the Trustee, upon the occurrence of any of the following, which suspension may continue only so long as any of the following continues to exist:

(A) Any of the representations or warranties of the Borrower made in Sections 5 and 9 hereof shall not have been true and correct on the date made, or the Borrower shall fail to observe any of the covenants or agreements made in Section 5 hereof;

(B) Any event shall occur or information shall become known, which, in the judgment of the Remarketing Agent after consultation with the Borrower and the Issuer, makes untrue, incorrect or misleading in any material respect any statement or information contained in the Official Statement prepared with respect to the Bonds (the "Official Statement"), or other Disclosure Documents (hereinafter defined in Section 6(b)) provided to the Remarketing Agent in connection with the performance of its duties hereunder, whether provided pursuant to Section 5 hereof or otherwise, or causes such document to contain an untrue, incorrect or misleading statement of a material fact or to omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; or

(C) Legislation shall be enacted and become effective, to the effect that, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that, or any other event occurs which, in the judgment of the Remarketing Agent after consultation with the Borrower and the Issuer, would have the effect that, the remarketing of obligations of the general character of the Bonds, or the remarketing of the Bonds, including all underlying obligations, as contemplated hereby or by the most current offering documents or materials for the Bonds, is in violation or would be in violation of any provision of the federal securities law, including the Securities Act of 1933, as amended, and as then in effect, or that the Indenture are not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, and as then in effect, or with the purpose or effect of otherwise prohibiting the remarketing of obligations of the general character of the Bonds,

or the Bonds, as contemplated hereby or by the most current Disclosure Documents.

(D) The Bonds can only be remarketed at an interest rate which exceeds the maximum rate allowed by law or the provisions of the Indenture or the Bonds.

(iii) The Remarketing Agent may suspend its remarketing efforts hereunder immediately, after notice as provided in (ii) above, upon the occurrence of any of the following events, which suspension may continue so long as any such event continues to exist, but only if and to the extent, in the judgment of the Remarketing Agent after consultation with the Borrower and the Issuer, the occurrence and continuation of such event shall cause the Bonds to be unremarketable:

(A) There shall be any federal or state legislation, effective, pending or favorably reported out of any legislative committee, or any decision of any federal or state court or by any order, ruling or regulation (final, temporary or proposed) of the Treasury Department or the Internal Revenue Service of the United States or other federal or state authority or regulatory body, or a release or announcement or communication issued or sent by the Treasury Department or the Internal Revenue Service of the United States, affecting the status of the Issuer and/or the Borrower, its property or income, obligations of the general character of the Bonds, as contemplated hereby, or the interest thereon, or any tax exemption with respect to obligations of the general character of the Bonds, as contemplated hereby, or the interest thereon, granted or authorized by the Internal Revenue Code of 1986, as amended;

(B) The engagement by the United States of America in hostilities which have resulted in a declaration of war or national emergency, or the occurrence of any other outbreak of hostilities or national or international calamity or crisis, financial or otherwise (including an act of terrorism);

(C) There shall have occurred a general suspension of trading on the New York Stock Exchange or the American Stock Exchange or other national securities exchange; material restrictions are established upon trading of securities, including limited or minimum prices, by any governmental authority or by any national securities exchange; or a banking moratorium is declared by federal or state authorities;

(D) Any governmental authority shall impose, as to the Bonds, or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force; or

(E) The long-term or short-term rating of any of the Bonds shall have been downgraded, withdrawn or suspended by the Rating Agency after the date hereof.

Section 4. Resignation and Removal of Remarketing Agent.

The Remarketing Agent may resign or be removed and, in either event, be discharged of the duties and obligations created by this Agreement and the Indenture in accordance with the Indenture. The

Borrower agrees that prior to the date on which the resignation or removal of the Remarketing Agent is effective it will promptly take such actions necessary to effect the appointment of a successor Remarketing Agent pursuant to the terms and provisions of the Indenture.

Notwithstanding anything to the contrary contained herein or in the Indenture, any unpaid fees and expenses due hereunder to the Remarketing Agent at the time of removal must be paid by the Borrower.

Upon the resignation or removal of the Remarketing Agent, the Remarketing Agent will pay over, deliver and assign any Bonds or moneys for the purchase of Bonds held by it in such capacity to its successor, together with a full accounting thereof.

Section 5. Disclosure Materials.

(a) The Borrower hereby authorizes the Remarketing Agent to use the Official Statement in connection with the marketing of the Bonds on the Closing Date and in connection with the remarketing of the Bonds thereafter. The Borrower will supply the Remarketing Agent with such number of copies of the Official Statement as the Remarketing Agent requests prior to the Closing Date and the Borrower will amend the document (and all documents incorporated by reference) so that at all times the document will not, to the knowledge of the Borrower, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. At the Borrower's expense, the Borrower will take all steps reasonably requested by the Remarketing Agent that the Remarketing Agent or its counsel may consider necessary or desirable to register the sale of the Bonds by the Remarketing Agent under any federal or state securities law or qualify the Indenture under the Trust Indenture Act of 1939.

(b) If the Remarketing Agent determines that it is necessary or desirable to use an official statement or other Disclosure Documents in connection with its remarketing of the Bonds (other than the Official Statement), the Remarketing Agent will notify the Borrower, and the Borrower will use reasonable commercial efforts to provide the Remarketing Agent with the Disclosure Documents in respect of the Bonds reasonably satisfactory to the Remarketing Agent and its counsel; and the Borrower hereby authorizes the Remarketing Agent to use such Disclosure Documents and the information contained therein in connection with the remarketing of the Bonds. The Borrower will supply the Remarketing Agent with such number of copies of the Disclosure Documents as the Remarketing Agent requests from time to time and the Borrower will amend the document (and all documents incorporated by reference) so that at all times the document will not, to the knowledge of the Borrower, contain any untrue or misleading statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. In connection with the use of any Disclosure Documents by the Remarketing Agent in its remarketing of the Bonds, the Borrower will use reasonable commercial efforts to furnish to the Remarketing Agent such certificates, accountants' letters and opinions of counsel as the Remarketing Agent reasonably requests. In addition, at the Borrower's expense, the Borrower will take all steps reasonably requested by the Remarketing Agent that the Remarketing Agent or its counsel may consider necessary or desirable to register the sale of the Bonds by the Remarketing Agent under any federal or state securities law or qualify the Indenture under the Trust Indenture Act of 1939.

(c) In the event the Remarketing Agent is asked to remarket the Bonds in any situation that requires, by the terms of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"), compliance with the Rule:

(i) the Borrower will provide the Remarketing Agent with the preliminary Disclosure Documents relating to the Bonds that the Borrower deems final as of its date (exclusive of pricing and other sales information permitted to be omitted by the Rule), prior to the date the Remarketing Agent bids for, offers or sells any Bonds;

(ii) the Borrower will provide the Remarketing Agent with such number of copies of the Official Statement or other Disclosure Documents prepared in connection therewith, as the Remarketing Agent may need to supply at least one copy thereof to each potential customer who requests it;

(iii) the Borrower shall provide the Remarketing Agent within seven (7) Business Days after the interest rate is determined or by the time “money confirmations” are to be sent to customers, whichever is earlier, with a number of copies of the final Official Statement adequate to provide at least one copy of the final Official Statement or Disclosure Documents to any customer or any potential customer for a period commencing on the date such final Official Statement or Disclosure Documents are available and extending for the underwriting period as defined in the Rule (the “Underwriting Period”) and, thereafter, for as long as may be required by the Rule. During the Underwriting Period, the Borrower agrees to update, by written supplement or amendment or otherwise, the final Official Statement or Disclosure Documents such that at all times during such period the final Official Statement or Disclosure Documents will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(iv) the Borrower will undertake, in a written agreement or contract for the benefit of Holders, to provide the information required by paragraph (b)(5) of the Rule to the persons or entities and at the times required by paragraph (b)(5) of the Rule.

(d) In order to induce the Remarketing Agent to enter into this Agreement, the Borrower hereby represents to the Remarketing Agent that the information contained in the Official Statement relating to the Borrower, the Project and the private participants is, at the Closing Date, true and correct in all material respects and that such information does not, at the Closing Date, contain any untrue or misleading statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) If, at any time after the Closing Date, any event actually known to the Borrower shall occur which might materially adversely affect the Bonds or the remarketing thereof, or if any Event of Default on the part of the Issuer (of which the Borrower has knowledge) or the Borrower under the Indenture shall occur, then the Borrower shall promptly notify the Remarketing Agent in writing of the circumstances and details of such event.

(f) The Borrower shall use reasonable commercial efforts to update, amend and supplement the Official Statement and other Disclosure Documents relating to the Bonds provided to the Remarketing Agent in connection with the performance of its duties hereunder, at the Borrower’s expense, in order that the Official Statement and such other Disclosure Documents, at all times during the term of this Agreement, will be, to the actual knowledge of the Borrower, true and correct in all material respects and will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the judgment of the Remarketing Agent, an event shall occur which requires the Official Statement or such Disclosure

Documents to be amended or supplemented in order to be true and correct in all material respects and not contain any untrue or misleading statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, then the Borrower shall, at its own expense promptly upon the request of the Remarketing Agent, amend or supplement the Official Statement or such Disclosure Documents in form and substance satisfactory to the Remarketing Agent. During the term of this Agreement, the Borrower shall cooperate with the Remarketing Agent to correct or complete, at the expense of the Borrower, the Official Statement and such other Disclosure Documents as aforesaid and shall not refuse any reasonable request of the Remarketing Agent for information concerning the Borrower for such purposes. The Borrower will not amend or supplement, or request the amendment or supplementation of, the Official Statement or such Disclosure Documents prior to notifying the Remarketing Agent in writing of the proposed amendment or supplement thereto.

(g) The Borrower shall, at its own expense, take all steps requested by the Remarketing Agent that are necessary for the Remarketing Agent to comply with the Rule to the extent that the Rule is applicable. In addition, the Borrower, at its own expense, will take all steps requested by the Remarketing Agent that the Remarketing Agent considers necessary to register the sale of the Bonds by the Remarketing Agent under any Federal or state securities law or qualify the Indenture under the Trust Indenture Act of 1939 to the extent that such laws or the Trust Indenture Act of 1939 are applicable.

Section 6. Borrower Indemnifications.

(a) The Borrower agrees to pay, defend, protect, indemnify, save and hold harmless the Remarketing Agent and each affiliate, member, officer, director, official, employee and agent of the Remarketing Agent, and each person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended (each, an “Indemnified Party” and, collectively, the “Indemnified Parties”) against any liability, loss, damages, costs, expenses of any nature (including interest and counsel fees), causes of action (whether in contract, tort or otherwise), suits, claims, demands and judgments of any kind, character and nature (collectively, the “Liabilities”) caused by or directly or indirectly arising out of or in any way relating to (i) the performance by the Remarketing Agent of the Remarketing Agent’s obligations under this Agreement, or those of its employees or agents arising from the performance of such obligations under this Agreement or (ii) the Bonds, the Project, the loan of the proceeds of the Bonds, the Indenture or any document related to the foregoing (the “Transaction Documents”) or any transaction or agreement related to any of the foregoing except for Liabilities arising from gross negligence, fraud, misrepresentation, or willful misconduct by the Remarketing Agent. This indemnity includes any action taken or omitted within the scope of this Agreement or any such action taken or omitted upon telephonic, telegraphic or written instructions received or reasonably believed to have been received by the Remarketing Agent from the Borrower, the Trustee or the Issuer.

(b) To the fullest extent permitted by applicable law, the Borrower shall also indemnify and hold harmless the Indemnified Parties against (i) any and all Liabilities, joint or several, to which any of the Indemnified Parties may become subject under any statute or regulation or at common law or otherwise and, except as hereinafter provided, will reimburse the Indemnified Parties for any legal or other expense reasonably incurred by them or any of them in connection with investigating or defending any such Liabilities, whether or not resulting in any Liability, insofar as such Liabilities arise out of or are based upon any untrue statement or alleged untrue statement or misleading statement or alleged misleading statement of a material fact by the Borrower relating to the Borrower, the Project or the private participants contained in any official statement, offering circular or other document (collectively, the “Disclosure Documents”) used by the Remarketing Agent and approved by the Borrower in connection with any

remarketing of the Bonds (including any disclosure materials or offering circular furnished to the Remarketing Agent), or arise out of or are based upon the omission or alleged omission from the Disclosure Documents of any material fact relating to the Borrower, the Project or the private participants necessary to be stated therein in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, except to the extent that such Liabilities are caused by an untrue statement or alleged untrue statement in, or omission or alleged omission from, information furnished in writing by or on behalf of the Remarketing Agent expressly for use therein; and (ii), if the Borrower takes any action or consents to the taking of any action, including, but not limited to, consents to amendments or supplements to any of the documents related to the financing transaction or to the Bonds without first obtaining the consent of the Remarketing Agent, against any and all Liabilities, joint or several, to which the Indemnified Parties or any of them may become subject under the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the rules or regulations under said acts, or any amendment to any of said acts, to the extent that such Liabilities arise out of or are based upon the failure to register the Bonds under the Securities Act of 1933 or to qualify the Indenture under the Trust Indenture Act of 1939.

(c) Promptly after receipt by an Indemnified Party of notice of the commencement of any action in respect of which indemnification may be sought against the Borrower under paragraphs (a) or (b) of this Section, such Indemnified Party shall notify the Borrower in writing; but the omission to so notify the Borrower will not relieve the Borrower from any Liability which it may be under to any Indemnified Party otherwise than under paragraphs (a) or (b) of this Section nor affect any rights it may have otherwise than under this Section to participate in and/or assume the defense of any action brought against any Indemnified Party. In case such action is brought against any Indemnified Party, and it notifies the Borrower of the commencement thereof, the Borrower shall be entitled to participate in, and, to the extent that it so chooses, to assume the defense thereof (including the employment of counsel reasonably satisfactory to the Indemnified Party), and the Borrower shall assume the payment of all fees and expenses relating to such defense and shall have the right to negotiate and consent to the settlement thereof. Any one or more of the Indemnified Parties shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but, after notice from the Borrower to such Indemnified Party of its election to assume the defense thereof, the fees and expenses of such separate counsel shall be at the sole expense of such Indemnified Party unless the employment of such counsel has been specifically authorized in writing by the Borrower. The Borrower shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the Borrower, or if there be a final judgment for the plaintiff in any such actions to which the Borrower has received notice in writing as hereinabove required, the Borrower agrees to indemnify and hold harmless the Indemnified Party from and against any Liability by reason of such settlement or judgment.

(d) The indemnity provided by this Section shall be in addition to any other liability that the Borrower may otherwise have hereunder, under the Loan Agreement, at common law or otherwise and is provided solely for the benefit of each of the Indemnified Parties and their respective successors, assigns and legal representatives, and no other person shall acquire or have any right under or by virtue of such provisions of this Agreement.

(e) In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in paragraphs (a) or (b) of this Section is for any reason held to be unavailable from the Borrower with respect to matters covered by such paragraphs (a) or (b), the Borrower, on the one hand, and the Remarketing Agent, on the other hand, with respect to such matter, shall contribute to the aggregate Liabilities to which the Borrower, on the one hand, and the Remarketing Agent, on the other hand, may be subject proportionately so that the Remarketing Agent is responsible for that portion represented by the percentage that the underwriting discount or placement fee, if any, payable to the Remarketing Agent hereunder with respect to the distribution in question, bears to the aggregate offering price, with the Borrower responsible for the balance, provided that in no event shall the Remarketing Agent be required to

contribute an amount in excess of the total fees paid to the Remarketing Agent in connection with the Bonds to the date of the contribution. The contribution provided for in this paragraph shall also extend, without limitation, to any and all expenses whatsoever reasonably incurred in connection with investigating, preparing for or defending against, or providing evidence, producing documents or taking any other reasonable action in respect of, any such Liability (or action in respect thereof), whether or not resulting in any Liability, and shall include any loss to the extent of the aggregate amount paid in settlement of any litigation, commenced or threatened, or of any Liability whatsoever as set forth herein if such settlement is effected with the written consent of the Borrower. For purposes of this paragraph, each Indemnified Party shall, under the same circumstances, have the same rights to contribution as does the Remarketing Agent hereunder. Within a reasonable time after an Indemnified Party entitled to contribution under this paragraph shall have been served with the summons or other first legal process or shall have received written notice of the threat of a Liability in respect of which contribution may be sought hereunder, such Indemnified Party shall, if a claim for contribution is to be made against the Borrower under this paragraph, notify the Borrower in writing of the commencement thereof; but the omission to so notify the Borrower shall not relieve the Borrower from any liability that it may have other than pursuant to this paragraph; provided, however, that any notice given by the Remarketing Agent for purposes of, and as provided in, paragraph (c) of this Section shall constitute notice for purposes of this paragraph. Nothing herein shall require the Borrower to contribute, or that any Indemnified Party contribute, to any Liabilities arising out of gross negligence, fraud, misrepresentation or willful misconduct by another party if the contributing party is not guilty of such conduct.

(f) The Borrower agrees to reimburse any Indemnified Party for any expense (including reasonable fees and expenses of counsel) incurred as a result of producing documents, presenting testimony or evidence, or preparing to present testimony or evidence (based upon time expended by an Indemnified Party at its then current time charges), in connection with any court or administrative proceeding (including any investigation which may be preliminary thereto) arising out of or relating to any public distribution of the Bonds. The Borrower, however, will not be required to reimburse any Indemnified Party if such court or administrative hearing arises out of gross negligence, fraud, misrepresentation, or willful misconduct by an Indemnified Party.

Section 7. Fees and Expenses.

In consideration of the services to be performed by the Remarketing Agent under this Agreement, the Borrower agrees to pay to the Remarketing Agent the following fees:

(a) a one-time remarketing fee payable upon the Initial Mandatory Tender Date upon the remarketing of the Bonds to be agreed upon by the Borrower and the Remarketing Agent at least 30 days prior to the Initial Mandatory Tender Date; and

(b) expenses reasonably incurred by the Remarketing Agent in connection with its services hereunder, including fees incurred in connection with the registration of the Bonds under any state securities laws, and including reasonable expenses in connection with preparation of a new official statement or other offering materials as provided in Section 5 (including, but not limited to, reasonable counsel fees and disbursements).

Payment of the fees and expenses referred to in clauses (a), (b) and (c) of the first sentence of this Section shall be made by the Borrower as soon as practicable upon receipt of an invoice therefor from the Remarketing Agent. Payment of the fee shall be made by the Borrower on the effective date of the establishment of a reset rate, and shall include all reasonable costs relating to the preparation of any Disclosure Documents in connection with the establishment of a reset rate. The Borrower agrees to pay the Remarketing Agent's fees and expenses under this Agreement without regard to any claim, set-off, defense,

or other right which the Borrower may have at any time against the Remarketing Agent or any other person, whether in connection with this Agreement, the Bonds or any unrelated transactions.

Notwithstanding anything to the contrary contained in this Agreement, the Remarketing Agent shall not commence remarketing efforts without written authorization of the Borrower prior to a Mandatory Tender Date, including an agreement by Borrower and Remarketing Agent regarding the amount of the one-time remarketing fee and expenses described in the foregoing clauses (a), (b) and (c) of the first sentence of this Section. In the absence of such agreement, the Remarketing Agent shall have no obligation to remarket Bonds under this Agreement or the Indenture.

Section 8. Representations, Warranties, Covenants and Agreements of the Remarketing Agent.

The Remarketing Agent, by its acceptance hereof, represents, warrants and covenants, and agrees with the Borrower as follows:

(a) The Remarketing Agent is authorized by law to perform all the duties and obligations imposed upon it as Remarketing Agent by this Agreement and the Indenture.

(b) The Remarketing Agent has full power and authority to execute and deliver this Agreement and to take all actions required or permitted to be taken by the Remarketing Agent by or under, and to perform and observe the covenants and agreements on its part contained in, this Agreement and the Indenture.

(c) Assuming the due authorization, execution and delivery of this Agreement by the Borrower and the enforceability of this Agreement against the Borrower, this Agreement is the legal, valid and binding obligation of the Remarketing Agent, enforceable against the Remarketing Agent in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws of general applicability affecting the enforcement of creditors' rights and to general principles of equity, regardless of whether such enforceability is considered in equity or at law.

(d) The Remarketing Agent is a licensed NASD broker/dealer, is registered as a municipal securities dealer under the Securities Exchange Act of 1934 and meets the qualifications for remarketing agent under the Indenture.

Section 9. Representations, Warranties, Covenants and Agreements of the Borrower.

The Borrower, by its acceptance hereof, represents, warrants, covenants and agrees with the Remarketing Agent that it:

(a) is a limited partnership duly organized under the laws of the Commonwealth of Virginia;

(b) has full power and authority to take all actions required or permitted to be taken by the Borrower by or under, and to perform and observe the covenants and agreements on its part contained in, this Agreement and any other instrument or agreement relating to the Bonds where the Borrower is a party;

(c) has, on or before the date hereof, duly taken all action necessary to be taken by it prior to such date to authorize (i) the execution, delivery and performance of any Transaction

Document to which the Borrower is a party and any other instrument or agreement that the Borrower is a party to and that has been or will be executed in connection with the transactions contemplated by the foregoing documents; and (ii) the carrying out, giving effect to, consummation and performance of the transactions and obligations contemplated by the foregoing agreements;

(d) will promptly notify the Remarketing Agent by electronic means of any material adverse changes of which the Borrower has actual knowledge that may affect the remarketing of the Bonds or any fact or circumstance of which the Borrower has actual knowledge that may constitute, or with the passage of time may constitute, an Event of Default under the Indenture or any Transaction Document to which the Borrower is a party; and

(e) all representations and warranties of the Borrower set forth in the Bond Purchase Agreement prepared with respect to the Bonds are true and correct and are hereby incorporated by reference herein, as though fully set forth herein.

Section 10. Term of Agreement.

This Agreement shall become effective on the date hereof and shall continue in full force and effect, unless otherwise terminated pursuant to the terms and conditions hereof, for as long as the Bonds remain outstanding.

Section 11. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

Section 12. Dealing in Bonds by the Remarketing Agent.

The Remarketing Agent, in its individual capacity, may in good faith buy, sell, own, hold and deal in any of the Bonds, including, without limitation, any Bonds offered and sold by the Remarketing Agent pursuant to this Agreement, and may join in any action that any Holder may be entitled to take with like effect as if it did not act in any capacity hereunder. The Remarketing Agent, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer and may act as depositary, trustee, or agent for any committee or body of Holders secured hereby or other obligations of the Issuer as freely as if it did not act in any capacity hereunder.

Section 13. Intention of Parties.

It is the express intention of the parties hereto that any purchase, sale or transfer of any Bonds, as herein provided, shall not constitute or be construed to be the extinguishment of any Bonds or the indebtedness represented thereby or the reissuance of any Bonds.

Section 14. Conflict.

Notwithstanding anything to the contrary that may be contained in this Agreement or in the Indenture, in the event of a conflict or inconsistency between the terms of this Agreement and the terms of the Indenture, the terms of the Indenture in all such instances shall be controlling.

Section 15. Amendments.

No amendment, modification, supplement or waiver in respect of this Agreement will be effective unless in writing and signed by the parties hereto.

Section 16. Remarketing Agent Not Acting as Advisor or Fiduciary.

The Remarketing Agent and the Borrower each acknowledge and agree that (i) the remarketing of the Bonds pursuant to this Agreement is an arm's-length commercial transaction between the Borrower and the Remarketing Agent, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Remarketing Agent is and has been acting solely as a principal and is not acting as the agent, advisor, municipal advisor or fiduciary of the Borrower, (iii) the Remarketing Agent has not assumed an advisory or fiduciary responsibility in favor of the Borrower with respect to the remarketing contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Remarketing Agent has advised or provided other services or is currently advising or providing other services to the Borrower on other unrelated matters) and the Remarketing Agent has no obligation to the Borrower with respect to the remarketings contemplated hereby except the obligations expressly set forth in this Agreement and (iv) the Borrower has consulted its own legal, financial and other advisors to the extent it deems appropriate.

Notwithstanding the foregoing or any other provisions of this Agreement, or the Indenture, the use of the term "agent" with reference to the Remarketing Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom and is intended to create or reflect only an independent contractor relationship between contracting parties and the Remarketing Agent acts as an independent broker-dealer and exercises its own independent judgment in connection with its rights and duties as Remarketing Agent.

Section 17. HUD Provisions.

The Borrower and the Remarketing Agent acknowledge that this Agreement and all of the Borrower's obligations hereunder are subject and subordinate to the FHA Loan Documents and the Program Obligations (as defined in the FHA Mortgage). Notwithstanding any provision in this Agreement to the contrary, no obligations of the Borrower hereunder shall be payable except from (A) Surplus Cash (as defined in the HUD Regulatory Agreement), (B) funds that are not derived from (i) revenues of the Project (as defined in the FHA Mortgage), (ii) the proceeds of the FHA Note, or (iii) any reserve or deposit made with the FHA Lender or any other party as required by HUD in connection with the FHA Loan Documents, or (C) FHA Lender Funds which have been deposited into the Collateral Fund by or at the direction of the FHA Lender (collectively, "Non-Project Sources"). No claims or actions shall be made (or payable) under this Agreement against the Project, the FHA Lender, the proceeds of the FHA Note, or the assets of the Borrower, except from Non-Project Sources. In addition, the rights and obligations of the parties under this Agreement and all other documents evidencing, implementing, or securing this Agreement (collectively, the "Subordinate Bond Documents") are and shall be subordinated in all respects to the rights and obligations of the parties to and under the FHA Loan Documents. In the event of any conflict between the provisions of (i) this Agreement or the Subordinate Bond Documents and (ii) the provisions of the FHA Loan Documents or the Program Obligations, the provisions of the FHA Loan Documents or the Program Obligations shall control. The provisions of this Section shall control over any inconsistent provisions in this Agreement or the Subordinate Bond Documents.

Section 18. Miscellaneous.

(a) Except as otherwise specifically provided in this Agreement, all notices, demands and formal actions under this Agreement shall be in writing and either (i) hand-delivered, (ii) sent by electronic means or (iii) mailed by registered or certified mail, return receipt requested, postage prepaid, to the recipient thereof at the applicable notice addresses set forth in the Indenture. The Remarketing Agent, the Issuer, the Borrower and the Trustee may, by notice given under this Agreement, designate other addresses to which subsequent notices, requests, reports or other communications shall be directed.

(b) This Agreement shall inure to the benefit of and be binding only upon the parties hereto and their respective successors and assigns. The terms “successors” and “assigns” shall not include any purchaser of any of the Bonds merely because of such purchase. No Holder or other third party shall have any rights or privileges hereunder. With respect to the Remarketing Agent, the term “successors” shall include any entity to which its remarketing activities are transferred.

(c) All of the representations and warranties of the Borrower and the Remarketing Agent in this Agreement shall remain operative and in full force and effect as of the date when made, regardless of (i) any investigation made by or on behalf of the Remarketing Agent or the Borrower, (ii) the offering and sale of and any payment for any Bonds hereunder, or (iii) termination or cancellation of this Agreement.

(d) Nothing herein shall be construed to make any party an employee of the other or to establish any fiduciary relationship between the parties except as expressly provided herein and in the Indenture.

(e) If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable for any reason, such circumstances shall not have the effect of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatsoever.

(f) This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

(Remainder of Page Intentionally Left Blank)

IN WITNESS WHEREOF, the parties hereto have executed this Remarketing Agreement as of the date first above written.

STUART GARDENS HOUSING PARTNERS, LP,
a Virginia limited partnership

By: Stuart Gardens Housing Management, LLC,
a Virginia limited liability company,
its General Partner

By: Vitus Development III, LLC,
a Delaware limited liability company,
its Member and Manager

By: _____
Name: Stephen R. Whyte
Title: President

(Remarketing Agent's Signature Page to Remarketing Agreement)

Very truly yours,

COLLIERS SECURITIES LLC

By:

Frank J. Hogan, Managing Director

EXHIBIT E

**Draft Regulatory Agreement and Declaration of Restrictive Covenants by and Among the
Issuer, the Borrower and the Trustee dated July __, 2026**

This Instrument Prepared By
and After Recording Return To:

Douglas L. Sbertoli, Esq.
Williams Mullen
200 South 10th Street, Suite 1600
Richmond, VA 23219

EXEMPTION CLAIMED:
VA. CODE §58.1-809

Tax Map Parcel Nos. _____

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS, as amended, modified or supplemented from time to time (this "Regulatory Agreement") is made as of July 1, 2026, by STUART GARDENS HOUSING PARTNERS, LP, a Virginia limited partnership (the "Borrower"), for the benefit of the NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY (the "Issuer") and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee (the "Trustee"), under the Indenture referred to below:

W I T N E S S E T H:

WHEREAS, the Borrower has applied to the Issuer for a loan (the "Loan") for the rehabilitation, renovation, construction, improvement and equipping of a multifamily rental housing facility to be (i) occupied by persons of low and moderate income, (ii) known as Stuart Gardens I Apartments (the "Project") and (iii) located in the City of Newport News, Virginia, on the real property described in Exhibit "C" attached hereto and by this reference made a part hereof (the "Real Property"); and

WHEREAS, the Issuer is unwilling to make the Loan unless the Borrower agrees to be regulated in the manner set forth herein, and the Borrower is willing to execute and abide by this Regulatory Agreement as a condition of obtaining the Loan.

NOW, THEREFORE, it is hereby agreed by and between the parties hereto, their successors and assigns, as follows:

1. Definitions. As used in this Regulatory Agreement, the following terms shall have the following respective meanings.

"Act" means the Virginia Housing Authorities Law, Chapter 1, Title 36 of the Code of Virginia of 1950, as amended.

"Adjusted Family Income" means the anticipated annual income of a person (together with the anticipated annual income of all persons who intend to reside with such person in one residential unit), as determined in a manner consistent with Section 8 of the United States Housing Act of 1937 or if such program is terminated under such program as in effect immediately before such termination.

"Available Units" means residential units in a residential rental project that are actually occupied and residential units in the project that are unoccupied and have been leased at least once after becoming available for occupancy, provided that a residential unit that is not available for occupancy due to

renovations is not an Available Unit and does not become an Available Unit until it has been leased for the first time after the renovations are completed.

"Bond Counsel" means Williams Mullen or any other law firm of nationally recognized standing in the field of municipal finance law whose opinions are generally accepted by purchasers of tax-exempt obligations that is acceptable to the Issuer.

"Bondholder" means, with respect to any Bond, the registered owner of such Bond.

"Bonds" or "Bond" means the \$23,000,000 Newport News Redevelopment and Housing Authority Multifamily Housing Revenue Bonds (Stuart Gardens I Apartments) Series 2026 issued to provide funds to make the Loan.

"Borrower" means Stuart Gardens Housing Partners, LP, a Virginia limited partnership, together with its permitted successors and assigns.

"Business Day" means any day other than (a) a Saturday or a Sunday, (b) any day on which banking institutions located in the city or cities in which the principal office or payment office of the Trustee are located or the city or cities in which any paying agent is located are required or authorized by law or executive order to close, (c) any day on which banking institutions located in the city of New York, New York are required or authorized by law or executive order to close or (d) a day on which The New York Stock Exchange is closed.

"Code" means the Internal Revenue Code of 1986, as amended and supplemented from time to time, or any successor statute, and applicable final, temporary or proposed regulations thereunder.

"Commercial Facilities" means that part of the Project not consisting of (i) that portion of the building or buildings of the Project containing residential units and (ii) any facilities, or portions thereof, that are approved by the Issuer and are properly allocable and are directly related and essential to the portions of such building or buildings containing residential units for purposes of Section 142(d) of the Code, including the Recreation Facilities hereinafter defined and the portion of the parking facilities hereinafter described and the tenant laundry facilities which are intended for use by the Project's residential tenants.

"Commonwealth" means the Commonwealth of Virginia.

"Completion Date Certificate" means the certificate from the Borrower to the Trustee stating that the acquisition, rehabilitation, renovation and equipping of the Project has been completed.

"Compliance Certificate" means the Compliance Certificate substantially in the form of Exhibit "B" hereto, as such form may be revised by the Issuer from time to time upon advice of Bond Counsel.

"Dwelling Units" shall mean the affordable housing eligible apartment facilities located in the Project.

"Electronic Means" means a facsimile transmission or other similar electronic means of communication, including a telephonic communication promptly confirmed by writing or written transmission.

"HUD" shall mean the United States Department of Housing and Urban Development.

"Income Certification" means a Certification of Tenant Eligibility substantially in the form of Exhibit "A" hereto, as such form may be revised by the Issuer from time to time upon advice of Bond Counsel.

"Income Tax Regulations" means any applicable final, proposed or temporary regulations and revenue rulings under the Code. References to a section of the Income Tax Regulations shall be deemed to include any analogous section of revised or successor regulations.

"Indenture" means the Trust Indenture dated as of July 1, 2026, by and between the Issuer and the Trustee, under which the Bonds are issued and secured, as the same may be amended, modified or supplemented from time to time.

"Investor Partner" means USA Institutional Stuart Gardens I LLC, a Delaware limited liability company, or such other limited partner of the Borrower identified by the Borrower in writing to the Trustee and the Issuer, and its respective successors and assigns.

"Issuer" means the Newport News Redevelopment and Housing Authority, a political subdivision of the Commonwealth, duly organized and validly existing under the laws of the Commonwealth, and its successors and assigns.

"Loan" means the proceeds provided by the Issuer to the Borrower pursuant to the Loan Agreement.

"Loan Agreement" means the Loan Agreement dated as of July 1, 2026, between the Borrower and the Issuer, together with any amendments, modifications or supplements thereto.

"Loan Documents" means the Loan Agreement, the Indenture, the Bonds, the Note, and any and all other instruments executed and delivered in connection with the Loan.

"Low Income Persons or Families" or **"Low Income Tenants"** means persons whose aggregate Adjusted Family Income does not exceed 60% of the Median Gross Income for the Area determined by the Secretary of HUD in a manner consistent with determinations of low income families under Section 8(f)(3) of the United States Housing Act of 1937, as amended (or, if such program is terminated, under such program as in effect immediately before such termination), with adjustments for smaller and larger families. For purposes of this definition, the occupants of a residential unit shall not be deemed to be Low Income Persons or Families or Low Income Tenants if all the occupants of such residential unit at any time are "students", as defined in Section 151(c)(4) of the Code, no one of whom is entitled to file a joint return under Section 6013 of the Code.

"Median Gross Income for the Area" means the median income for the households in the area which includes the City of Newport News, Virginia, as determined from time to time by the Secretary of HUD, under Section 8(f)(3) of the United States Housing Act of 1937, as amended (or if such program is terminated, median income determined under the program in effect immediately before such termination), in each case as adjusted for family size, all in accordance with Section 142(d) of the Code.

"Mortgage" means the Multifamily Mortgage, Security Agreement, Assignment of Rents, and Fixture Filing (Virginia) dated as of July __, 2026, given by the Borrower in favor of a deed of trust trustee named therein for the benefit of the Mortgage Lender, as the same may be amended, modified, assigned or supplemented from time to time.

"Mortgage Lender" means Merchants Capital Corp, an Indiana corporation, or another lending institution, or their successors and assigns.

"Mortgaged Property" includes all property covered by the Mortgage.

"Note" means the Note dated as of even date with the Bonds, given by the Borrower and payable to the order of the Issuer, evidencing the Borrower's obligation to repay the Loan, and any riders thereto or amendments thereof.

"Plans" means the final plans and specifications for the Project, as such plans and specifications may be revised from time to time. Modifications to the Plans do not require the approval of the Issuer or the Trustee.

"Project" means the approximately 250 rental units comprised of 59 1-2-story apartment buildings with 112 one-bedroom units, 136 two-bedroom units and 4 three-bedroom units, located on 21.15 acres of the Real Property.

"Qualified Project Period" means that period, beginning on the later of the first day on which at least ten percent (10%) of the residential units in the Project are occupied or the Closing Date and ending on the latest of:

- (i) the date which is 15 years after the later of the Closing Date or the date on which fifty percent (50%) of the residential units in the Project are occupied, or
- (ii) the first day on which no tax-exempt private activity bond issued with respect to the Project is outstanding, or
- (iii) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937, as amended, terminates.

"Qualified Residential Rental Project" means any project for residential rental property if at all times during the Qualified Project Period, such project meets the requirements of Section 142(d)(1)(A) or (B) of the Code, whichever is elected by the Issuer at the time of issuance of the Bonds.

"Real Property" means the land described in Exhibit "C" attached hereto.

"Recreation Facilities" means any recreational or exercise facilities located on the Real Property.

"Rental Housing" means similarly constructed proximate housing units made available for rental, and not ownership, to members of the general public, each of which units shall contain complete living facilities which are to be used on other than a transient basis and facilities which are functionally related and subordinate to the living facilities and which meet the requirements of Section 142(d) of the Code. Rental Housing shall at all times be constructed and maintained in accordance with the applicable building code standards within the City of Newport News, Virginia.

"Substantial Rehabilitation" means the renovation, rehabilitation, improving and equipping of an existing residential rental project where more than 90% of the residential units in the Project are not Available Units at any time within 60 days after the later of (1) the date the Project is acquired or (2) the issue date of the Bonds.

"Trustee" means U.S. Bank Trust Company, National Association, the trustee designated as such under the Indenture or any successor trustee under the Indenture, together with their respective successors and assigns.

Other capitalized terms used herein and not otherwise defined shall have the respective meanings accorded such terms in the Indenture and the Loan Agreement.

2. Completion of the Project. The Borrower covenants to complete the rehabilitation, renovation, improvements and equipping of the Project with due diligence substantially in accordance with the Loan Agreement. Promptly upon such completion, the Borrower shall furnish to the Trustee and the Issuer a Completion Date Certificate. In the event the proceeds of the Loan are insufficient to complete the Project, the Borrower shall pay from other sources additional moneys as are necessary to complete the Project. No proceeds of the Bonds will be used to finance any Commercial Facilities.

3. Qualified Residential Rental Project. The Issuer and the Borrower hereby declare their understanding and intent that the Project is to be owned, managed and operated, as a Qualified Residential Rental Project. The Issuer hereby elects the "40-60" test as set forth in Section 142(d)(1)(B) of the Code. To that end, and in compliance with the Act, the Borrower hereby represents, covenants and agrees as follows:

(a) that the Project is being rehabilitated, renovated improved and equipped for the purpose of providing multifamily residential rental property, and the Project shall be owned, managed and operated as multifamily Rental Housing, all in accordance with Section 142(d)(1) of the Code and Section 1.103-8(b) of the Income Tax Regulations, as the same may be amended from time to time and applicable to the Project;

(b) that all of the dwelling units in the Project will be similarly constructed and each such Dwelling Unit shall contain complete facilities for living, sleeping, eating, cooking and sanitation for a single person or a family;

(c) that during the Qualified Project Period:

(i) none of the Dwelling Units in the Project shall ever be leased or rented for a period of less than thirty (30) days; and

(ii) neither the Project nor any portion thereof shall ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium, nursing home, rest home, or trailer court or park;

(d) that during the Qualified Project Period (i) the dwelling units in the Project shall be leased and rented or made available for rental on a continuous basis to members of the general public, (ii) at least 40% of the Available Units in the Project shall be leased and rented or made available for rental on a continuous basis to Low Income Tenants; and (iii) the Borrower shall not give preference in renting Dwelling Units in the Project to any particular class or group of persons, other than Low Income Tenants as provided herein; provided, however, that an insubstantial number of dwelling units in the Project, may be occupied by maintenance, security or managerial employees of the Borrower or its property manager, which employees must be reasonably necessary for operation of the Project;

(e) that during the Qualified Project Period no part of the Project will at any time be owned or used by a cooperative housing corporation;

(f) that the Project will consist of one or more discrete edifices or other man-made construction, each consisting of an independent foundation, outer walls and roof, all of which will be (i) owned by the same person for federal tax purposes, (ii) located on a common tract of land or two or more tracts of land which are contiguous except for being separated only by a road, street, stream or similar property (tracts are contiguous if their boundaries meet at one or more points), and (iii) financed by the Loan of the Issuer or otherwise pursuant to a common plan of financing, and which will consist entirely of:

(i) units which are similarly constructed; and

(ii) facilities functionally related and subordinate in purpose and size to property described in (i) above, e.g., parking areas, laundries and other Recreational Facilities (none of which may be unavailable to any person because such person is a Low Income Tenant) and other facilities which are reasonably required for the Project, e.g., heating and cooling equipment, trash disposal equipment or units for residential managers or maintenance personnel;

(g) that during the Qualified Project Period the Project will not include a unit in a building where all units in such building are not also included in the Project;

(h) that during the Qualified Project Period the Borrower will not convert the Project from residential rental property to condominium ownership or other use;

(i) that during the Qualified Project Period no Dwelling unit in the Project shall be occupied by the Borrower at any time unless the Borrower resides in a Dwelling Unit in a building or structure which contains at least five dwelling units and unless the resident of such dwelling unit is a resident manager or other necessary employee (e.g., maintenance and security personnel);

(j) that less than 25% of the proceeds of the Bonds will be used for the acquisition of land;

(k) that during the Qualified Project Period, the Borrower will not discriminate on the basis of age, race, creed, religion, color, sex, marital status, or national origin in the lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project;

(l) that during the Qualified Project Period, the Borrower will require all tenants moving into units with existing leases, which units have previously qualified as Low Income Tenant units, to be put on the lease in addition to the current tenant on the lease and to require recertification of said unit.

Unless the above provisions of this Section 3 are amended as permitted under Section 17 hereof, the above provisions of this Section shall remain in effect during the Qualified Project Period; provided, however, the Borrower may be discharged from its obligations under the above provisions of this Section 3 and Section 4 hereof to the extent only that the same are assumed by any successor in interest to the Borrower pursuant to Section 7 hereof.

4. Low Income Tenants. In order to satisfy the requirements of the Act and Section 142(d) of the Code, the Borrower hereby represents, covenants and agrees that, as follows:

(a) (i) commencing on the later of the first date on which 10% of the units in the Project are occupied or the issue date of the Bonds, (1) at least 40% of the Available Units in the Project shall be occupied by Low Income Tenants before any Available Units are rented or leased to any other tenants and

(2) after initial rental occupancy of such dwelling units by Low Income Tenants, at least 40% of the Available Units in the Project at all times shall be rented to and occupied (or held available for rent if previously rented to and occupied by a Low Income Tenant) by Low Income Tenants as required by Section 142(d) of the Code. For the purpose of the requirement that not less than 40% of the Available Units be occupied by Low Income Tenants, if a tenant qualified as a Low Income Tenant upon occupancy, the income of that tenant shall be treated as continuing to not exceed the applicable income limit, notwithstanding that such tenant's income may subsequently exceed the applicable income limit; provided, however, that such person shall no longer be qualified as a Low Income Tenant as of the most recent determination (as provided in Section 4(e) below) if the tenant's Adjusted Family Income exceeds 140% of the then applicable income limit. If it is determined that a tenant's Adjusted Family Income exceeds 140% of the applicable income limit, the Borrower may avoid non-compliance with the rules set forth herein if the next available unit of comparable or smaller size not counted as occupied by a Low Income Tenant is rented to a qualifying Low Income Tenant;

(ii) notwithstanding Section 4(a)(i) above, if the proceeds of the Bonds are financing the acquisition and rehabilitation of an existing residential rental project (other than Substantial Rehabilitation, to which Section 4(a)(i) above will apply), the Borrower shall have twelve months beginning on the date of issuance of the Bonds (the "Transition Period") to satisfy the requirement that at least 40% of the Available Units are occupied by Low Income Tenants. The failure to satisfy the set-aside requirement of this Section 4(a)(ii) by the last day of the Transition Period will cause the Project not to be a Qualified Residential Rental Project as of the issue date of the Bonds issued to finance the Project unless the Bonds issued to finance the Project are redeemed as soon as possible, but in no event later than eighteen months after the issue date of the Bonds;

(b) the income of all tenants who occupy or will occupy the units in the Project will be verified by the Borrower by obtaining an Income Certification and with respect to Low Income Tenants, (i) if the occupant is employed, an employer's written verification of current anticipated annual income or (ii) if the occupant is self-employed, the occupant shall provide an annualized profit and loss statement or (iii) if the occupant is not employed, the occupant shall provide evidence of governmental income or rental assistance and of any other income. Each such certification shall be dated (1) not later than the date of execution of the lease, but in no event more than five days prior to the initial occupancy of such tenant in the Project (and the Borrower shall require such tenant to notify the Borrower of any material change of information in the Income Certification between execution thereof and initial occupancy of such tenant in the Project), and (2) at least annually thereafter, in each case in the form and containing such information as may be required by Section 142(d) of the Code (initially in the form attached hereto as Exhibit "A", as the same may be from time to time amended by the Issuer on the advice of Bond Counsel (a copy of which amendments shall be provided to the Issuer, the Trustee and the Mortgage Lender), or in such other form and manner as may be required by applicable rules, rulings, procedures, official statements, regulations or policies now or hereafter promulgated or proposed by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(a)(7) of the Code;

(c) during the Qualified Project Period, the Borrower shall maintain complete and accurate records pertaining to the Dwelling Units occupied or to be occupied by Low Income Tenants, including Income Certifications, and will permit any duly authorized representative of the Issuer, the Trustee, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Income Certifications of Low Income Tenants residing in the Project for the purpose of verifying compliance by the Borrower hereunder upon reasonable notice and at reasonable times. The Borrower agrees that in the event of an Internal Revenue Service, Department of Treasury or Issuer audit of compliance with this Regulatory Agreement as authorized by this Section 4(c), the Borrower will pay all reasonable fees and expenses of the Issuer, its authorized representatives, and its counsel in

connection with such audit. The Borrower shall keep information as set forth in this Section 4(c) for a period of three years following the end of the Qualified Project Period;

(d) during the Qualified Project Period, (i) the Borrower shall immediately notify the Trustee and the Issuer if at any time the Dwelling Units in the Project are not occupied or available for occupancy as provided in Section 4(a) above, (ii) the Borrower shall prepare and submit to the Issuer, and following the closing of the Mortgage Loan, to the Mortgage Lender, not later than the fifteenth (15th) day of the month following the initial occupancy of any of the units in the Project and not later than the fifteenth (15th) day following the end of each six months thereafter, a Compliance Certificate substantially in the form attached hereto as Exhibit "B" executed by the Borrower stating, among other matters, the number of dwelling units of the Project which were occupied or were deemed to be occupied by Low Income Tenants during such period, and (iii) so long as any Bonds remain Outstanding, the Borrower shall maintain a copy of each Compliance Certificate required under clause (ii) of this subsection and submit copies thereof to the Trustee upon request;

(e) during the Qualified Project Period, the Borrower shall make the determination of whether the income of a tenant of a unit in the Project exceeds the applicable limit at least annually on the basis of the current income of the tenant by causing each tenant to execute a recertification of their annual income. The Borrower shall require in the lease of each Low Income Tenant that the tenant fill out an annual income recertification to help the Borrower determine whether the tenant still qualifies as a Low Income Tenant. The Borrower shall provide in each tenant's lease that completion and execution of such certificates by the tenant is a substantial obligation, noncompliance with which can result in termination of tenancy. Copies of the recertification of a tenant shall be provided to the Trustee as provided in Section 4(b) above; and

(f) the Borrower shall prepare and file with the Issuer, and following the closing of the Mortgage Loan, the Mortgage Lender true copies of each IRS Form 8703 - "Annual Certification of a Residential Rental Project" (or any successor form thereto) as completed and filed with the Internal Revenue Service for each calendar year during the Qualified Project Period, which certification shall be filed within thirty (30) days after each anniversary of the Completion Date (as defined in the Loan Agreement) or at such other times as may be prescribed in the Income Tax Regulations promulgated under Section 142(d)(7) of the Code.

The benefits of Sections 3 and 4 shall inure to, and may be enforced by, the Trustee and the Issuer and their successors and assigns for the Qualified Project Period.

5. Compliance with Act, Code and Rules.

(a) The Borrower covenants and agrees that (i) it will comply with all requirements of the Act, and the rules applicable to it or to the Project; (ii) at no time will it take any action, or fail to take any action, which action or failure to act would adversely affect the exclusion from gross income of the interest on the Bonds for federal income tax purposes; (iii) at least 95% of the net proceeds of the Bonds will be applied to finance a Qualified Residential Rental Project; and (iv) it will maintain the Project at all times during the Qualified Project Period in such a manner that the Project qualifies as a Qualified Residential Rental Project and pursuant thereto, forty percent (40%) or more of the residential units in such Project will be occupied by Low Income Persons or Families, with adjustments for smaller and larger families within the respective meanings ascribed to such quoted terms in Section 142(d) of the Code. In connection with the foregoing and with Section 17(b) hereof, the Borrower agrees to execute and deliver such amendments and supplements to this Regulatory Agreement as the Issuer (with a copy to Bond Counsel and the Trustee) or Bond Counsel (with a copy to the Issuer and the Trustee) reasonably shall determine to be necessary to preserve the exclusion of the interest on the Bonds of the holders thereof from gross income for federal income tax purposes.

(b) The Borrower agrees that it will not request any disbursement under the Loan for:

(i) the acquisition of a building (and any fixtures thereto as of the date of acquisition), the "first use" of which is not pursuant to such acquisition within the meaning of Section 147(d) of the Code, unless the Borrower shall expend from Loan proceeds or other available sources, an amount at least equal to fifteen percent (15%) of "the portion of the cost of acquiring such building (and equipment) financed with the proceeds" of the Bonds for "rehabilitation expenditures" within the meaning of Section 147(d) and of the Code with respect to such building and fixtures;

(ii) the acquisition of land (or an interest therein) in any amount which would cause the aggregate amount therefore and thereupon disbursed for such costs to equal or exceed twenty-five percent (25%) of the net proceeds of the sale of the Bonds; or

(iii) any portion of the Project which would cause the "average reasonably expected economic life", as determined in the manner and as of the time provided by Section 147(b) of the Code, of the portion of the Project that has been, or pursuant to such requested disbursement is to be, financed with proceeds of the Loan to be less than one day more than eighty-three and one-third percent (83 1/3%) of the "average maturity" of the Bonds within the meaning of Section 147(b) of the Code.

If for any reason disbursements under this Section 5(b) in excess of the limits imposed by paragraphs (i), (ii) or (iii) set forth above shall be made, or if, assuming after any disbursement that no further disbursements were made under the Loan Agreement, such limits would be violated by measurement against the amount of disbursements theretofore made, the Borrower agrees to reimburse the Trustee under the Indenture for the portion of any such excess as would be necessary to assure the exclusion of the interest payable on the Bonds of the holders thereof from gross income for federal income tax purposes.

(c) The Borrower agrees that it will not request any disbursement under the Loan for any costs of:

(i) any portion of the Project constituting a "health club facility," a "facility primarily used for gambling," or a "store the principal business of which is the sale of alcoholic beverages for consumption off premises" within the meaning of Section 147(e) of the Code;

(ii) land, or an interest therein, to be used for "farming purposes" within the meaning of Section 147(c)(2) of the Code; and

(iii) any property, other than a building (and fixtures located therein as of the date of the building's acquisition), the "first use" of which is not pursuant to such acquisition within the meaning of Section 147(c)(3) of the Code.

6. Commercial, Recreation and Parking Facilities. The Borrower represents, warrants, covenants and agrees that:

(a) The Project has been designed and will be renovated, rehabilitated, improved, constructed and equipped to include no Commercial Facilities.

(b) The Recreation Facilities are intended and shall be available for use solely by tenants of the Project and their guests. Such use shall be included in the rent charged to each tenant, and no additional fees or charges may be assessed.

(c) The Project shall include approximately 250 one, two and three bedroom units and approximately 206 parking spaces for use by residential tenants and their guests. None of the automobile parking spaces located on the Project will be available for use by persons other than the residential tenants or their guests or invitees; there will be no charge for such parking.

7. Sale, Lease or Transfer of Project.

(a) Except as may be permitted by the Loan Documents, the Borrower shall not sell, lease (other than to resident tenants in the normal course of business), exchange, assign, convey, transfer or otherwise dispose of all or substantially all of the Project or shall not have a change in any general partner (herein collectively called "Disposition") without the prior written consent of the Issuer, and after the closing of the Mortgage Loan, the Mortgage Lender (such Issuer consent not unreasonably to be withheld). Notwithstanding anything to the contrary contained in the Loan Documents, (i) the transfer of interests in the Borrower to the Investor Partner or an affiliate thereof shall not constitute a default under any of the Loan Documents or accelerate the maturity of the Loan and (ii) the withdrawal, removal and/or replacement of Borrower's general partner for cause in accordance with Borrower's Amended and Restated Agreement of Limited Partnership (the "Partnership Agreement") shall not require the consent of Issuer and shall not constitute a default under any of the Loan Documents or accelerate the maturity of the Loan so long as the general partner is replaced with an affiliate of the Investor Partner. The Issuer shall not unreasonably withhold its consent to the substitute general partner if it is other than an affiliate of the Investor Partner. Notwithstanding the foregoing, any substitute general partner shall assume all of the rights and obligations of the removed general partner under all of the Loan Documents. It is expressly agreed that in connection with determining whether to grant or withhold such consent to a Disposition, the Issuer and the Mortgage Lender may (but are not obligated to) (i) consider the creditworthiness of the party to whom such Disposition will be made, its ability to provide services specifically to Low Income Tenants, its prior operation of lower income rental housing, its operation of other housing facilities in the City of Newport News, Virginia, if any, and its management ability with respect to the Project; (ii) consider whether or not any security for the performance of the obligations hereunder will be impaired in any material way by the proposed Disposition; (iii) consider such other factors as the Issuer and the Mortgage Lender may reasonably deem appropriate; (iv) require that the Issuer and the Mortgage Lender be reimbursed for all reasonable costs and expenses incurred by the Issuer for investigating the creditworthiness and management ability of the party to whom such Disposition will be made and in determining whether the Issuer's and the Mortgage Lender's security will be impaired by the proposed Disposition; (v) require the payment to the Issuer of a transfer fee equal to the reasonable costs of investigating and approving the Disposition and documenting the Disposition in its records; (vi) require the payment of its reasonable attorney's fee in connection with such Disposition; (vii) require the execution of modification agreements, supplemental security documents and financing statements, where appropriate, reasonably satisfactory in form and substance to the Issuer and the Mortgage Lender, it being understood and agreed that no material change shall be required to any of the terms and conditions of the Loan Agreement, this Regulatory Agreement or any related instrument or agreement as a condition for the approval of any such Disposition; and (viii) require the payment of the Ordinary Issuer's Fees (as defined in the Indenture) prorated to the date of disposition of the Project. The foregoing provisions shall not operate to limit in any manner any requirements that the Borrower obtain the consent of any other party to such Disposition to the extent required under the terms of the Loan Agreement or any of the other documents executed in connection with the Bonds.

(b) The Borrower covenants that upon a Disposition, it will require the party to whom a Disposition will be made to assume in writing, in a form acceptable to the Issuer, the Trustee, and if the closing of the Mortgage Loan has occurred, the Mortgage Lender, all duties and obligations of the Borrower under this Regulatory Agreement, including this Section 7. The Borrower shall deliver the assumption agreement to the Issuer, the Trustee and the Mortgage Lender concurrently with the Disposition.

(c) It is hereby expressly stipulated and agreed that any Disposition of the Project by the Borrower in violation of this Section 7 shall be null, void and without effect, and shall be ineffective to relieve the Borrower of its obligations under this Regulatory Agreement and the Loan Agreement. The Borrower shall include by incorporation by reference or verbatim the requirements and restrictions contained in this Regulatory Agreement in any deed or other documents transferring any interest in the Project to another person to the end that such transferee has notice of and is bound by such restrictions, and shall obtain the express agreement from any transferee so to abide. In the event that the Issuer approves the Disposition of the Project in accordance with this Section 7, and the transferee has agreed to perform the obligations of the Borrower under the Loan Agreement and this Regulatory Agreement in accordance with the terms and conditions of the Loan Agreement and this Regulatory Agreement, the Borrower shall be released from its obligations hereunder automatically and without further action by the Issuer, and the Issuer shall confirm such release by recordable written instrument, if requested to do so by the Borrower.

(d) Except as permitted in Section 7(a), so long as any portion of the Bonds remains outstanding, there shall be no transfer by any party of more than a 50% ownership interest in the Borrower, nor shall there be any other similarly significant change in the ownership interest, control or relative distribution thereof, of the Borrower by any other method or means including, but not limited to, increased capitalization, merger, corporate or other amendments, issuance of additional or new stock or classification of stock, or otherwise, without the prior written consent of the Issuer, which consent shall not be unreasonably withheld; provided, however, that this subsection 7(d) shall not apply to transfers of the interests in the Borrower to the Investor Partner or its affiliate or of the interests of the Investor Partner in the Borrower.

(e) Any Disposition will be subject to the Issuer, the Trustee, and if the closing of the Mortgage Loan has occurred, the Mortgage Lender, receiving an opinion of Bond Counsel that the transaction contemplated and as carried out will not adversely affect the exclusion of the interest on the Bonds of the holders thereof from gross income for federal income tax purposes.

(f) The restrictions contained in the foregoing provisions of this Section 7 shall not be applicable to any of the following exceptions, and the prior consent of the Issuer shall not be required as to such exceptions: (i) any transfer pursuant to or in lieu of a foreclosure under the Mortgage or other similar disposition of the Project, (ii) grants of utility related easements and utility and other service related leases or easements, including without limitation, laundry service leases or television cable easements, over portions of the Project, provided the same are granted in the ordinary course of business in connection with the operation of the Project as contemplated by this Regulatory Agreement, (iii) leases of apartment units to Low Income Tenants or other tenants in accordance with the requirements of this Regulatory Agreement, (iv) any sale or conveyance to a condemning governmental authority as a direct result of a condemnation or a governmental taking or a threat thereof, and (v) any change in allocations of preferred return capital, depreciation or losses or any final adjustments in capital accounts (all of which may be freely transferred or adjusted by Borrower pursuant to Borrower's Partnership Agreement).

8. Enforcement.

(a) The Issuer, the Borrower and the Trustee each covenant that it will not knowingly take or permit any action that would adversely affect the exemption from federal income taxation of interest on the Bonds. Moreover, each covenants to take any lawful action (including amendment of this Regulatory Agreement as may be necessary, in the opinion of Bond Counsel) to comply fully with the requirements of the Act and with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service from time to time pertaining to obligations the interest on which is tax-exempt under Section 142(d) of the Code and affecting the Project.

(b) If the Borrower defaults in the performance of its obligations under this Regulatory Agreement or breaches any covenant, agreement or warranty of the Borrower set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after notice thereof shall have been given by the Trustee or the Issuer to the Borrower and the Investor Partner (or for an extended period approved in writing by Bond Counsel if such default stated in such notice can be corrected, but not within such 60-day period, and if the Borrower commences such correction within such 60-day period, and thereafter diligently pursues the same to completion within such extended period), then (i) the Borrower agrees to pay the Issuer any rents or other amounts received by the Borrower for any units in the Project which were in violation of this Regulatory Agreement during the period such violation continued, and (ii) the Issuer or the Trustee may apply to any court, state or federal, for specific performance of this Regulatory Agreement or an injunction against any violation of this Regulatory Agreement or any other remedies at law or in equity or any such other actions as it may deem necessary or desirable so as to correct noncompliance with this Regulatory Agreement. Any cure of any event of default hereunder made or tendered by the Investor Partner shall be deemed to be a cure by the Borrower, and shall be accepted or rejected by the Issuer and Trustee on the same basis as if made or tendered by the Borrower.

(c) Notwithstanding anything to the contrary stated in this Regulatory Agreement, the Indenture or the Loan Agreement, the Issuer and the Trustee shall have the right to seek specific performance of any of the covenants and requirements of this Regulatory Agreement concerning the rehabilitation and operation of the Project. The Trustee and the Issuer shall have the right, either jointly or severally, to enforce this Regulatory Agreement and require curing of defaults in such shorter periods than specified above as Bond Counsel may determine necessary to maintain the tax-exempt status of interest on the Bonds. The Trustee shall have the right in accordance with this Section 8, following written notice to the Issuer, to exercise any or all of the Issuer's rights or remedies hereunder.

(d) The Issuer shall receive any reports submitted by the Borrower pursuant to this Regulatory Agreement and shall monitor or cause to be monitored any such reports in accordance with the standards set forth below. In performing their duties and obligations hereunder, the Issuer, the Trustee and their respective counsel may rely upon statements and certificates of the Borrower and tenants and upon audits of the books and records of the Borrower pertaining to occupancy of the Project.

(e) The Borrower and the Issuer each acknowledges that the primary purposes for requiring compliance by the Borrower with the restrictions provided in this Regulatory Agreement are to comply with the requirements of the Act and to preserve the federal income tax exemption of interest on the Bonds to the Bondholders, and that the Trustee on behalf of the Bondholders who are declared to be third-party beneficiaries of this Regulatory Agreement shall be entitled, for any breach of the provisions hereof, to all remedies both at law and in equity in the event of any default hereunder.

(f) Notwithstanding the foregoing, enforcement of this Regulatory Agreement shall not serve as a basis for acceleration of the Loan or result in any claim under such Loan, or claim against the Project, the proceeds of the Loan, or against the rents or other income from the Project (other than Surplus Cash) for payment hereunder.

9. Agreement Binding. This Regulatory Agreement and the covenants contained herein shall run with the Real Property and, except as provided in Section 7 hereof (including each general partner of the Borrower, each of whom the Borrower hereby represents to have authorized the Borrower to bind by this Regulatory Agreement, and, to the extent controlled by the Borrower or any of the foregoing, each person who is "related" to any of the foregoing within the meaning of Section 144(a)(3) of the Code), shall bind the Borrower, its heirs, legal representatives, executors, administrators, successors in office or interest, and assigns, and all subsequent owners of the Project or any interest therein, and the benefits shall inure to

the Issuer, the Trustee and their respective successors and assigns, for the term provided in Section 10 hereof.

10. Term of Agreement. This Regulatory Agreement shall be in full force and effect from the date hereof for the Qualified Project Period regardless of whether the Bonds remain outstanding; provided, however, that the requirements of this Regulatory Agreement shall:

(a) terminate in the event that involuntary non-compliance with this Regulatory Agreement is caused by fire, seizure, requisition, change in federal law or an action of a federal agency which prevents the Issuer from enforcing this Regulatory Agreement, or condemnation or similar event, and if the Borrower, within a reasonable period, either prepays the Loan in full or uses the amounts received as a consequence of such event to construct another project meeting the requirements of Section 142(d) of the Code; or

(b) cease to apply in the event of an involuntary loss or a substantial destruction of the Project as a result of unforeseen events such as fire, seizure, requisition, condemnation, foreclosure or transfer of title by deed in lieu of foreclosure pursuant to the Mortgage or any other mortgage with respect to the Project, so long as, within a reasonable time period, either the Bonds are retired in full or the amounts received as a consequence of such event are used to provide a Qualified Residential Rental Project. Notwithstanding the foregoing, the termination provisions of this Section 10(b) shall cease to apply in the event of foreclosure pursuant to the Mortgage, or other mortgage with respect to the Project, transfer of title by deed-in-lieu of foreclosure, or similar event if, at any time subsequent to such event and during the Qualified Project Period, the Borrower or a related person (as defined in Section 1.103-10(e) of the Treasury Regulations) obtains an ownership interest in the Project for tax purposes.

11. Equal Opportunity. The Borrower will comply with the provisions of any federal, Commonwealth, or local law prohibiting discrimination in housing on the grounds of age, race, color, religion or creed, sex, marital status or national origin, including Title VI of the Civil Rights Act of 1964 (Public Law 88-352, 78 Stat. 241), Title VIII of the Civil Rights Act of 1968 (Public Law 90-284, 82 Stat. 73), and Executive Order 11063.

12. Indemnification. The Borrower hereby covenants and agrees that it shall indemnify and hold harmless the Issuer, the Trustee and their respective directors, board of trustees, officers, commissioners, officials, employees and agents, from and against (i) any and all claims of or on behalf of any person arising from any cause whatsoever in connection with the Project (other than any such claims solely arising from the gross negligence or willful misconduct of the Issuer or the Trustee, respectively) or the financing thereof except for the payment of principal and interest on the Bonds, but including any expenses arising from the failure to make payment of principal and interest on the Bonds; (ii) any and all claims arising from any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees, in connection with the Project or financing thereof; and (iii) all costs, reasonable counsel fees (actually incurred), expenses or liabilities incurred in connection with any such claim or proceeding brought thereon. In the event that any action or proceeding is brought against the Issuer or the Trustee or any of their respective officers, commissioners, officials, employees or agents, with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the indemnified party, shall assume the investigation and defense thereof, including the employment of counsel (reasonably acceptable to the Issuer or the Trustee, as the case may be) and the payment of all expenses. If the Borrower is unable to retain counsel acceptable to an indemnified party, such indemnified party shall have the right to employ separate counsel in any such action or proceedings and to participate in the investigation and defense thereof, and the Borrower shall pay the reasonable, actually incurred fees and expenses of such separate counsel. The provisions of this Section 12 shall survive the termination of this Regulatory Agreement and the resignation or removal of the Trustee.

13. Fees and Expenses.

(a) The Borrower covenants and agrees to pay all expenses, including reasonable attorneys' fees and expenses, paid or to be paid by the Issuer and the Trustee in connection with execution or performance of the obligations of the Borrower under this Regulatory Agreement or the enforcement by the Trustee or the Issuer of the provisions hereof.

(b) The Borrower shall remit payment of the Ongoing Trustee Fee to the Trustee on each July 1 for services rendered pursuant to this Regulatory Agreement from the year the Bonds were issued to the date they are no longer outstanding. "Ongoing Trustee Fee" shall mean the annual fee in the amount of \$4,250, consisting of \$3,500 payable to the Trustee and \$750 for the dissemination agent, due and payable to the Trustee for services rendered pursuant to this Regulatory Agreement, plus reimbursement of reasonable direct out-of-pocket expenses incurred in connection therewith; provided, however that the Ongoing Trustee Fee (excluding direct out-of-pocket expenses) shall not be payable in any year in which the Borrower has already paid the Ordinary Trustee Fees and Expenses pursuant to and as defined in the Indenture.

14. Severability. The invalidity of any clause, part or provision of this Regulatory Agreement shall not affect the validity of the remaining portions thereof.

15. Governing Law. This Regulatory Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the Commonwealth.

16. Property. The Real Property covered by this Regulatory Agreement is described in Exhibit "C" attached hereto.

17. Amendment.

(a) Subject to the provisions of Section 17(b) below, this Regulatory Agreement may not be amended except (i) by a writing duly executed by each of the parties hereto, (ii) with an opinion of Bond Counsel selected by the Issuer to the effect that such amendment does not adversely affect the exclusion of the interest on the Bonds of the holders thereof from gross income for federal income tax purposes, and (iii) if the closing of the Mortgage Loan has occurred, with the consent of the Mortgage Lender.

(b) To the extent the Code and the regulations promulgated thereunder, or any amendments thereto, shall impose requirements upon the ownership or operation of the Project, which requirements shall be applicable by their terms to the Project and which are more restrictive than those imposed by this Regulatory Agreement, the Borrower and the Issuer agree to give notice thereof to the Trustee and that this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements; and the Borrower, the Trustee and the Issuer shall execute, deliver and, if applicable, file of record any and all documents and instruments necessary in the opinion of Bond Counsel to maintain the exclusion from gross income of the interest on the Bonds, and if the Borrower, the Trustee or the Issuer defaults in the performance of their obligation to execute such an amendment under this Section 17(b), the Borrower and the Issuer hereby appoint the Trustee as their true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Borrower, or the Issuer, as is applicable, any such document or instrument.

18. No Individual Liability. No covenant or agreement contained in this Regulatory Agreement shall be deemed to be the covenant or agreement of any commissioner, officer, agent or

employee of the Issuer, or any officer, agent or employee of the Trustee or the Borrower, in his or her individual capacity, and none of such persons shall be subject to any personal liability or accountability by reason of the execution hereof.

19. Covenants Run With the Land and the Real Property; Term. The Issuer and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth in Sections 3 (exclusive of the last paragraph thereof) and 4 herein shall be deemed covenants running with the land, shall run with the Real Property, and shall pass to and be binding upon the Borrower's successors in title and the Borrower's successors and assigns. Each and every contract, deed or other instrument hereafter executed covering or conveying the Real Property or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, regardless of whether or not such covenants are set forth in such contract, deed or other instrument. Unless sooner terminated in accordance with Section 10 hereof, such covenants shall continue in full force and effect for the Qualified Project Period, it being expressly agreed and understood that the provisions hereof are intended to survive the expiration of the Indenture and the retirement of the Bonds, if such expiration and retirement occur prior to the end of the Qualified Project Period. Upon the expiration of the Qualified Project Period, or if the provisions hereof are terminated (in the opinion of Bond Counsel), the Issuer and the Trustee hereby covenant to execute a release of the covenants of the Borrower herein and provide such release to the Borrower for recordation in the real property records of the City of Newport News, Virginia.

20. Post-Defeasance. The Borrower represents, warrants and covenants that in the event that the Bonds are paid in full or defeased and the lien of the Indenture released, prior to the end of the Qualified Project Period, it shall continue to contract, at the Borrower's expense, with a compliance monitoring agent, to review compliance by the Borrower with the requirements of this Regulatory Agreement until the end of the Qualified Project Period. The parties agree that upon such defeasance, all obligations of the Trustee hereunder shall be terminated.

21. Notices. All notices to be given pursuant to this Regulatory Agreement shall be sent by first-class, certified or registered mail, postage prepaid, return receipt requested, or by private courier service which provides evidence of delivery, or sent by Electronic Means, which produces evidence of transmission, confirmed by first-class mail, and in each case shall be deemed to have been given on the date evidenced by the postal or courier receipt or other written evidence of delivery or electronic transmission to the parties hereto at the addresses set forth below, or to such other place as a party may from time to time designate in writing.

To the Borrower:

Stuart Gardens Housing Partners, LP
c/o Vitus Development III, LLC
2607 2nd Avenue, Suite 300
Seattle, WA 98121

To the Issuer:

Newport News Redevelopment and Housing Authority
227 27th Street
Newport News, VA 23607

To the Trustee: U.S. Bank Trust Company, National Association
2 Concourse Parkway, Suite 800
Atlanta, GA 30328-5588
Attention: Zack Buckner

To the Investor Partner: As provided by the Investor Partner to the Trustee in writing in
accordance with the Indenture

22. HUD Rider. If the Borrower closes a mortgage loan in accordance with the terms of the Commitment, then the terms and provisions set forth in Exhibit D (HUD Rider) attached hereto shall be hereby incorporated by reference into this Regulatory Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Regulatory Agreement under seal on the date first above written.

STUART GARDENS HOUSING PARTNERS, LP,
a Virginia limited partnership

By: Stuart Gardens Housing Management, LLC,
a Virginia limited liability company,
its General Partner

By: Vitus Development III, LLC,
a Delaware limited liability company,
its Member and Manager

By: _____
Name: Stephen R. Whyte
Title: President

COMMONWEALTH OF VIRGINIA)
COUNTY OF)

On July __, 2026, before me, _____, (insert name of notary)
Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence
to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s)
on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

WITNESS my hand and official seal.

Notary Public, State of

My Commission

Expires:

**NEWPORT NEWS REDEVELOPMENT AND
HOUSING AUTHORITY**

By: _____
Name: _____
Title: Chairman

COMMONWEALTH OF VIRGINIA:

CITY OF NEWPORT NEWS: to wit:

The foregoing instrument was acknowledged before me, this ____ day of July, 2026, by _____, Chairman of the Newport News Redevelopment and Housing Authority, a political subdivision of the Commonwealth of Virginia, in its behalf. He/she is personally known to me or has presented satisfactory identification to me.

(SEAL)

Notary Public

My Commission Expires: _____

Registration No.: _____

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION**, as trustee

By: _____
Name: Zacchaeus Buckner
Title: Vice President

STATE OF GEORGIA:

COUNTY OF _____: to wit:

The foregoing instrument was acknowledged before me, this _____ day of July, 2026, by Zacchaeus Buckner, a Vice President of U.S. Bank Trust Company, National Association, a national banking association, in its behalf. He/she is personally known to me or has presented satisfactory identification to me.

(SEAL)

Notary Public

My Commission Expires: _____

Initial Certification _____
Annual Recertification _____
(Check One)

EXHIBIT "A"

CERTIFICATION OF TENANT ELIGIBILITY

RE: Stuart Gardens Housing Partners, LP
City of Newport News, Virginia

I/We, the undersigned, being first duly sworn, state that I/we have read and answered fully, and truthfully each of the following questions for all persons who are to occupy the unit in the above apartment project for which application is made, all of whom are listed below:

1. Name of Members of the Household	2. Relationship to Head of Household	3. <u>Age</u>	4. Social Security Number	5. Place of Employment

6. The anticipated income of all the above persons during the 12-month period beginning this date,

(a) including all wages and salaries, over-time pay, commissions, fees, tips and bonuses before payroll deductions; net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or the allowance for depreciation of capital assets); interest and dividends; the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts; payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation and severance pay; the maximum amount of public assistance available to the above persons; periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling; all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse or other person whose dependents are residing in the unit; and any earned income tax credit to the extent that it exceeds income tax liability, but

(b) excluding casual, sporadic or irregular gifts; amounts which are specifically for or in reimbursement of medical expense; lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses; amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purposes; special pay to a serviceman head of a family who is away from home and exposed to hostile fire;

relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; foster child care payments; the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged for the allotments; and payments received pursuant to participation in ACTION volunteer programs.

And the total for each member is as follows:

<u>Name</u>	<u>Amount</u>
_____	_____
_____	_____
_____	_____

7. If any of the persons described above (or whose income or contributions was included in item 6) has any savings, stocks, bonds, equity in real property or other form of capital investment, provide:

- (a) the total value of all such assets owned by all such persons: \$ _____,
- (b) the amount of income expected to be derived from such assets in the 12-month period commencing this date: \$ _____ and
- (c) the amount of such income which is included in item 6: \$ _____.

8. (a) Will all of the persons listed in column 1 above be or have they been full-time students during five calendar months of this calendar year at an educational institution (other than a correspondence school) with regular faculty and students?

Yes _____ No _____

(b) Is any such person (other than nonresident aliens) married and eligible to file a joint federal income tax return?

Yes _____ No _____

We acknowledge that all of the above information is relevant to the status under federal income tax law of the interest on bonds issued to finance construction of the Project for which application is being made. We consent to the disclosure of such information to the issuer of such bonds, the holders of such bonds, any trustee acting on their behalf and any authorized agent of the Treasury Department or the Internal Revenue Service.

Head of Household

Other

Spouse

SUBSCRIBED AND SWORN to before me this _____ day of _____, _____.

(NOTARY SEAL)

Notary Public in and for the Commonwealth of
Virginia.

My Commission Expires: _____

BORROWER'S STATEMENT: The family or individual(s) named in Section 1 of this Income Certification is (are) eligible under the provisions of the Regulatory Agreement and Declaration of Restrictive Covenants dated as of July 1, 2026 (the "Regulatory Agreement"), by and among Stuart Gardens Housing Partners, LP (the "Borrower"), the Newport News Redevelopment and Housing Authority (the "Issuer") and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), to live in a unit in the Project, as defined in the Regulatory Agreement, and the anticipated annual income from paragraph 6 and, if applicable, from paragraph 7 will be \$_____. In determining whether an individual or a family qualifies as a "lower-income" tenant, appropriate adjustments for the size of the family have been made. Thus, the family or individual(s):

_____ constitutes a Lower-Income Tenant.

_____ Does not constitute a Lower-Income Tenant.

Signature of Borrower's Authorized Agent

Date

REQUEST FOR VERIFICATION OF EMPLOYMENT

PART I - REQUEST

1. Name and Address of Employer

2. Name and Address of Apt. Project

Stuart Gardens I Apartments
1358 Garden Drive
Newport News, Virginia 23607

3. My signature below authorizes verification
of my employment information

4. I certify that this verification has been sent
directly to the employer and has not passed through
the hands of the applicant or any other interested
party. _____

Signature of Apartment Manager

5. Employer Identification #

6. Name and Address of Applicant

Date

PART II - VERIFICATION

7. Present Position:

8. Date of Employment:

9. Current Base Pay \$ _____

(check one)

_____ Annual

_____ Monthly

_____ Hourly

_____ Weekly

10. Average hours worked each week _____

11. Year-to-Date Earnings \$ _____

Overtime _____

Commissions _____

Bonus _____

PART III - EMPLOYER CERTIFICATION

Signature

Name and Title

Date

SUBJECT: Income Certification - explanation of income certificates

In order for the revenue bonds issued to finance this multifamily housing project to qualify as tax-exempt under Sections 103 (a) and 142 (a) (7) of the Internal Revenue Code of 1986, as amended, either (i) 20 percent or more of the units in each multi-family residential rental project must be occupied by individuals whose income is 50 percent or less of the "area median gross income" or (ii) 40 percent or more of the units must be occupied by individuals whose income is 60 percent or less of the area median gross income, depending on which test is elected. The Newport News Redevelopment and Housing Authority has elected the 40-60 test as its "applicable income limit." In determining whether an individual or family meets the "applicable income limit," appropriate adjustments for family size must be made. The purpose of the Income Certification is to assist in determining whether the occupants of a particular unit satisfy the "applicable income limit" requirements for federal tax purposes.

Sections 1, 2, 3 and 8 of the Certificate asks the occupants to list their names, relationship, ages, and whether they are students. Section 3 of the Certificate asks whether any of the students listed in Section 1 are able to file a joint return for federal income tax purposes (i.e., are they married). Section 6 of the Certificate asks each occupant to list his/her anticipated annual income, as defined. Finally, Section 7 asks the occupants to estimate the value of all "capital investments" (excluding "necessary items"), the estimated amount of income expected to be derived from these "capital investments", and the amount of income (that has already been included in Section 6 of the Certificate) expected to be derived from these "capital investments".

The information provided in Sections 1 through 8 of the Certificate should be sufficient to determine whether an individual(s) or the family meets the "applicable income limit" for federal income tax purposes.

The Income Tax Regulations provide that the occupants of a unit shall not be considered to be within the "applicable income limit" if all of the occupants are students no one of whom is entitled to file a joint return for federal income tax purposes. Thus, if Section 1 of the Certificate indicates that all of the occupants are students, and if Section 8 of the Certificate indicates that none of the students are able to file a joint return for federal income tax purposes, the occupants are not within the "applicable income limit" even if the occupants have no income.

Assuming the occupants of the units are not all students, none of whom are entitled to file a joint return for federal income tax purposes, the next step in filling out the Certificate is to determine the "anticipated annual income" of the occupants of the unit for the "certification year." The "certification year" is the twelve-month period of time that begins on the date the unit is first occupied. Thus, if the Certification is completed before the prospective occupants move in, the occupants should recertify the Certificate on the date they actually move into the unit so that you may determine whether they qualify as being within the "applicable income limit."

All payments from all sources received by the Family head (even if temporarily absent) and each additional member of the Family household excluding only the income from employment of children (including foster children) under the age of 18 years that are members of the household should be included in "anticipated annual income." For example, if a 17-year old son or daughter has a part- or full-time job that pays \$5,000 per year and has income from bank deposits of \$100 per year, only the \$100 should be listed. Sections 2 and 3 of the Certificate indicate the various relationships of the occupants in a household

and their ages. Once the anticipated annual income in Section 6 of the Certificate has been totaled, you should determine whether the occupants have "capital investments", including capital investments of any children in the family, of more than \$5,000 listed in Section 1) of the Certificate. If the "capital investments" exceed \$5,000, "anticipated annual income" will be the sum of the amount totaled in Section 6 of the Certificate plus the greater of, if any, (a) the actual amount of income in Section 7(b), minus the amount of income enumerated in Section 7(c), if any, or (b) the "imputed amount of income" minus the amount of income enumerated in Section 7(c), if any. The "imputed amount of income" is the value of the assets listed in Section 7(a) of the Income Certification multiplied by the "current passbook savings rate" as determined by the United States Department of Housing and Urban Development. The "anticipated annual income" of Section 6 of the Certificate plus, if the capital investments exceed \$5,000, the necessary adjustments of Section 7 of the Certificate, as discussed in the preceding paragraph, should be entered in the blank in Section 6 of the Certificate. If the amount entered into the blank in Section 6 of the Certificate does not exceed (1) 42% of the median gross income for the area, in the case of an individual; (2) 48% of the median gross income for the area in the case of a family of two; (3) 54% of the median gross income for the area in the case of a family of three; or (4) 60% of the median gross income for the area in the case of a family of four, then the occupants qualify as being within the "applicable income limit". The appropriate line within action of the Certificate should be checked. (In the case of a family that has more than four members, you should consult the Issuer for the applicable percentages.) If the amount entered in the blank in Section 8 of the Certificate exceeds the applicable percent of median gross income in the area described in the previous sentence, the occupants do not qualify as being within the "applicable income limit".

The "applicable income limit" requirement must be met for the "qualified project period." Thus, 40 percent of the occupants at any one time must satisfy the "applicable income limit requirements" beginning at the time when 10 percent of the units are first occupied. For example, if a project contains 200 units, the "applicable income limit" restrictions need not be met until 20 units have been occupied. However, as soon as 20 units have been occupied, 8 units must actually be occupied by occupants whose income is 60 percent or less of the area median gross income, i.e., it is not sufficient that 8 units are reserved for individuals whose income is 60 percent or less of the area median gross income.

It should be noted that a unit occupied by an individual or family whose income at the commencement of such occupancy falls within the "applicable income limit" is treated as occupied by such an individual or family during their occupancy of such unit, even though their income subsequently exceeds the "applicable income limit," until their income exceeds 140 percent of the "applicable income limit", at which time such unit will cease to be treated as occupied by a tenant who meets the "applicable income limit." Further, if a tenant has occupied a unit for a length of time and decides to add a roommate, the "anticipated annual income" of the new tenant when he/she first occupies the unit, and the "anticipated annual income" of the existing tenant when he/she first occupied the unit must be aggregated to determine whether the unit may continue to be certified as being occupied by individuals whose income falls within the "applicable income limit." If, however, the occupants of a unit move into another unit in the project, the second unit will be treated as occupied by an occupant whose income falls within the "applicable income limit" only if the occupant qualified as being within the "applicable income limit" at the time of the move. Moreover, if a qualifying occupant moves out of a unit, such unit is treated as occupied by an individual or family whose income falls within the "applicable income limit" until reoccupied at which time the character of the unit shall be redetermined.

Finally, if in Section 5 of the Certificate an occupant is unable to provide an Employer verification because he/she is currently unemployed and the occupant is unable to provide a copy of his/her federal income tax return because a return was not filed, such occupant may not be included as meeting the "applicable income limit."

EXHIBIT "B"

COMPLIANCE CERTIFICATE

To: Newport News Redevelopment and Housing Authority

Re: Stuart Gardens I Apartments, City of Newport News, Virginia

Pursuant to Section 4 of the Regulatory Agreement and Declaration of Restrictive Covenants dated as of July 1, 2026 (the "Regulatory Agreement"), the undersigned on behalf of Stuart Gardens Housing Partners LP, Phase I, a Virginia limited partnership (the "Borrower"), hereby certifies with respect to the operation and management of Stuart Gardens I Apartments (the "Project"), that as of the date shown above:

- (1) The total number of Low Income Tenants, as defined in the Regulatory Agreement, is ____.
- (2) The number of units in the Project rented is ____ and the number of Available Units, as defined in the Regulatory Agreement, is 250.
- (3) The percentage that the number of units occupied constitutes of the total number of units is ____%.
- (4) 100% of the Available Units are occupied by Low Income Tenants.
- (5) The information contained in this report is true, accurate and correct as of the date hereof.
- (6) As of the date hereof, the Borrower is not in default under any covenant or agreement contained in the Regulatory Agreement.
- (7) At least 40% of the Available Units in the Project were occupied by Low Income Tenants as required in Section 4 of the Regulatory Agreement.
- (8) All new tenants of the Project and all Low Income Tenants whose incomes are subject to annual verification since the date of the immediately preceding report and certification have executed an income certification as required by Section 4 of the Regulatory Agreement.
- (9) The lowest percentage of the Available Units in the Project that were occupied or treated as being occupied by Low Income Tenants during the month preceding the date hereof was ____%.
- (10) The attached rent roll, which designates the date of initial occupancy, the number of bedrooms, the unit number, the tenant name, the household size (if applicable), and whether the tenant is a Low Income Tenant, is true, accurate and correct.
- (11) As of the first day of the month hereof, the following is true, accurate and correct.

NEW TENANTS

Unit #___	Street <u>Address</u>	Tenant Name <u>Last, First</u>	Date In. <u>Occup.</u>	# <u>Bdr.</u>	# <u>HH</u>	Ten. <u>Type</u>	Annual <u>Income</u>	Rent \$___

TENANT DELETIONS

Unit #___	Street <u>Address</u>	Tenant Name <u>Last, First</u>	Date In. <u>Occup.</u>	# <u>Bdr.</u>	# <u>HH</u>	Ten. <u>Type</u>	Annual <u>Income</u>	Rent \$___

IN WITNESS WHEREOF, the undersigned has signed this Compliance Certificate as of

_____.

STUART GARDENS HOUSING PARTNERS, LP,
a Virginia limited partnership

By: Stuart Gardens Housing Management, LLC,
a Virginia limited liability company,
its General Partner

By: Vitus Development III, LLC,
a Delaware limited liability company,
its Member and Manager

By: _____
Name: Stephen R. Whyte
Title: President

(to be accompanied by current income certifications as required by Section 4 of the Regulatory Agreement)

(to be accompanied by exceptions, if any)

EXHIBIT "C"

LEGAL DESCRIPTION

All that certain lot or parcel of land together with all improvements thereon located and being in the City of Newport News, VA and being more particularly described as follows:

TRACT 1:

ALL THOSE certain lots, pieces or parcels of land situate in the City of Newport News, Virginia, designated and described as "A 3.27 Ac." and "B 17.88 Ac." as shown on Sheets 1 and 2 of a certain plat entitled, "Physical Survey of Part of Lot 1 & Lot 3, Section "C", Stuart Gardens, Newport News, Virginia, known as Parcels "A" & "B" - Stuart Gardens, Phase I, for Stuart Gardens Associates, a Virginia limited partnership," dated March 31, 1980, prepared by Robert T. Addison & Associates, Ltd., Surveyors-Planners, Portsmouth, Virginia, recorded in the Clerk's Office of the Circuit Court of the City of Newport News, Virginia in Map Book 12 at Page 10.

TRACT 2:

TOGETHER WITH those certain non-exclusive easements as set forth in Terms, provisions and conditions set forth in Second Amended and Restated Access and Shared Amenities Easement Agreement dated __, 2026 and recorded __, 2026 as Instrument No. ____.

**Rider to Restrictive
Covenants - Multifamily**

**U.S. Department of Housing
and Urban Development**
Office of Housing

OMB Approval No. 2502-0598
(Exp. 12/31/2027)

The public reporting burden for this collection of information is estimated to average 0.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering, and maintaining the data needed, and completing and reviewing the collection of information. Comments regarding the accuracy of this burden estimate and any suggestions for reducing this burden can be sent to U.S. Department of Housing and Urban Development, Office of the Chief Data Officer, 451 7th St SW, Room 8210, Washington, DC 20410-5000. Do not send completed forms to this address. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a valid OMB control number. HUD collects this information to obtain supportive documentation that must be submitted to HUD for approval. HUD uses this information to ensure that viable projects are developed and maintained. This information is required to obtain benefits derived from the National Housing Act Multifamily Mortgage Insurance Programs. This information collected is authorized under Title II of the National Housing Act (12 USC 1701 et seq.) and the regulations at 24 CFR 200 et seq., and no confidentiality is assured.

Warning: Any person who knowingly presents a false, fictitious, or fraudulent statement or claim in a matter within the jurisdiction of the U.S. Department of Housing and Urban Development is subject to criminal penalties, civil liability, and administrative sanctions.

Project Name: **Stuart Gardens I**
HUD Project No: **051-35897**

This **RIDER TO RESTRICTIVE COVENANTS “Rider”** is made as of **July**, 20**26**, by **STUART GARDENS HOUSING PARTNERS, LP, a Virginia limited partnership** (“Borrower”), **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a National banking association, as trustee (“Trustee”)** and **NEWPORT NEWS REDEVELOPMENT AUTHORITY (“Agency”)**.

Recitals

WHEREAS, Borrower has obtained financing from **Merchants Capital Corp., an Indiana corporation (“Lender”)**, for the benefit of the project known as **Stuart Gardens I (“Project”)**, which loan is secured by a **Multifamily Deed of Trust, Assignment of Leases and Rents and Security Agreement (“Security Instrument”)** dated as of **July**, 20**26**, and recorded in the recorder’s office of **Newport News, Virginia (“Records”)** contemporaneously herewith, and is insured by the United States Department of Housing and Urban Development (“HUD”), covering the property described in **Exhibit A** attached hereto;

WHEREAS, Borrower is receiving **tax-exempt bond financing** from the Agency, which Agency is requiring certain restrictions be recorded against the Project Regulatory Agreement and Declaration of Restrictive Covenants;

WHEREAS, HUD requires as a condition of its insuring Lender’s financing to the Project, that the lien and covenants of the Restrictive Covenants be subordinated to the lien, covenants, and enforcement of the Mortgage Loan Documents; and

WHEREAS, the Agency has agreed to subordinate the Restrictive Covenants to the lien, covenants, and enforcement of the Mortgage Loan Documents in accordance with the terms of this Rider.

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

1. In addition to the terms defined in the introduction and Recitals to this Rider, for purposes of this Rider the following terms have the meanings set forth below:
 - a) **"Code"** means the Internal Revenue Code of 1986, as amended.
 - b) **"HUD Regulatory Agreement"** means the Regulatory Agreement for Multifamily Projects (HUD-92466M) entered into between Borrower and HUD with respect to the Project, as the same may be supplemented, amended or modified from time to time.
 - c) **"HUD Requirements"** means the Mortgage Loan Documents and Program Obligations.
 - d) **"Mortgage Loan"** means the mortgage loan made by Lender to the Borrower pursuant to the Mortgage Loan Documents with respect to the Project.
 - e) **"Mortgage Loan Documents"** means the Security Instrument, the HUD Regulatory Agreement and all other documents required by HUD or Lender in connection with the Mortgage Loan.
 - f) **"National Housing Act"** means the National Housing Act, as amended.
 - g) **"Program Obligations"** has the meaning specified in the Security Instrument.
 - h) **"Residual Receipts"** has the meaning specified in the HUD Regulatory Agreement.
 - i) **"Surplus Cash"** has the meaning specified in the HUD Regulatory Agreement.
2. In the event of any conflict between any provision contained elsewhere in the Restrictive Covenants and any provision contained in this Rider, the provision contained in this Rider shall govern and be controlling in all respects as set forth more fully herein.
3. Borrower covenants that it will not take or permit any action that would result in a violation of the Code, HUD Requirements or Restrictive Covenants. In the event of any conflict between the provisions of the Restrictive Covenants and the provisions of the HUD Requirements, HUD shall be and remains entitled to enforce the HUD Requirements. Notwithstanding the foregoing, nothing herein

limits the Agency's ability to enforce the terms of the Restrictive Covenants, provided such terms do not conflict with statutory provisions of the National Housing Act or the related regulations. The Borrower represents and warrants that to the best of Borrower's knowledge the Restrictive Covenants impose no terms or requirements that conflict with the National Housing Act and related regulations.

4. Notwithstanding anything in the Restrictive Covenants to the contrary, the provisions hereof are expressly subordinate to the HUD Requirements. In the event of foreclosure (or deed in lieu of foreclosure), the Restrictive Covenants (including without limitation, any and all land use covenants and/or restrictions contained herein) shall automatically terminate.
4. Borrower and the Agency acknowledge that Borrower's failure to comply with the Restrictive Covenants does not and shall not serve as a basis for default under the HUD Requirements, unless a default also arises under the HUD Requirements.
5. Except for the Agency's reporting requirement, in enforcing the Restrictive Covenants the Agency will not file any claim against the Project, the Mortgage Loan proceeds, any reserve or deposit required by HUD in connection with the Security Instrument or HUD Regulatory Agreement, or the rents or other income from the Project other than a claim against:
 - a) available Surplus Cash, if the Borrower is not subject to Residual Receipts restrictions;
 - b) available Residual Receipts authorized for release by HUD, if the Borrower is subject to Residual Receipts restrictions; or
 - c) a HUD-approved collateral assignment of any HAP contract.
7. For so long as the Mortgage Loan is outstanding, Borrower and Agency shall not further amend the Restrictive Covenants, with the exception of clerical, without HUD's prior written consent.
8. Subject to the HUD Regulatory Agreement, the Agency may require the Borrower to indemnify and hold the Agency harmless from all loss, cost, damage and expense arising from any claim or proceeding instituted against Agency relating to the subordination and covenants set forth in the Restrictive Covenants, provided, however, that Borrower's obligation to indemnify and hold the Agency harmless shall be limited to available Surplus Cash or Residual Receipts of the Borrower.

9. No action shall be taken in accordance with the rights granted herein to preserve the tax exemption of the interest on the notes or bonds, or prohibiting the owner from taking any action that might jeopardize the tax-exemption, except in strict accord with Program Obligations.
10. **This document may be executed in counterparts, including handwritten and electronic signatures that shall be considered as an original signature for all purposes and shall have the same force and effect as handwritten or manual signatures. "Electronic signatures" shall include manual signatures scanned to an electronic format for transmission (e.g., via portable document format); digital signatures created with the use of electronic authentication software; or such other means of electronic execution as may be sufficient to authenticate the document under governing law. By signing electronically, each party further agrees and consents to waive any objection to the validity, enforceability, and admissibility of any signature contained herewith, to the fullest extent permitted by applicable federal, state, local law, or other requirement.**

[signature pages follow]

Borrower Signature Page to HUD Rider to Restrictive Covenants

The signatory below certifies that all of the information provided in this Rider and in any accompanying documentation is true, accurate, and complete, has been made, presented, and delivered for the purpose of influencing an official action of HUD, and may be relied upon by HUD as a true statement of the facts contained therein. The signatory acknowledges that the submission of any false, fictitious, or fraudulent statement, representation, or certification in this Rider or on any accompanying documents may result in criminal, civil, and/or administrative sanctions, including fines, penalties, and/or imprisonment under applicable federal law.

IN WITNESS WHEREOF, the parties hereto have executed this Rider as of the day and year first written above.

STUART GARDENS HOUSING PARTNERS, LP,
a Virginia limited partnership

By: Stuart Gardens Housing Management, LLC,
a Virginia limited liability company,
its General Partner

By: Vitus Development III, LLC,
a Delaware limited liability company,
its Member and Manager

By: _____
Stephen R. Whyte, President

STATE OF _____)
COUNTY OF _____) SS:

Before me, a Notary Public in and for said County and State, personally appeared Stephen R. Whyte, President of Vitus Development III, LLC, a Delaware limited liability company, which is the Member and Manager of Stuart Gardens II Housing Management, LLC, a Virginia limited liability company, which is the General Partner of Stuart Gardens Housing Partners, LP, a Virginia limited partnership, who, after having been duly sworn, acknowledged the execution of the foregoing HUD Rider to Restrictive Covenants for and on behalf of Stuart Gardens Housing Partners, LP.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and official seal in said County, State of _____, as of this ____ day of _____, 2026.

My Commission Expires: _____

Notary Signature

County of Residence: _____

Notary Printed

WARNING: Federal law provides that anyone who knowingly or willfully submits (or causes to submit) a document containing any false, fictitious, misleading, or fraudulent statement/certification or entry may be criminally prosecuted and may incur civil administrative liability. Penalties upon conviction can include a fine and imprisonment, as provided pursuant to applicable law, which

includes, but is not limited to: 18 USC 1001, 1010, 1012; 31 USC 3729, 3802; 24 CFR Parts 25, 28 and 30; and 2 CFR Parts 180 and 2424.

Agency Signature Page to HUD Rider to Restrictive Covenants

The signatory below certifies that all of the information provided in this Rider and in any accompanying documentation is true, accurate, and complete, has been made, presented, and delivered for the purpose of influencing an official action of HUD, and may be relied upon by HUD as a true statement of the facts contained therein. The signatory acknowledges that the submission of any false, fictitious, or fraudulent statement, representation, or certification in this Rider or on any accompanying documents may result in criminal, civil, and/or administrative sanctions, including fines, penalties, and/or imprisonment under applicable federal law.

IN WITNESS WHEREOF, the parties hereto have executed this Rider as of the day and year first written above.

**NEWPORT NEWS REDEVELOPMENT AND
HOUSING AUTHORITY**

By: _____
Name: _____
Title: _____

COMMONWEALTH OF VIRGINIA:

CITY OF NEWPORT NEWS: to wit:

The foregoing instrument was acknowledged before me, this ____ day of July, 2026, by _____, _____ of the Newport News Redevelopment and Housing Authority, a political subdivision of the Commonwealth of Virginia, in its behalf. He/she is personally known to me or has presented satisfactory identification to me.

(SEAL)

Notary Public

My Commission Expires: _____

Registration No.: _____

WARNING: Federal law provides that anyone who knowingly or willfully submits (or causes to submit) a document containing any false, fictitious, misleading, or fraudulent statement/certification or entry may be criminally prosecuted and may incur civil administrative liability. Penalties upon conviction can include a fine and

imprisonment, as provided pursuant to applicable law, which includes, but is not limited to: 18 USC 1001, 1010, 1012; 31 USC 3729, 3802; 24 CFR Parts 25, 28 and 30; and 2 CFR Parts 180 and 2424.

Trustee Signature Page to HUD Rider to Restrictive Covenants

The signatory below certifies that all of the information provided in this Rider and in any accompanying documentation is true, accurate, and complete, has been made, presented, and delivered for the purpose of influencing an official action of HUD, and may be relied upon by HUD as a true statement of the facts contained therein. The signatory acknowledges that the submission of any false, fictitious, or fraudulent statement, representation, or certification in this Rider or on any accompanying documents may result in criminal, civil, and/or administrative sanctions, including fines, penalties, and/or imprisonment under applicable federal law.

IN WITNESS WHEREOF, the parties hereto have executed this Rider as of the day and year first written above.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as trustee

By: _____
Printed: _____
Title: _____

STATE OF GEORGIA:

_____ OF _____: to wit:

The foregoing instrument was acknowledged before me, this _____ day of July, 2026, by _____, _____ of U.S. Bank Trust Company, National Association, a national banking association, in its behalf. He/she is personally known to me or has presented satisfactory identification to me.

(SEAL)

Notary Public

My Commission Expires: _____

Registration No.: _____

WARNING: Federal law provides that anyone who knowingly or willfully submits (or causes to submit) a document containing any false, fictitious, misleading, or fraudulent statement/certification or entry may be criminally prosecuted and may

incur civil administrative liability. Penalties upon conviction can include a fine and imprisonment, as provided pursuant to applicable law, which includes, but is not limited to: 18 USC 1001, 1010, 1012; 31 USC 3729, 3802; 24 CFR Parts 25, 28 and 30; and 2 CFR Parts 180 and 2424.

Exhibit A

Legal Description

All that certain lot or parcel of land together with all improvements thereon located and being in the City of Newport News, VA and being more particularly described as follows:

TRACT 1:

ALL THOSE certain lots, pieces or parcels of land situate in the City of Newport News, Virginia, designated and described as "A 3.27 Ac." and "B 17.88 Ac." as shown on Sheets 1 and 2 of a certain plat entitled, "Physical Survey of Part of Lot 1 & Lot 3, Section "C", Stuart Gardens, Newport News, Virginia, known as Parcels "A" & "B" - Stuart Gardens, Phase I, for Stuart Gardens Associates, a Virginia limited partnership," dated March 31, 1980, prepared by Robert T. Addison & Associates, Ltd., Surveyors-Planners, Portsmouth, Virginia, recorded in the Clerk's Office of the Circuit Court of the City of Newport News, Virginia in Map Book 12 at Page 10.

TRACT 2:

TOGETHER WITH those certain non-exclusive easements as set forth in Terms, provisions and conditions set forth in Second Amended and Restated Access and Shared Amenities Easement Agreement dated __, 2026 and recorded __, 2026 as Instrument No. ____.

EXHIBIT F

**Draft Tax Certificate and Agreement between the Issuer, the Borrower and the Trustee
dated July __, 2026**

\$23,000,000
NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
MULTIFAMILY HOUSING REVENUE BONDS
(STUART GARDENS I APARTMENTS), SERIES 2026

TAX CERTIFICATE AND AGREEMENT

THIS TAX CERTIFICATE AND AGREEMENT (this "**Tax Certificate**"), dated July __, 2026 (the "**Issue Date**"), is entered into by and between the Newport News Redevelopment and Housing Authority, a political subdivision of the Commonwealth of Virginia (the "**Issuer**"), Stuart Gardens Housing Partners, LP, a Virginia limited partnership (the "**Borrower**"), and U.S. Bank Trust Company, National Association (the "**Trustee**") in connection with the issuance by the Issuer on the date hereof of its \$23,000,000 Multifamily Housing Revenue Bonds (Stuart Gardens I Apartments), Series 2026 (the "**Bonds**").

WHEREAS, on the date hereof (the "**Issue Date**") the Issuer is issuing the Bonds, the proceeds of which, together with certain other available funds, are expected to be used to make a loan to the Borrower to finance the rehabilitation, renovation, construction, improvement and equipping of a multifamily residential rental housing development, consisting of approximately 250 one-bedroom, two-bedroom and three-bedroom affordable housing apartment units, known as the Stuart Gardens I Apartments, located in the City of Newport News, Virginia (the "**Project**").

WHEREAS, under the Internal Revenue Code of 1986, as amended, the Treasury Regulations (including Treasury Regulations issued from time to time applicable to the Bonds) promulgated thereunder and the rulings with respect thereto, the interest paid and to be paid on state or local governmental bonds will be excludable from gross income for federal income tax purposes if the Issuer and certain other benefited parties comply with certain limitations and requirements imposed on the use and operation of the facilities deemed financed or refinanced with the Bonds and on the use and investment of proceeds, if any, of the Bonds and certain other moneys relating to the Bonds; and

WHEREAS, the Issuer and the Borrower have determined to enter into this Tax Certificate (including all exhibits hereto) in order to set forth certain terms and conditions relating to the use and investment of proceeds of the Bonds and of certain other moneys relating to the Bonds in order to assure that interest on the Bonds will be excludable from gross income for federal income tax purposes;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and pursuant to Section 1.148-2(b)(2) of the Treasury Regulations, the Issuer and the Borrower hereby certify, covenant and agree in good faith as follows:

PART I GENERAL

Section 1.1 *Purpose of Certificate.* The Issuer, the Borrower and the Trustee acknowledge that Williams Mullen ("**Bond Counsel**") will rely on the covenants, representations and certifications made herein as a part of its diligence in rendering its opinion that interest on the Bonds is excludable from gross income for federal income tax purposes.

Section 1.2 *Delivery of Bonds; Definition of Proceeds.* The Bonds are being issued and delivered by the Issuer to Colliers Securities LLC (the "**Underwriter**") pursuant to a Bond Purchase Agreement, dated July __, 2026, among the Issuer, the Borrower and the Underwriter (the "**Bond Purchase Agreement**"). The par amount of the Bonds is \$23,000,000 (the "**Sale Proceeds**"). "**Net Sale Proceeds**" equals the Sale Proceeds less amounts deposited in any "reasonably required reserve fund," as defined in Treas. Reg. Section 1.148-1. "**Net Proceeds**" equals Net Sale Proceeds plus investment earnings realized during the period in which funds have been deposited by the Trustee at the direction of the Borrower with the Underwriter, as hereinafter defined, to cash collateralize the Bonds from July __, 2026 (the "**Closing**") through October 1, 2028, and thereafter, at the election of the Borrower, through the Project construction period. Pursuant to a Remarketing Agreement dated as of July __, 2026 (the "**Remarketing Agreement**"), the Underwriter has agreed to remarket the Bonds for the Borrower under the terms thereof.

Section 1.3 *Terms of Bonds.* Interest on the Bonds shall be payable on each April 1 and October 1, commencing October 1, 2026. The Bonds are subject to optional redemption and mandatory redemption in accordance with the satisfaction of the applicable terms and conditions set forth in the Indenture of Trust (as hereinafter defined in Section 1.4 below), and are subject to mandatory tender on the Initial Mandatory Tender Date for purchase on October 1, 2028. The Bonds have a maturity date of October 1, 2030.

Section 1.4 *Security for the Bonds.* The Bonds are issued pursuant to the Virginia Housing Authorities Law, Chapter 1, Title 36 of the Code of Virginia, as now in effect and as from time to time hereafter amended or supplemented (the "**Act**"), Resolutions of the Issuer have been adopted on April 15, 2025, October 21, 2025, and June 16, 2026 (collectively, the "**Resolution**"), and an Indenture of Trust, dated as of July 1, 2026 (the "**Trust Indenture**"), between the Issuer and the Trustee have been agreed upon to provide funds to make a loan (the "**Loan**") to the Borrower from the Issuer pursuant to a Loan Agreement, dated as of July 1, 2026 (the "**Loan Agreement**"), between the Issuer and the Borrower. To evidence its obligation under the Loan Agreement, the Borrower will deliver a promissory note dated the date hereof to the Issuer (the "**Note**").

Section 1.5 *Cash Collateral.* The Bonds will be collateralized from the Closing through the Initial Mandatory Tender Date by cash deposited by the Borrower with the Trustee that may consist of US Treasury Securities or other Eligible Investments (the "**Cash Collateral**"). In accordance with the Verification Report for the Multifamily Housing Revenue Bonds (Stuart Gardens I Apartments), Series 2026 prepared by _____ (the "**Verification Report**"), the Cash Collateral held by the Trustee in the Bond Fund under the Indenture will be sufficient to satisfy the debt service requirements on the Bonds on the Initial Mandatory Tender Date on October 1, 2028 and certain other financial benchmarks outlined herein. A copy of the Verification Report is attached hereto as Exhibit A.

Section 1.6 *Reasonable Expectations and Reliance on Other Parties.*

(a) Unless otherwise indicated, the representations and expectations of the Issuer regarding the amount and use of the proceeds of the Bonds and other amounts described in this Tax Certificate and the use of the Project are based entirely on representations of the Borrower herein and discussions of the undersigned officer of the Issuer and with (i) employees and officers of the Borrower, (ii) counsel to the Borrower, (iii) the Verification Report provider, and (iv) the Remarketing Agent, and such other discussions and investigations as any officer of the Issuer or the Borrower has determined is required in order to enable such individuals in good faith to certify as to the representations set forth herein.

(b) Except as set forth in Section 1.6(a) above, the expectations of the Issuer set forth herein are based in part upon representations of the Underwriter and other parties set forth herein and in the exhibits attached hereto. The Issuer and the Trustee are not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation made herein or in the exhibits attached hereto.

(c) The expectations of the Borrower described herein are based in part upon representations of the Underwriter and representations of other parties as set forth herein and in the exhibits attached hereto. The parties other than the Issuer are not aware of any facts or circumstances that would cause them to question the accuracy or reasonableness of any representation made herein or in the exhibits attached hereto.

Section 1.7 *Capitalized Terms.* Capitalized terms used in this Tax Certificate and not otherwise defined herein shall have the meanings given to them in the Trust Indenture, Loan Agreement or the Regulatory Agreement and the Declaration of Restrictive Covenants by and among the Borrower, the Issuer and the Trustee and dated as of July 1, 2026 (the “**Regulatory Agreement**”).

PART II QUALIFIED RESIDENTIAL RENTAL PROJECT REQUIREMENTS

Section 2.1 *Qualification of Project as Qualified Residential Rental Project.* The Project qualifies as a “**qualified residential rental project**” within the meaning of Section 142(a)(7) of the Internal Revenue Code of 1986, as amended (the “**Code**”) based in part on the following representations, warranties and covenants of the Borrower:

(a) All of the buildings in the Project will be rehabilitated, renovated, constructed, improved and equipped and owned for federal income tax purposes by the same person (the Borrower or an affiliate thereof) and will be located on a single tract of land as described in the Legal Description attached as Exhibit C to the Regulatory Agreement. Additionally, (i) all of the apartment units in the Project will be residential units or functionally related and subordinate facilities; (ii) the land on which the Project is located, and the portions of the Project that will be functionally related and subordinate facilities will be commensurate with the character and size of the Project; (iii) none of the apartment units in the Project will be used on a transient basis by being leased for a period of less than 30 days or by being used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium or rest

home; and (iv) all of the units will be available to the public generally without preference or priority except as necessary to comply with low and moderate income limits.

(b) The residential units in the Project will be similarly rehabilitated, renovated, constructed, improved and equipped and all will contain separate facilities for living, sleeping, eating, cooking and sanitation and each unit will contain a living area, a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator, and sink, all of which are separate and distinct from similar areas of other apartment units in the Project.

(c) At all times during the "**qualified project period**" (defined as the period beginning on the latest of the first day on which 10% of the residential units in the Project are occupied or the Issue Date, and ending on the latest of (i) the date which is 15 years after the date on which 50% of the residential apartment units in the Project are occupied, (ii) the first day on which no tax-exempt bonds issued for the Project are outstanding or (iii) the date on which assistance, if any, provided for the Project under Section 8 of the United States Housing Act of 1937 terminates) each residential unit in the Project will be rented or available for rental on a continuous basis.

(d) Any office space financed as part of the Project will be located on the premises of the Project and not more than a de minimis amount of the functions to be performed at such office will not be directly related to the daily operations of the Project.

Section 2.2 Use of Net Proceeds. The Sale Proceeds and other sources of funds will initially be allocated to the Project and other costs as set forth in Exhibit B. No less than ninety-five percent of the Net Proceeds of the Bonds will be spent for amounts chargeable to the Project's capital account or would be so chargeable with a proper election (the "**Qualifying Costs**"). As such, the Issuer will not use more than \$1,150,000 of the Net Proceeds of the Bonds to pay any cost that is not a Qualifying Cost. If such funds are needed for such purpose, that amount will be equal to 5% of the Sale Proceeds of the Bonds or \$1,150,000 as reduced by Sale Proceeds used to pay Issuance Costs (as defined in Section 3.4 hereof) which would equal \$0, since the Borrower represents that such expenses will be funded from sources of funds other than the Sales Proceeds. **The Borrower and Issuer reserve the right to reallocate Sale Proceeds and other sources of funds as permissible under Treasury Regulation Section 1.148-6.**

Section 2.3 Income Restrictions

(a) The Issuer and the Borrower have elected that the Project will be subject to the requirement that not less than 40% of the units will be occupied by individuals whose income is 60% or less of area median gross income ("**AMI**"). Pursuant to the tax credit Land Use Restriction Agreement (the "**LURA**") as required by Virginia Housing, a state housing agency of the Commonwealth of Virginia ("**Virginia Housing**"), 26 of the housing units will be at 40% AMI, 124 of the housing units will be at 50% AMI and 100 housing units will be at 60% AMI.

(b) At all times during the Qualified Project Period, not less than 40% of the units of the Project (the "**Low Income Units**") will be occupied by individuals whose income is 60% or less of area median gross income on the date of initial occupancy (the "**Income Limit**") adjusted for family size. Any Low Income Unit that is occupied by a tenant complying with the

Income Limit on the date of occupancy shall continue to be treated as if occupied by such a tenant so long as such tenant's annual income does not exceed 140% of the Income Limit. If a tenant's income increases beyond 140% of the Income Limit, with the consequence that less than 40% of the apartment units in each portion of the Project are rented to tenants who qualify within the Income Limit, the Borrower will rent the next available residential unit in the Project that is of comparable or smaller size to a tenant who qualifies within the Income Limit.

(c) At all times during the Qualified Project Period, the income of the residents of the Low Income Units will be determined, at least annually, on the basis of the current income of the residents, in a manner consistent with HUD Guidelines for determinations under Section 8 of the United States Housing Act of 1937 (including adjustments for family size).

(d) The Borrower hereby covenants to determine, at least annually and on the basis of the current income of residents, whether the income of residents of the Low Income Units exceeds the Income Limit and to comply with the income certification requirements set forth in the Regulatory Agreement among the Issuer, the Borrower and the Trustee with respect to the Project. The Borrower also covenants during the Qualified Project Period to file with the Issuer and the Internal Revenue Service copies of Form 8703 - "**Annual Certification of Residential Rental Project**" for each calendar year within 30 days of each anniversary of the Issue Date of the Bonds following the planned completion of the rehabilitation, renovation, construction, improvement and equipping of the Project and the occupancy of the affordable housing units in the Project by qualified residents.

PART III PRIVATE ACTIVITY BOND REQUIREMENTS

Section 3.1 *Limitation on Acquisition of Land.* Sale Proceeds in the amount of \$0 will be allocated to the acquisition of land. Therefore, no more than twenty-five percent (25%) of the Net Proceeds of the Bonds will be used directly or indirectly for the acquisition of land or any interest therein.

Section 3.2 *Limitation on Acquisition of Existing Property.* No Sale Proceeds were allocated to the acquisition or purchase price of any existing building located within the Project at the time the facility was purchased by the Borrower and its affiliates in December, 2022. The Borrower hereby covenants that all rehabilitation expenditures (as defined in Section 147(d)(3) of the Code) financed with Sale Proceeds from the Bonds with respect to any buildings, if any, in the Project may not equal or exceed fifteen percent (15%) of the portion of the cost of renovating such building (and/or related equipment) to be financed with the Bond proceeds. A structure other than a building (and equipment therefor) may be utilized for rehabilitation expenditures (as defined in Section 147(d)(3) of the Code) with respect to such property and will not equal or exceed one hundred percent (100%) of the portion of the cost of rehabilitating and renovating such property to be financed with the Bond proceeds.

Section 3.3 *Limitation on Weighted Average Maturity of Bonds.* The weighted average maturity of the Bonds (___ years) does not exceed 120% of the average reasonably expected economic life of the facilities being financed (average economic life of 40 years x 120% = 48 years). In Exhibit C, the Borrower has set forth the reasonably expected economic life of the Project and the reasonably expected weighted average economic life of the Project as a whole.

Section 3.4 *Issuance Costs.* No Sale Proceeds are expected to be used to finance "Issuance Costs". Therefore, no more than two-percent of the Sale Proceeds of the Bonds will be used to finance Issuance Costs. "Issuance Costs" of the Bonds include, but are not limited to: (a) underwriter discount and fees; (b) counsel fees, including bond counsel and underwriter's counsel, as well as any other specialized counsel fees; (c) financial advisor fees; (d) rating agency fees; (e) trustee fees and trustee's counsel fees; (f) paying agent and certifying and authenticating agent fees related to the issuance of the Bonds; (g) accountant fees related to the issuance of the Bonds; (h) one time administrative charges payable by the Borrower to the Issuer at Closing; (i) publication costs associated with the financing proceedings; and (j) costs of engineering and feasibility studies necessary to the issuance of the Bonds.

The Borrower shall provide for any Issuance Costs of the Bonds in excess of the limit stated above from other available money, which other available money shall not be proceeds derived from the sale of any obligation the interest on which is excluded from gross income under Section 103 of the Code.

Section 3.5 *Prohibited Facilities.* No portion of the Sale Proceeds will be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises.

Section 3.6 *Volume Cap.* The Virginia Department of Housing and Community Development (the "**Department**"), as the state agency authorized to allocate volume cap for the Commonwealth, approved the Borrower's request for volume cap allocation in the amount of \$23,000,000 with respect to the Bonds, as evidenced by letters from the Department dated June 1, 2026 awarding a tax exempt Bond allocation award from the Local Housing Authority in the amount of \$23,000,000.

Section 3.7 *Public Hearing and Approval.* The issuance of the Bonds was approved by the City Council of the City of Newport News, Virginia (the "**City**") on December 9, 2025 following a public hearing held by the Issuer on April 15, 2025, notice of which was published on April 1, 2025 and April 8, 2025, respectively, in The Virginian Pilot, a newspaper of general circulation in the City.

Section 3.8 *Capital Expenditures.* All costs of the Project will be capital expenditures for federal income tax purposes.

Section 3.9 *Delegation.* With respect to the determination required pursuant to Section 42(m)(2)(d) of the Code, the Issuer delegates to the Virginia Housing state agency with respect to the Project the obligation to make the determination that the amount of tax credits awarded to the Project does not exceed the amount that is necessary for the financial feasibility of the Project and its viability as a qualified low-income housing project through the tax credit period.

PART IV ARBITRAGE

Section 4.1 *Bond Proceeds.* On the basis of the facts, estimates and circumstances in existence on the date hereof, the Issuer and Borrower reasonably expect Sale Proceeds in the

amount of \$23,000,000 to be deposited into the Project Fund and used to finance costs of the Project.

Section 4.2 *[Reserved]*

Section 4.3 *Purpose Investment; Program Investment.*

(a) The Loan Agreement provides for payments by the Borrower of principal, premium, if any, and interest in amounts and at times sufficient to pay the principal of, premium, if any, and interest on the Bonds at maturity or upon redemption. As set forth in Section 4.4 of the Loan Agreement, the Borrower will also pay the Issuer a one time administrative fee in connection with the Loan consisting of an issuance fee in an amount equal to one tenth of the outstanding principal amount of the Bonds at Closing, or \$115,000, payable on the Issue Date (collectively, the "**Administrative Fees**"). There will be no ongoing fees (whether as an issuance fee or otherwise) owed or payable to the Issuer after the Closing.

(b) Bond Counsel has advised that Section 148 of the Code generally prohibits the use of the proceeds of a tax-exempt bond issue to acquire "**investment property**" (as defined in Section 148(b)(2) of the Code) which is reasonably expected to produce a yield over the term of the issuance that is "**materially higher**" (as used in Section 148(b)(1) of the Code) than the yield on the bond issue. The Loan Agreement constitutes "**investment property**." The Loan Agreement is a "**purpose investment**" though, because it was made to carry out the governmental purpose of the Bonds.

(c) Bond Counsel has advised that the Loan Agreement is a purpose investment that is also a "**program investment**" because (i) at least 95% of the cost of the Loan Agreement represents a loan to a person providing housing and related facilities, (ii) at least 95% of the receipts of the Loan Agreement are used to pay principal, interest, or redemption prices on items that financed the program, to pay or reimburse administrative costs of those issues or of the program, to pay or reimburse anticipated losses directly related to the program, to finance additional purpose investments for the same general purposes of the program, or to redeem and retire government obligations at the next earliest possible date of redemption, (iii) the program documents prohibit any obligor on a purpose investment financed by the program or any related party to that obligor from purchasing bonds of an issue that financed the program in an amount related to the amount of the purpose investment acquired from that obligor, and (iv) the issuer has not waived the right to treat the investment as a program investment.

(d) Bond Counsel has advised that, as provided under Treasury Regulations Section 1.148-2(d)(2)(iii), the yield on purpose investments acquired with the proceeds of a tax-exempt bond issue will not be deemed to be "**materially higher**" than the yield on the bond issue if its yield does not exceed the yield on the Bonds by more than one and one-half (1.50%) percentage points.

(e) The Issuer reasonably expects not to receive any payments under the Loan Agreement except for (i) payments by the Borrower of principal, premium, if any, and interest in amounts and at times sufficient to pay the principal of, premium, if any, and interest on the Bonds at maturity or upon redemption; and (ii) the one time Administrative Fees described above in

Section 4.3(a). Based on these expectations, the Borrower Counsel has been advised that as of the date hereof, the yield on the Loan Agreement is not expected to exceed the yield on the Bonds by more than one and one-half percentage points. In determining payments and receipts on purpose investment "qualified administrative costs" as described in Treasury Regulations Section 1.148-5(e)(3) are taken into account. In the event that the Issuer receives additional amounts under the Loan Agreement related to the issuance and carrying of the Bonds, it will consult with Bond Counsel to ensure that such additional amounts will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 4.4 *Funds and Accounts.*

(a) General. The following funds and accounts have been established by the Indenture:

- (i) the Project Fund,
- (ii) the Costs of Issuance Fund;
- (iii) the Bond Fund, and the Negative Arbitrage Account and Remarketing Proceeds Account therein;
- (iv) the Collateral Fund;
- (v) the Expense Fund; and
- (vi) the Rebate Fund.

(b) Project Fund.

(i) Sale Proceeds in the amount of \$23,000,000 will be deposited in the Project Fund and as the Trustee receives amounts from the Mortgage Lender or the Equity Bridge Lender for deposit to the Collateral Fund, Sale Proceeds will be released from the Project Fund to pay costs of the Project. Notwithstanding the direct use of such Sale Proceeds, the Issuer and the Borrower will allocate the Sale Proceeds for federal tax purposes to the Project as described in Exhibit B. The Sale Proceeds deposited in the Project Fund will be invested in Eligible Investments. All investment earnings on deposit in the Project Fund shall be credited to the Negative Arbitrage Account of the Bond Fund. As amounts are released from the Project Fund portions of the Eligible Investments will be reallocated from the Project Fund to the Collateral Fund pursuant to Section 4.04 of the Trust Indenture.

(ii) The Sale Proceeds may be deposited in the Project Fund at the election of the Borrower and may be used to purchase State and Local Government Series Securities ("SLGS") from the United States Department of the Treasury, Bureau of Public Debt on or after the Issue Date, or elect for such funds to be invested in other Eligible Investments under the Trust Indenture. SLGS subscription documents, if such investments are elected to be utilized by the Borrower, will be attached hereto as Exhibit D. Earnings on the SLGS or other Eligible Investments will be deposited into the Negative Arbitrage Account of the Bond Fund.

(iii) The Trustee shall deposit into the specified accounts and sub accounts of the Project Fund all amounts as specified in Section 4.1 above or as otherwise directed by the Borrower. The Trustee shall receive and deposit into the Project Fund Account amounts received as future installments of funds required to be furnished by the [Tax Credit Investor] collectively, the 99.90% member of the Borrower (the “Tax Credit Investor”) in accordance with the provisions of the Amended and Restated Operating Agreement dated as of July 1, 2026 between the Borrower and the Tax Credit Investor (the “Operating Agreement”).

(iv) The rehabilitation, renovation, construction, improvements and equipping of the Project is anticipated to commence in August of 2026 and is expected to be completed in approximately seventeen (17) months after Closing, near the end of January 31, 2028. Thus, amounts in the Project Fund are reasonably expected to be applied to costs of the Project within three years of the date hereof. The Borrower has incurred or expects to incur within six months of the date hereof substantially binding obligations to third parties to expend at least five percent (5%) of the Net Sale Proceeds for such purposes. The allocation of the Net Sale Proceeds (and investment proceeds thereon) to expenditures for the aforementioned purposes will proceed with due diligence to the completion thereof with respect to the Project. Therefore, Net Sale Proceeds may be invested at an unrestricted yield for a period not to exceed three years from the date hereof and, thereafter, shall be invested at a yield not in excess of the yield on the Bonds plus 0.125%. Investment earnings on obligations acquired with such proceeds may be invested at an unrestricted yield for a period not exceeding three years from the date hereof or one year from the receipt thereof, whichever period ends later and, thereafter, shall be invested at a yield not in excess of the yield on the Bonds plus 0.125%.

(c) Cost of Issuance Fund. No Sale Proceeds are expected to be deposited into the Cost of Issuance Fund. Amounts in the Costs of Issuance Fund, if any, shall be used to pay Costs of Issuance of the Bonds. Any amounts remaining on deposit in the Costs of Issuance Fund 30 days after the Issue Date shall be returned to or at the direction of the Borrower. The Cost of Issuance Fund is not pledged to payment of the Bonds and is not reasonably expected to be used to pay principal or interest thereon. Amounts in the Costs of Issuance Fund may be invested without yield restriction.

(d) Bond Fund.

(i) The Bond Fund (and the Negative Arbitrage Account and Remarketing Proceeds Account therein) and the moneys and Eligible Investments therein shall be used solely and exclusively for the payment of debt service as it becomes due on the October 1, 2026 interest payment date, and on each April 1 and October 1 thereafter and on the Initial Mandatory Tender Date when Bonds are outstanding, and Bond Service Charges, if any, as they become due and at stated maturity, or upon voluntary redemption, mandatory redemption or acceleration.

(ii) The Bond Fund (other than the Negative Arbitrage Account and the Remarketing Proceeds Account) will be used primarily to achieve a proper matching of the revenues of the Borrower and debt service on the Bonds within each Bond Year. Amounts deposited in the Bond Fund (other than the Negative Arbitrage Account and the Remarketing Proceeds Account) will be depleted at least once each Bond Year except for a reasonable carryover

amount, if any, not to exceed the greater of (i) the earnings on the Bond Fund (other than the Negative Arbitrage Account and the Remarketing Proceeds Account) for the immediately preceding Bond Year, or (ii) one-twelfth of the debt service due on the Bonds for the immediately preceding Bond Year. To the extent the Bond Fund (other than the Negative Arbitrage Account and the Remarketing Proceeds Account) functions as described in the preceding sentence, it is treated for federal tax purposes as a "**bona fide debt service fund.**" Amounts deposited in the Bond Fund (other than the Negative Arbitrage Account and the Remarketing Proceeds Account) may be invested at an unrestricted yield for a period not to exceed 13 months from the date of initial deposit. Thereafter, such amounts shall be invested at a yield not in excess of the yield on the Bonds plus 0.001%.

(iii) On the Issue Date, \$0 will be deposited into the Negative Arbitrage Account Earnings from a source other than Sale Proceeds, and earnings on the Project Fund and the Collateral Fund are expected and will be transferred into the Negative Arbitrage Account on a regular basis after Closing. All amounts in the Negative Arbitrage Account are reasonably expected to be used to pay interest on the Bonds from the Issue Date to the Mandatory Tender Date. Amounts in the Negative Arbitrage Account shall not be invested at a yield in excess of the yield on the Bonds.

(e) Collateral Fund. Proceeds of the Mortgage Loan and the Equity Bridge Loan made to the Borrower by the Mortgage Lender equity contributions made to the Borrower by the Investor Member, respectively, and the Equity Bridge Lender will be deposited into the Collateral Fund, if such funds are available, prior to the disbursement of funds from the Project Fund to pay costs of the Project in an amount equal to the amount to be disbursed from the Project Fund, and will serve as cash collateral for the Bonds. Once the Trustee receives amounts from the Mortgage Lender or the Investor Member Equity Bridge Lender for deposit to the Collateral Fund, it will transfer such amount to the Project Fund, release a like amount of funds from the Project Fund to be used to pay costs of the Project and will allocate a portion of the Eligible Investments to the Collateral Fund pursuant to Section 4.04 of the Indenture. The Collateral Fund is pledged to secure the payment of the Bonds. Amounts in the Collateral Fund shall not be invested at a yield in excess of the yield on the Bonds.

(f) Expense Fund. No Sale Proceeds shall be deposited into the Expense Fund. The Expense Fund is not pledged to payment of the Bonds and is not expected to be used to pay principal or interest thereon. Amounts in the Expense Fund may be invested without yield restriction.

(g) Rebate Fund. No Sale Proceeds shall be deposited into the Rebate Fund. The Rebate Fund is not pledged to payment of the Bonds and is not expected to be used to pay principal or interest thereon. Amounts in the Rebate Fund may be invested without yield restriction.

(h) Capitalized Interest Account. Deposits to the Capitalized Interest Account, if created, and the recipient of funds, if any, shall be made on the dates and in the amounts specified in the Indenture. The Trustee shall transfer funds from the Capitalized Interest Account to the Project Loan to pay interest on the Bonds accruing up to and including the completion of the Project. The Trustee shall transfer any surplus proceeds remaining in the Capitalized Interest

Account after completion of the Project into the Project Fund to pay interest on the Bonds at the written direction of the Lender. Funds in the Capitalized Interest Account may be invested without yield restriction.

(i) No Other Funds as Security. Other than as described above there are no funds or accounts established by the Issuer or the Borrower pursuant to the Trust Indenture or otherwise that are reasonably expected to be used to pay debt service on the Bonds or pledged (including negative pledges) as collateral for the Bonds and for which there is a reasonable assurance that amounts on deposit therein will be available to pay debt service on the Bonds if the Borrower encounters financial difficulty.

(j) Replacement Proceeds. Replacement proceeds (as such term is defined in Treasury Regulation Section 1.148-1(c)), if any, may be invested at an unrestricted yield for a period of 30 days beginning on the date that the amounts are first treated as replacement proceeds and, thereafter, shall be invested at a yield not in excess of the yield on the Bonds plus 0.001%. Earnings on such amounts may be invested at an unrestricted yield for a period not to exceed one year from the date of receipt of the amount earned and, thereafter, shall be invested at a yield not in excess of the yield on the Bonds plus 0.001%.

Section 4.5 *Yield.* The Bonds are a variable yield issue (as such term is defined in the Treasury Regulations). For purposes of this Tax Certificate, the Issuer and the Borrower have been advised that the term "**yield**" means (i) with respect to a variable yield issue [such as the Bonds], the yield computed pursuant to Section 1.148-4 of the Treasury Regulations separately for each computation period (as referred to in subparagraph (d) below), including in such computation all payments properly attributable to each such computation period of principal and interest on the Bonds, fees paid and reasonably expected to be paid for a Qualified Guarantee (as defined in Section 1.148-4(f) of the Treasury Regulations) on the Bonds and amounts properly allocable to a Qualified Hedge (as defined in Section 1.148-4(h)(2) of the Treasury Regulations), and (ii) with respect to obligations acquired with amounts described in Section 4.4 hereof, that discount rate that, when used in computing the present value as of the date the investment is first allocated to Gross Proceeds (as defined in Part V of this Tax Certificate) of all unconditionally payable receipts from the investment, produces an amount equal to the present value using the same discount factor as the amounts actually or constructively paid for such obligation. The yield on obligations acquired with amounts described in Section 4.4 hereof and the yield on the Bonds will be calculated by the use of the same frequency interval of compounding interest.

(a) Issue Price. For purposes of calculating yield, the issue price of the Bonds is the first price at which at least 10% of each maturity of the Bonds was sold to the public unless the "hold-the offering-price" rule applies, as described in Treas. Reg. Section 1.148-1(f). The issue price of the Bonds determined as set forth in the preceding sentence, based on the certificates from the Underwriter attached hereto as Exhibit E, is \$23,000,000 (representing the principal amount of the Bonds).

(b) Qualified Guarantee. Fees properly allocable to payments for a qualified guarantee for an issue of tax-exempt bonds are treated as additional interest on that issue for purposes of computing the yield thereon under Treasury Regulations Section 1.148-4(f). However, no qualified guarantees are expected to be procured to provide credit enhancement for the Bonds.

(c) Qualified Hedge. Payments made or received under a qualified hedge (as defined in Treasury Regulations Section 1.148-4(h)) are taken into account in determining the yield on an issue. As of the date hereof, the Issuer has not taken the steps necessary to cause any hedge with respect to the Bonds to be a qualified hedge.

(d) Computation Periods. The yield on the Bonds is computed separately for each computation period. A computation period is the period between computation dates with respect to the Bonds (a "**Computation Period**"). The Issuer may treat the last day of any Bond Year ending on or before July __, 2027 (the "**first required payment date**"), as a computation date with respect to the Bonds. After the first required payment date, the Issuer must consistently treat either the last day of each Bond Year or the last day of each fifth Bond Year or the maturity date of the Bonds, if earlier, as a computation date (the "**Computation Date**") and may not change the Computation Date after the first required payment date.

Section 4.6 *Yield Reduction Payments*. Notwithstanding any of the provisions of Section 4.4 above that require the Issuer to invest Sale Proceeds and any related investment proceeds at a yield not in excess of the yield on the Bonds, the yield on certain investments acquired with proceeds of the Bonds will not be considered to be higher than the applicable yield limitation described in Section 4.4 above if the Issuer makes or causes to be made "**yield reduction payments**" to the United States Treasury at the time and in the amounts described in Section 1.148-5(c) of the Treasury Regulations. The Borrower covenants to consult with Bond Counsel prior to making any "**yield reduction payment**" under Section 1.148-5(c) of the Treasury Regulations.

Section 4.7 *Universal Cap*. Notwithstanding any restrictions on the investment of proceeds of the Bonds and other amounts set forth in Section 4.4 of this Tax Certificate, proceeds of the Bonds and other amounts treated as proceeds of the Bonds are allocated and remain allocated to the Bonds, and are thereby subject to the restrictions contained in this Tax Certificate, only to the extent that the value of such proceeds does not exceed the value of the outstanding obligations of Bonds.

Section 4.8 *No Replacement*. No portion of the Sale Proceeds will be used as a substitute for funds that have a sufficiently direct nexus to the Bonds or the governmental purpose of the Bonds such that one could reasonably conclude that the funds would have been used for the governmental purpose if the proceeds of the Bonds were not used or to be used for that governmental purpose (such funds being "**replacement proceeds**"). The mere availability or preliminary earmarking of amounts for a governmental purpose does not in itself establish a sufficient nexus to cause those amounts to be replacement proceeds. Any amounts that do constitute replacement proceeds as described in the previous sentence will not be used to acquire directly or indirectly securities or obligations or other investment property producing a yield in excess of the yield on the Bonds. To the extent the Borrower has received amounts that are dedicated to pay for costs of the Project, it has sized the Bonds to account for such amounts. If the Borrower receives future amounts for the Project, it will, use such amounts to pay for costs of the Project that are not otherwise financed by proceeds of the Bonds, or will use such amounts to pay interest and principal on the Bonds on the earliest possible date, and at all times will not invest such amounts at a yield in excess of the yield on the Bonds.

Section 4.9 *No Abusive Arbitrage Device.* Neither the Borrower nor the Issuer have engaged in or will engage in a transaction or series of transactions enabling it to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage and which increases the burden on the market for tax-exempt obligations, including selling obligations that would not otherwise be necessary or issuing obligations sooner or allowing them to remain outstanding longer than would otherwise be necessary. No device has been or will be employed in connection with the issuance of the Bonds in order to obtain a material financial advantage (based on arbitrage) apart from savings attributable to lower interest rates.

Section 4.10 *Single Issue for Arbitrage Purposes.* The Bonds have been sold to the Underwriter and are being issued on the same date pursuant to a similar plan of financing and will be paid out of substantially the same source of funds as the Project. Except with respect to the \$24,000,000 Newport News Redevelopment and Housing Authority Multifamily Housing Revenue Bonds (Stuart Gardens II Project) Series 2026 (the "Phase II Project") that is being developed and financed separately from the Project, and which is not being undertaken by the Borrower pursuant to the same identical plan of financing for the Bonds, therefore no other governmental obligations have been, or will be, sold within fifteen (15) days of the sale date of the Bonds, pursuant to a similar plan of financing as the Bond and will not be paid out of substantially the same source of funds as the Bond. Both the Project and the Phase II Project will be treated separately, but calculated as a single issue for arbitrage purposes.

Section 4.11 *Covenants as to Arbitrage.* The Issuer and Borrower agree that so long as any of the Bonds remain outstanding, money on deposit in any fund or account maintained in connection with the Bonds, whether or not such money was derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner that would cause the Bonds to be "**arbitrage bonds**" (within the meaning of Section 148 of the Code and applicable regulations promulgated from time to time thereunder). The Issuer and Borrower shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations.

PART V REBATE

Section 5.1 *General.* The Borrower recognizes that, unless an exception is met, Section 148(f) of the Code requires that an amount equal to the sum of (i) the excess of the aggregate amount earned on all Nonpurpose Investments (defined below) over the amount that would have been earned if such Nonpurpose Investments had a yield equal to the yield with respect to the Bonds, plus (ii) any income attributable to the excess described in (i), be paid to the United States Treasury (the "**Rebate Requirement**"). The Borrower covenants to comply with the Rebate Requirement as set forth in Section 148(f) of the Code and the Treasury Regulations.

For purposes of this Tax Certificate (including determining the Rebate Requirement), the term "**Bond Year**" shall mean each one-year (or shorter) period ending on a date chosen by the Borrower. If no date is selected before the earlier of the final maturity date or the date that is five years from the Issue Date, each Bond Year ends on the anniversary date of the Issue Date and on the final maturity date.

Section 5.2 *Nonpurpose Investments.* The rules contained in this Part V relate to the requirement to comply with the provisions of Section 148(f) of the Code and the Treasury

Regulations. The rules contained in this Part V shall apply to the investment of Gross Proceeds, as defined below, in any security, obligation, annuity contract or any other investment-type property (as such term is defined in Section 1.148-1(b) of the Treasury Regulations) that is not acquired to carry out the governmental purpose of the Bonds ("**Nonpurpose Investments**"). Nonpurpose Investments shall not include Tax-Exempt Bonds (as herein defined). For purposes of this Tax Certificate, the term "**Tax-Exempt Bonds**" shall include (i) obligations the interest on which is excludable from gross income for federal income tax purposes, (ii) stock in a regulated investment company to the extent that at least 95% of the income to the holder of the interest is excludable from gross income under Section 103 of the Code, and (iii) certificates of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series program described in 31 CFR Part 344.

Section 5.3 *Gross Proceeds.* For purposes of this Tax Certificate, the term "**Gross Proceeds**" means:

- (a) Sales Proceeds derived from the sale of the Bonds;
- (b) amounts that are reasonably expected to be or are in fact used to pay debt service on the Bonds;
- (c) amounts pledged as security for the payment of debt service with respect to the Bonds;
- (d) amounts treated as "**transferred proceeds**" of the Bonds, within the meaning of Section 1.148-1(b) of the Treasury Regulations, if any;
- (e) amounts treated as "**replacement proceeds**" of the Bonds, within the meaning of Section 1.148-1(c) of the Treasury Regulations, if any; and
- (f) investment earnings on amounts described in subparagraphs (a)-(e) above.

Section 5.4 *Yield.* Yield, for purposes of complying with the Rebate Requirement, is to be calculated pursuant to Section 4.5 of this Tax Certificate. For purposes of calculating the yield on a Nonpurpose Investment, the purchase price will be the amount paid for such investment or, if different, the fair market value of such investment on the date it becomes Gross Proceeds.

Section 5.5 *Fair Market Price.* For purposes of this Tax Certificate, the purchase price and disposition price of a Nonpurpose Investment will be the fair market value of the investment ("**Fair Market Value**"). This means that a premium may not be paid to adjust the yield on an investment, a lower interest rate than is usually paid may not adjust the yield on an investment and no transaction may result in a smaller profit or larger loss than would have resulted if the transaction had been at arm's length and had the yield on the Bonds not been relevant to either party. An investment that is not of a type traded on an established market, within the meaning of Section 1273 of the Code, is rebuttably presumed to be acquired or disposed of at a price that is not its fair market value. In determining payments and receipts on Nonpurpose Investments, qualified administrative costs are taken into account. Qualified administrative costs are reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage or selling commissions, but not legal and accounting fees, recordkeeping, custody, and

similar costs. General overhead costs and similar indirect costs of the Issuer or the Borrower, such as employee salaries and office expenses and costs associated with computing the Rebate Requirement are not qualified administrative costs. In general, administrative costs are not reasonable unless they are comparable to administrative costs that would be charged for the same investment or a reasonably comparable investment if acquired with a source of funds other than gross proceeds of tax-exempt bonds. The Borrower agrees to maintain records for each such obligation sufficient to establish that the purchase price and the disposition price of each Nonpurpose Investment is Fair Market Value.

Section 5.6 *Record Keeping.* With respect to all Nonpurpose Investments acquired in any fund or account established and held by the Borrower, or by the Trustee on behalf of or for the benefit of the Borrower, the entity in custody of such fund or account or for whose benefit the fund or account is held shall record or cause to be recorded the following information: (i) purchase date, (ii) purchase price, (iii) information establishing that the purchase price is the fair market value as of such date (e.g., the published quoted bid by a dealer in such an investment on the date of purchase), (iv) any accrued interest paid, (v) face amount, (vi) coupon rate, (vii) periodicity of interest payments, (viii) disposition price, (ix) any accrued interest received, and (x) disposition date. To the extent any investment becomes a Nonpurpose Investment by becoming Gross Proceeds after it was originally purchased, it shall be treated as if it were acquired at its fair market value at the time it becomes a Nonpurpose Investment. To the extent any investment ceases to be a Nonpurpose Investment by ceasing to be Gross Proceeds prior to the date it is disposed of or matures, it shall be treated as if it were disposed of at its fair market value at the time it ceased to be a Nonpurpose Investment.

Section 5.7 *Retention of Records.* Amounts determined to be required to be paid to the United States in compliance with the Rebate Requirement shall be paid by the Borrower to the United States in accordance with the rules set forth in the Treasury Regulations. Records of all determinations made hereunder shall be retained by the Borrower or by the Trustee, on behalf of or for the benefit of the Borrower until three years after the complete retirement of the Bonds.

Section 5.8 *Bona Fide Debt Service Fund Exception.* Moneys in a bona fide debt service fund shall not be taken into account for a Bond Year if the gross earnings thereon are less than \$100,000; an issue with an average annual debt service not in excess of \$2,500,000, may be treated as satisfying this \$100,000 limitation.

Section 5.9 *Engagement of Experts.* The Borrower covenants that it will engage a firm nationally recognized in the calculation of rebate, to perform the calculations necessary to comply with the Rebate Requirement, as set forth in Section 148(f) of the Code and the Treasury Regulations.

Section 5.10 *Survival of Bonds.* Notwithstanding anything in this Tax Certificate to the contrary, the obligations set forth in this Part V shall survive the defeasance or payment in full of the Bonds.

Section 5.11 *Payment of Rebate.* The Issuer will pay, from amounts provided by the Borrower, the amount determined to be required to be paid to the United States in compliance with the Rebate Requirement. Each payment shall be made not later than sixty (60) days after each

computation date. Each payment, when added to all previous rebate payments with respect to the Bonds, must be in an amount not less than ninety percent (90%) of the Rebate Requirement as of each computation date. All of the Rebate Requirement must be paid to the United States within sixty (60) days after the final maturity date of the Bonds. Payment shall be made to the applicable Internal Revenue Service and be accompanied by Form 8038-T.

Section 5.12 *Expenditure Exceptions.* The Bonds will not be subject to rebate if they meet one of the rebate exceptions described in Section 148 of the Code.

PART VI OTHER MATTERS

Section 6.1 *No Pooled Financing Bond.* No portion of the proceeds derived from the sale of the Bonds will be used, directly or indirectly, to make or finance loans to any borrower other than the Borrower.

Section 6.2 *No Hedge Bond.* The Borrower reasonably expects that at least 85% of the spendable proceeds of the Bonds will be used to carry out the governmental purpose of the issue within the three (3) year period beginning on the date hereof. Additionally, not more than fifty percent (50%) of the proceeds of the Bonds will be invested in nonpurpose investments having a substantially guaranteed yield for four years or more.

Section 6.3 *No Federal Guarantee.* The Borrower will not, directly or indirectly, use or permit the use of any proceeds of the Bonds, or take or omit to take any action, that would cause the Bonds to be considered "**federally guaranteed**" within the meaning of Section 149(b) of the Code.

Section 6.4 *Change in Use.* The Borrower reasonably expects that the property financed with the proceeds of the Bonds will be used as a "**qualified residential rental project**" within the meaning of Section 142(a)(7) of the Code during the term during which the Bonds are outstanding. The Borrower further represents, warrants and covenants that such use will not change unless an opinion of Bond Counsel is received with respect to such proposed change in use of the proceeds of the Bonds or the Project.

Section 6.5 *Twenty-Five Percent (25%) Test.* The Borrower hereby covenants to utilize twenty five percent (25%) or more of the Sales Proceeds derived from the purchase of the Note to finance the aggregate basis of the rehabilitation, renovation, construction, improvement and equipping of the Project.

Section 6.6 *Information Reporting.* The Issuer and the Borrower certify that the information required by Section 149(e) of the Code and set forth in Internal Revenue Service Form 8038 relating to the Bonds (a copy of which is attached as Exhibit F hereto) was provided to the Issuer by the Borrower and reflects the reasonable expectations of the Borrower with respect to the Bonds and the proceeds thereof as of the date of this certificate.

Section 6.7 *Reimbursement.* No Sale Proceeds are expected to be applied to reimburse the Borrower for costs incurred and paid with funds of the Borrower prior to the date hereof (the "**Expenditures**").

(a) Official Intent. Each of the Expenditures (other than Expenditures described in subsection (d) below) relating to the Project were paid no earlier than 60 days prior to April 15, 2025 (the "**Intent Date**"), the date that the Issuer made its declaration of official intent for such Expenditures (the "**Reimbursement Declaration**") which is attached to this Tax Certificate as Exhibit F, in accordance with the provisions of Treasury Regulations Section 1.150-2. The Reimbursement Declaration was, on the date it was made, intended to constitute written documentation on behalf of the Issuer setting forth the Issuer's reasonable expectation to reimburse itself for the Expenditures described in the Reimbursement Declaration with the proceeds of a borrowing. The Reimbursement Declaration sets forth a general description of certain components of the Project and the maximum amount of obligations expected to be issued with respect to the Expenditures described therein as of the dates the Reimbursement Declaration was made. The Issuer has taken no action subsequent to the adoption of the Reimbursement Declaration that is inconsistent with such intent.

(b) Reasonableness of Official Intent. As of the date the Reimbursement Declaration was made, the Issuer reasonably expected to reimburse the Expenditures described in the Reimbursement Declaration with the proceeds of a borrowing. The Issuer does not have a pattern of failing to reimburse Expenditures for which an intention to reimburse such expenditures was declared and which were actually paid by the Issuer other than in circumstances that were unexpected and beyond the control of the Issuer.

(c) Reimbursement Period Requirement. Proceeds to be applied to reimburse the Borrower for the Expenditures will be so applied not later than the later of the date that is (i) 18 months after the Expenditures being reimbursed were paid and (ii) 18 months after the date on which the portion of the Project to which such Expenditures relates was abandoned or placed in service within the meaning of Treasury Regulation Section 1.150-2(c). In no event may proceeds derived from the sale of the Bonds be allocated to reimburse the Borrower for Expenditures more than three years after the date such Expenditures were paid.

(d) Preliminary Expenditures and De Minimis Exception. No Proceeds will be used to reimburse the Borrower for Expenditures paid earlier than 60 days prior to the date that the Issuer made its Reimbursement Declaration unless (i) such Expenditures constitute "Preliminary Expenditures," which include architectural, engineering, surveying, soil testing, issuance costs and similar costs that are incurred prior to commencement of the rehabilitation, renovation, construction, improvement and equipping of the Project, but not land acquisition, site preparation and similar costs incident to commencement of construction, and the proceeds applied to reimburse the Borrower for such Preliminary Expenditures do not exceed 20% of the proceeds of the Bonds; or (ii) such Expenditures are applied to costs of issuance or to amounts not in excess of the lesser of \$100,000 or five (5) percent of the proceeds of the Bonds.

Section 6.8 *Substantial User Requirement.* No person who will be a user of more than 5% of the Project after the Issue Date, and no related person to such user, was a user of the Project in the 5-year period before the Issue Date and will receive 5% or more of proceeds of the Bonds for the user's interest in the Project (excluding use in the period from the date 60 days before the Intent Date to the Issue Date). No Affiliate of the Borrower will purchase or hold any of the Bonds at any time such debt instruments are outstanding.

Section 6.9 *Additional Post Issuance Compliance Matters.*

(a) Post-Issuance Compliance and Record Keeping. It is the intent of the Issuer that any post-issuance compliance responsibilities required by the Code be delegated to the Borrower to the extent permissible.

(b) Remedial Actions. In the event an action takes place (or is anticipated to take place) that will cause the Project not to be used for qualified uses under Section 142 of the Code, the Borrower will consult with Bond Counsel as soon as practicable about taking remedial action as described in Treas. Reg. Section 1.142-2. As advised by Bond Counsel, the Borrower will take all actions necessary to ensure that the "**nonqualified bonds**" (as defined in Treasury Regulations Section 1.141-2) are properly remediated in accordance with the requirements of the Treasury Regulations. The Borrower and the Issuer are familiar with the Internal Revenue Service's Voluntary Compliance Agreement Program pursuant to which issuers of tax-exempt debt may voluntarily resolve violations of the Code and applicable Treasury Regulations on behalf of their bondholders or themselves through closing agreements with the Internal Revenue Service.

Section 6.10 *Authority to Execute Tax Certificate.* The person executing this document on behalf of the Issuer is an authorized representative of the Issuer and is acting for and on behalf of the Issuer in executing this Tax Certificate. To the best of the knowledge and belief of such person, there are no other facts, estimates or circumstances that would materially change the expectations as set forth herein, and said expectations are reasonable.

The person executing this document on behalf of the Borrower is an authorized representative of the Borrower and is acting for and on behalf of the Borrower in executing this Tax Certificate. To the best of the knowledge and belief of such person, there are no other facts, estimates or circumstances that would materially change the expectations as set forth herein, and said expectations are reasonable

Section 6.11 *Amendment.* Notwithstanding any provision of this Tax Certificate, the Issuer and the Borrower may amend this Tax Certificate and thereby alter any actions allowed or required by this Tax Certificate if such amendment is based on a written opinion of Bond Counsel.

Section 6.12 *Counterparts.* This Tax Certificate may be executed in several counterparts, each of which, taken together, shall be an original and all of which shall constitute one and the same instrument.

[Signature Page Follows]

Dated the day and year first written above.

**NEWPORT NEWS REDEVELOPMENT AND HOUSING
AUTHORITY**

By: _____
Name: Thaddeus Holloman
Title: Chairman

COMMONWEALTH OF VIRGINIA:

CITY OF NEWPORT NEWS: to wit:

The foregoing instrument was acknowledged before me, this ____ day of July, 2026, by Thaddeus Holloman, Chairman of the Newport News Redevelopment and Housing Authority, a political subdivision of the Commonwealth of Virginia, in its behalf. He/she is personally known to me or has presented satisfactory identification to me.

(SEAL)

Notary Public

My Commission Expires: _____

Registration No.: _____

[Signature Page to Tax Certificate and Agreement]

Dated the day and year first written above.

STUART GARDENS I HOUSING PARTNERS, LP,
a Virginia limited partnership

By: Stuart Gardens Housing Management, LLC,
a Virginia limited liability company,
its General Partner

By: Vitus Development III, LLC,
a Delaware limited liability company,
its Member and Manager

By: _____
Name: Stephen R. Whyte
Title: President

COMMONWEALTH OF VIRGINIA)
COUNTY OF)

On July __, 2026, before me, _____, (insert name of notary)
Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence
to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s)
on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

WITNESS my hand and official seal.

Notary Public, State of

My Commission Expires: _____

[Signature Page to Tax Certificate and Agreement]

Dated the date first above written.

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee**

Name: Zacchaeus Buckner
Title: Vice President

STATE OF GEORGIA:

COUNTY OF _____: to wit:

The foregoing instrument was acknowledged before me, this _____ day of July, 2026, by Zacchaeus Buckner, a Vice President of U.S. Bank Trust Company, National Association, a national banking association, in its behalf. He/she is personally known to me or has presented satisfactory identification to me.

(SEAL)

Notary Public

My Commission Expires: _____

[Signature Page to Tax Certificate and Agreement]

EXHIBIT INDEX

Exhibit A	Verification Report
Exhibit B	Sources and Uses
Exhibit C	Economic Life Calculation
Exhibit D	SLGS Subscription
Exhibit E	Issue Price Certificate
Exhibit F	IRS Form 8038
Exhibit G	Reimbursement Bond Resolution

EXHIBIT A
VERIFICATION REPORT

EXHIBIT B

SOURCES AND USES PROVIDED BY BORROWER

Sources of Funds

Bond Proceeds (Par)	\$23,000,000.00
Bond Proceeds (Premium)	
Mortgage Loan	
Federal Tax Credit Equity	
Deferred Developer Fee	
Total	<u>\$</u>

Uses of Funds

	\$23,000,000.00
Construction Costs	
Financing Costs	
Deferred Developer Fee	
Operating Reserve & Escrows	
Payment of Bond Principal	
Total	<u>\$</u>

EXHIBIT C

ECONOMIC LIFE CALCULATION

Description of Asset	Guideline ADR Mid-Point Life (Yrs)	Adjustment for Assets Placed in Service (Yrs)	Adjusted Life (Yrs)	Financed Cost of Asset (\$)	Financed Proportion (%)	Portion of Economic Life (Yrs)
Building	40.0	0.00	40.0	\$23,000,000	100.0%	40.0
Total				\$23,000,000	100.0%	40.0

Note: Proceeds in the amount of \$0 are allocated to the purchase of land and were removed from this calculation.

EXHIBIT D
SLGS SUBSCRIPTION

EXHIBIT E

ISSUE PRICE CERTIFICATE

\$23,000,000

**Newport News Redevelopment and Housing Authority
Multifamily Housing Revenue Bonds
(Stuart Gardens I Apartments),
Series 2026**

The undersigned, on behalf of Collier Securities LLC (the “Underwriter”), on behalf of itself, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. Sale of the Bonds. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Exhibit A attached to the Bond Purchase Agreement dated July __, 2026 among the Underwriter, Stuart Gardens Housing Partners, LP, a Virginia limited partnership (the “Borrower”), and the Newport News Redevelopment and Housing Authority (the “Issuer”).

2. Defined Terms.

(a) “Issuer” means the Newport News Redevelopment and Housing Authority, a political subdivision of the Commonwealth of Virginia, duly organized and validly existing under the laws of the Commonwealth of Virginia, and its successors and assigns.

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

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

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

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury

Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer and the Borrower with respect to certain of the representations set forth in the Tax Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Williams Mullen, Richmond, Virginia, Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038, and other federal income tax advice that it may give to the Issuer and the Borrower from time to time relating to the Bonds.

Dated: July __, 2026

EXHIBIT E

IRS FORM 8038

See Tab No. _____, Exhibit _____

To be Provided

EXHIBIT F
REIMBURSEMENT RESOLUTION

(See Attached)

**RESOLUTION OF THE NEWPORT NEWS REDEVELOPMENT AND HOUSING
AUTHORITY EVIDENCING THE INTENT TO ISSUE MULTIFAMILY
AFFORDABLE RESIDENTIAL HOUSING FACILITY REVENUE BONDS IN AN
AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$93,000,000 FOR THE
BENEFIT OF STUART GARDENS HOUSING PARTNERS, LP AND STUART
GARDENS II HOUSING PARTNERS, LP**

WHEREAS, the Newport News Redevelopment and Housing Authority, a political subdivision of the Commonwealth of Virginia (the “**Authority**”), is empowered by the Virginia Housing Authorities Law in Chapter 1, Title 36 of the Code of Virginia, as amended (the “**Act**”), to issue its revenue bonds to promote the availability of affordable housing for all citizens of the Commonwealth of Virginia (the “**Commonwealth**”) by providing, among other things, safe, decent and sanitary housing for those citizens with low or moderate incomes and assisting in the financing of multifamily affordable residential housing facilities; and

WHEREAS, such assistance will benefit the inhabitants of the City of Newport News, Virginia (the “**City**”) and the Commonwealth, through the promotion of affordable housing opportunities and of the safety, health and welfare of its citizens; and

WHEREAS, the Authority has received a request from Stuart Gardens Housing Partners, LP and Stuart Gardens II Housing Partners LP, both Virginia limited partnerships, along with their affiliates (collectively, the “**Borrower**”), to issue multifamily affordable residential housing facility revenue bonds in an aggregate principal amount not to exceed \$93,000,000, consisting of \$45,000,000 for one of the two parcels (“**Phase I**”) upon which the Stuart Gardens Apartments are located, and \$48,000,000 for the second parcel where the rest of the housing facilities are situated (“**Phase II**”) (collectively, the “**Bonds**”). The Bonds shall be issued in one or more series, at one time or from time to time, to finance or refinance a portion of the cost of acquiring, renovating, rehabilitating, improving and equipping an existing residential affordable rental unit housing project consisting of an aggregate total of 491 units, with Phase I consisting of 252 units, comprised of 59 1-2 story apartment buildings located on a 21.15-acre lot, and Phase II consisting of 239 units, comprised of 50 1-2 story apartment buildings located on a 18.98-acre lot, both of which share certain common area improvements, together with the payment of costs of issuance with respect to the Bonds and capitalized interest, reserve funds and any other expenditures related to the financing (collectively, the “**Project**”); and

WHEREAS, preliminary plans for the establishment of a credit facility to finance the Project consist of the issuance of the Bonds and the award of state and federal low income housing tax credits from the Commonwealth of Virginia and pursuant to Section 42 of the Internal Revenue Code (“**LIHTC**”) to the Borrower, together with equity contributions made by the Borrower and other sources of funds, as necessary, have been described in general terms to the Authority (the “**Plan of Financing**”); and

WHEREAS, the Borrower has represented that the Project will be financed through the issuance of one or more series of Bonds, at one time or from time to time; and

WHEREAS, pursuant to proper notice, the Authority will conduct a public hearing on the Applications of the Borrower for the issuance of the Bonds in compliance with the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended (the “**Code**”) and Section 15.2-4906 of the Code of Virginia (the “**Virginia Code**”) on April 15, 2025, and shall determine along with the Borrower at a later date whether the Authority shall provide a Certificate of Public Hearing to the City Council of the City (the “**City Council**”) and if at such time that the Authority will recommend that the City Council provide “governing body approval” of the issuance of the Bonds by the Authority; and

WHEREAS, the Borrower and the Authority shall comply with all applicable provisions of the Act; and

WHEREAS, the Borrower currently proposes that the Project reserve at least forty percent (40%) of the housing units contained therein for occupancy by persons whose income is less than sixty percent (60%) of the area median gross income, as required by Section 142(d)(1)(B) of the Code; and

WHEREAS, each member of the Authority has, before entering upon his or her duties during his or her present term of office, taken and subscribed to the oath prescribed by Section 49-1 of the Code of Virginia of 1950, as amended; and

WHEREAS, no member of the Board of Commissioners of the Authority has any personal or business interest in the Borrower or the Bonds or has otherwise engaged in conduct prohibited under the Conflict of Interests Act, Chapter 31, Title 2.2 of the Code of Virginia of 1950, as amended (the “**Conflict of Interests Act**”) in connection with this Resolution or any other official action of the Authority in connection therewith:

NOW, THEREFORE, BE IT RESOLVED BY THE NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY:

1. It is hereby found and determined that the Project and the approval of the Plan of Finance and the issuance of the Bonds will be in the public interest and will promote the availability of affordable housing and safe, decent and sanitary housing for those citizens with low or moderate income in the Commonwealth and the City.

2. The Authority hereby plans to assist the Borrower in facilitating the Plan of Financing by undertaking the issuance of its tax-exempt revenue Bonds if approved by the City Council in an aggregate amount not to exceed \$93,000,000 upon terms and conditions mutually agreeable to the Authority and the Borrower. The Bonds will be issued pursuant to documents satisfactory to the Authority and in accordance with a Final Resolution for each series of Bonds. The Bonds may be issued in one or more series at one time or from time to time.

3. It having been represented to the Authority that it is necessary for the Borrower to proceed immediately with certain actions regarding the Project and the Plan of Financing, therefore the Authority agrees that the Borrower may proceed to undertake actions to facilitate work on the Project and the Plan of Financing, enter into contracts with respect to the acquisition, renovation,

rehabilitation, equipping and improvement of the Project, and take such other steps as it may deem appropriate in connection with the Project and the Plan of Financing, provided, however, that nothing in this Resolution shall be deemed to authorize the Borrower to obligate the Authority without its consent in each instance to the payment of any moneys or the performance of any acts in connection with the Project and the Plan of Financing. The Authority agrees that the Borrower may be reimbursed from the proceeds of the Bonds for all expenditures and costs so incurred by it, provided such expenditures and costs are properly reimbursable under the Act, the Code, and any other applicable federal or state laws.

4. The Borrower has represented to the Authority that interest on the Bonds is intended to be generally excluded from the gross income of the holders thereof for federal and Virginia income tax purposes, and that the Borrower shall pay to the authority an administrative fee for issuing and carrying the Bonds, due to the Bonds' expected maturity, equal to one-half of 1% of the original principal amount of the Bonds, at closing.

5. All eligible tax-exempt costs and expenses in connection with the Plan of Financing and the acquisition, renovation, rehabilitation, equipping and improvement of the Project, including the fees and expenses of the Authority, Bond Counsel, and counsel for the Authority shall be paid by the Borrower or, to the extent permitted by applicable law, from the proceeds of the Bonds. If for any reason such Bonds are not issued, it is understood that all such expenses shall be paid by the Borrower and that the Authority shall have no responsibility therefore.

6. In adopting this Resolution the Authority intends to take "official action" toward the issuance of the Bonds and to establish its "official intent" to issue tax-exempt bonds within the meaning of Treasury Regulation Section 1.150-2 as promulgated under the Code, and to allow the Borrower to be reimbursed from the proceeds of the Bonds for any expenditures paid by the Borrower to finance or refinance the acquisition, renovation, rehabilitation, equipping and improvement of the Project and the planning therefore prior to the issuance of the Bonds, all within the meaning of regulations issued by the Internal Revenue Service pursuant to Sections 103 and 141 through 150 and related sections of the Code.

7. The Borrower intends to utilize the proceeds from the sale of the Bonds and LIHTC proceeds or other debt incurred or equity obtained to pay the costs of the Project in an amount not currently expected to exceed \$93,000,000. Such amount may be revised as the Bond issue is sized and structured, but the aggregate principal amount of the Bonds, without taking into account original issue premium, shall not be increased without the approval of the Authority. Any taxable debt incurred by the Borrower to finance the Project may be refinanced with tax-exempt bonds as approved by Bond Counsel.

8. The Bonds shall not be a general obligation debt of the Commonwealth or any political subdivision thereof, including the Authority or the City, and neither the Commonwealth, nor any political subdivision thereof, including the Authority or the City, nor any officials, officers, commissioners and/or employees, past, present or future, of any or all of them, are or shall be personally liable thereon. The Bonds, together with the premium, if any, and the interest payable thereon, shall be a limited obligation of the Authority payable solely by the Borrower from revenues, receipts and payments specifically pledged therefor pursuant to the terms of the Bonds

and the related financing documents. Neither the faith and credit nor the taxing power of the Commonwealth, or any political subdivision thereof, including the City, shall be pledged to the payment of the principal of the Bonds, the premium, if any, or the interest thereon or other costs incident thereto. The Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

9. The Borrower hereby agrees to satisfy all applicable federal, state and local laws with respect to the Project, including, but not limited to, any applicable fair housing requirements.

10. After a public hearing is conducted, the Authority may submit a Public Hearing Certificate to the City Council at any time within one (1) year of the date of such public hearing, and at that time the Authority will request and recommend that the City Council provide “governing body approval” of the issuance of the proposed Bonds and the Plan of Financing within the meaning of Section 15.2-4906 of the Virginia Code and Section 147(f) of the Code by City Council, and in such event the Chairman, Vice-Chairman or Secretary of the Authority shall transmit to the City Council a copy of this Resolution and a Certificate of Public Hearing with a reasonably detailed summary of the Authority’s public hearing held on this date with respect to the Project. If required by the Authority, a Fiscal Impact Statement regarding the Project as executed by the Borrower and the Authority as required by Section 15.2-4907 of the Virginia Code shall be filed with the City Council at that time as well.

11. The Authority agrees, subsequent to the City Council’s granting of the “governing body approval” for the issuance of Bonds by the Authority, and with the direction and assistance of Bond Counsel and the Borrower, to apply to the Virginia Department of Housing and Community Development (“VDHCD”), in its capacity as “allocation administrator” for tax-exempt private activity bonds, bond allocations from the Local Housing Authority Pool, the Governor’s Discretionary Pool, or any other governmental source of bond dollar allocations, for one or more allocations totaling an aggregate amount not to exceed \$93,000,000 of local housing authority “volume cap” for the Bonds to be issued with respect to the Project.

12. Any obligation of the Authority to exercise its powers to issue the Bonds as requested by the Borrower is contingent upon the satisfaction of all legal requirements and the Authority (including its officers, commissioners, employees and agents) shall not be liable and hereby disclaims all liability to the Borrower and all other persons or entities for any damages, direct or consequential, resulting from the Authority’s failure to issue the Bonds for the Project for any reason, including but not limited to the failure of the City Council to approve the issuance of the Bonds.

13. No tax-exempt Bonds may be issued pursuant to this Resolution until such time as (a) the issuance of the Bonds has been approved by the City Council, (b) the Project has been awarded through the VDHCD an allocation or allocations from the Local Housing Authority or the Governor’s Discretionary Fund Pool for Tax-Exempt Bond Allocation “volume cap” funds in accordance with applicable provisions of the Virginia Code and any regulations or executive orders issued in connection therewith, and (c) the substantially final terms and details of the Bonds to be issued, have been approved by subsequent resolution of the Authority.

14. The provisions of this Resolution are hereby declared to be separable, and if any section, phrase or provision of this Resolution shall be declared invalid, such invalidity shall not affect the validity of the remainder of the sections, phrases and provisions of this Resolution.

15. The Authority hereby appoints Williams Mullen, as requested by the Borrower, to serve as Bond Counsel.

16. By submitting its request for this Inducement Resolution to the Authority, the Borrower has agreed to indemnify and hold harmless the Authority, its officers, commissioners, employees and agents from and against all liabilities, obligations, claims, damages, penalties, losses, costs and expenses in any way connected with the Project, the Plan of Finance or the Bonds.

17. The approval of the issuance of the Bonds does not constitute an endorsement to a prospective purchaser of the Bonds or the creditworthiness of the Plan of Finance, the Borrower or the Project.

18. The Authority shall perform such other acts and adopt such further resolutions as may be required to implement its undertakings hereinabove set forth.

19. This Resolution shall take effect immediately upon its adoption.

Date: April 15, 2025

CERTIFICATE

The undersigned, secretary of the Newport News Redevelopment and Housing Authority (the “**Authority**”), does hereby certify that the foregoing resolution was adopted at a meeting of the Board of Commissioners of the Authority, duly called and held on April 15, 2025 at which meeting a quorum of the directors was present and acting throughout, and that such resolution has not been repealed, amended or supplemented and is in full force and effect on the date hereof.

			Voting		
Member Name	Present	Absent	Yes	No	Abstaining
Lisa Wallace-Davis, Chair					
Thaddeus Holloman, Vice-Chair					
William Black, Commissioner					
Andrea R. Diggs, Commissioner					
Barbara Holley, Commissioner					
George Knight, Commissioner					

WITNESS my hand and seal of the County this 15th day of April, 2025.

NEWPORT NEWS REDEVELOPMENT AND
HOUSING AUTHORITY

By: _____
Lisa Wallace-Davis, Chair

(S E A L)

EXHIBIT G

**Draft of the Preliminary Official Statement and Exhibits Regarding the Public Sale of the
Bonds dated July __, 2026**

NEW ISSUE – BOOK-ENTRY ONLY

RATING: Moody's: "Aa1/VMIG-1"
See "RATING" herein

In the opinion of Williams Mullen, under current laws and assuming compliance with certain covenants and agreements and the accuracy of certain representations and certifications described herein, interest on the Bonds is excludable from the gross income of the holder(s) of the Bonds for purposes of federal income taxation pursuant to the Internal Revenue Code of 1986, as amended (the "Code"), except as provided in Section 147(a) of the Code with respect to any period during which the Bonds are held by a person who is a "substantial user" of any facility financed or refinanced by the Bonds or by a "related person," as such terms are used in Section 147(a) of the Code and the regulations adopted thereunder, and except as set forth herein under the heading "TAX MATTERS." For purposes of federal income taxation, interest on the Bonds is not treated as a specific item of tax preference for purposes of calculating the federal alternative minimum tax on individuals. However, for taxable years beginning after December 31, 2022, such interest is included in the "adjusted financial statement income" (as defined in Section 56a of the Code) of certain corporations in determining the applicability and amount of the federal corporate alternative minimum tax imposed under Section 55(b) of the Code. Bond Counsel is further of the opinion that under current law, the interest on the Bonds is excludable from gross income for purposes of income taxation by the Commonwealth of Virginia. See further discussion under the heading "TAX MATTERS" herein.

\$23,000,000*

**NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
MULTIFAMILY HOUSING REVENUE BONDS
(STUART GARDENS I APARTMENTS)
SERIES 2026**

Dated: Date of Delivery**Initial Mandatory Tender Date: As shown below****Maturity: As shown below**

The above-captioned bonds (the "Bonds") will be issued under the provisions of the Indenture of Trust, dated as of July 1, 2026 (the "Indenture"), between the Newport News Redevelopment and Housing Authority (the "Issuer") and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The Bonds will be issued for the purpose of making a loan (the "Loan") to Stuart Gardens Housing Partners, LP, a Virginia limited partnership (the "Borrower"), to finance the costs of the rehabilitation, renovation, construction, improvement, and equipping of the multifamily housing rental facility consisting of approximately 250 rental units and related facilities and located in Newport News, Virginia, as more fully described under "THE PROJECT AND THE PRIVATE PARTICIPANTS" herein. Capitalized terms used on this cover page that are otherwise not defined shall have the meanings provided in Appendix A attached hereto.

The Bonds will be issued as fully registered bonds in book-entry form and book-entry interests in the Bonds will be available for purchase in principal amounts of \$5,000 or any integral multiple of \$1,000 in excess thereof. Interest on the Bonds is payable on April 1* and October 1*, commencing October 1*, 2026. Owners of book-entry interests in the Bonds will not receive physical delivery of bond certificates. The Depository Trust Company, Brooklyn, New York ("DTC") will act as a securities depository for the Bonds. DTC, or its nominee, will receive all payments with respect to the Bonds from the Trustee. DTC is required by its rules and procedures to remit such payments to participants in DTC for subsequent disbursement to the owners of book-entry interests. See "THE BONDS – Book-Entry System" herein.

The Bonds, when, as and if issued will be special, limited obligations of the Issuer, payable solely from the revenues and other moneys assigned by the Indenture to secure that payment, which include the payments required to be made by the Borrower under the Loan Agreement, dated as of July 1, 2026 (the "Loan Agreement"), between the Borrower and the Issuer.

At all times the Bonds will be secured by Eligible Investments and Available Money sufficient to pay, without need for reinvestment, all of the interest and principal on the Bonds when due to the Initial Mandatory Tender Date, as further described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE PLEDGED REVENUES (AS DEFINED IN THE INDENTURE) AND FROM OTHER MONEY PLEDGED UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA (THE "COMMONWEALTH") NOR THE FAITH AND CREDIT OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER AND THE CITY OF NEWPORT NEWS, VIRGINIA (THE "CITY")) ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST OR PREMIUM, IF ANY, ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER AND THE CITY) TO LEVY ANY TAXES WHATSOEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT EXCEPT FROM THE FUNDS PLEDGED THEREFOR. THE ISSUER HAS NO TAXING POWER.

The Bonds are not secured by or payable from any taxes, revenues or assets of the Issuer except for the Issuer's interest in the Loan Agreement (including the payments payable thereunder to the Issuer by the Borrower, but excluding certain rights of the Issuer to payment of fees, expenses and indemnification) and amounts held pursuant to the Indenture as described herein.

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

The Bonds are subject to optional redemption prior to the Initial Mandatory Tender Date. See "THE BONDS – Optional Redemption" herein.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. THIS COVER PAGE IS NOT INTENDED TO BE A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THIS ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

<u>Initial Mandatory Tender Date</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Interest Rate to Initial Mandatory Tender Date</u>	<u>Price</u>	<u>CUSIP</u>
October 1, 2028*	October 1, 2030*	\$23,000,000*	__%	__%	_____

The Bonds are offered, subject to prior sale, when, as and if issued by the Issuer and accepted by the Underwriter, subject to, among other things, the approving opinion of Williams Mullen, Richmond, Virginia ("Bond Counsel"). Certain legal matters will be passed upon for the Underwriter by Robinson & Cole LLP, Washington, D.C., for the Issuer by its counsel, Kaufman & Canoles, P.C., Newport News, Virginia, and for the Borrower by its counsel, Winthrop & Weinstine, P.A., Minneapolis, Minnesota. It is expected that the Bonds will be available for delivery in definitive form on or about July __, 2026 through the services of DTC against payment therefor.



The date of this Official Statement is _____, 2026.

REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds identified on the cover hereof. No person has been authorized to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information and expression of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor the sale of any of the Bonds shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof.

Neither the Issuer nor any of its Commissioners, officers, officials, agents, employees or representatives have reviewed this Official Statement or investigated the statements or representations contained herein, except for those statements relating to the Issuer set forth under the captions “THE ISSUER” and “NO LITIGATION – The Issuer” herein. Except with respect to the information contained under such captions, neither the Issuer nor any of its Commissioners, officers, officials, agents, employees or representatives makes any representation as to the completeness, sufficiency and truthfulness of the statements set forth in this Official Statement. Commissioners of the governing body of the Issuer and any other officer or official of the Issuer executing the Bonds are not subject to personal liability by reason of the issuance of the Bonds. The Issuer assumes no responsibility for this Official Statement and has not reviewed or undertaken to verify any information contained herein.

The Trustee has not participated in the preparation of this Official Statement or any other disclosure documents relating to the Bonds. Except for information under the heading “THE TRUSTEE” herein, the Trustee has or assumes no responsibility as to the accuracy or completeness of any information contained in this Official Statement or any other such disclosure documents.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Upon issuance, the Bonds will not be registered by the Issuer under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or, other than the Issuer (to the extent described herein) approved the Bonds for sale.

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

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OFFICIAL STATEMENT

\$23,000,000*

**NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
MULTIFAMILY HOUSING REVENUE BONDS
(STUART GARDENS I APARTMENTS)
SERIES 2026**

INTRODUCTION

This Official Statement, including the Appendices, is furnished in connection with the original issuance and sale by the Newport News Redevelopment and Housing Authority (the “Issuer”) of the Bonds identified on the cover page (the “Bonds”). The Bonds are being issued by the Issuer pursuant to an Indenture of Trust (the “Indenture”), dated as of July 1, 2026, between the Issuer and U.S. Bank Trust Company, National Association, as Trustee (the “Trustee”). The Trustee is expected to also serve as Registrar. Capitalized terms used but not otherwise defined herein are defined in Appendix A.

The Issuer will loan the proceeds of the sale of the Bonds (the “Loan”) to Stuart Gardens Housing Partners, LP, a Virginia limited partnership (the “Borrower”), pursuant to a Loan Agreement (the “Loan Agreement”), dated as of July 1, 2026, between the Issuer and the Borrower to finance the costs of the renovation, rehabilitation, construction, improvement, and equipping of the multifamily rental housing facility consisting of approximately 250 rental units and related facilities and located in Newport News, Virginia (the “Project”), to be owned by an affiliate of the Borrower. See “THE PROJECT AND THE PRIVATE PARTICIPANTS” herein. Pursuant to the Loan Agreement, the Borrower has agreed to make payments to the Issuer in amounts sufficient to pay the principal of and interest on the Bonds when due (the “Bond Debt Service Charges”) to the extent that amounts otherwise available for such payment are insufficient therefor. The Loan will be secured and evidenced by a promissory note in the principal amount of \$23,000,000* (the “Promissory Note”) from the Borrower to the Issuer, and assigned by the Issuer to the Trustee. The Loan Agreement, except for Unassigned Issuer’s Rights and the Promissory Note will be assigned without recourse by the Issuer to the Trustee.

Simultaneously with the issuance of the Bonds, the Borrower will obtain a mortgage loan (the “FHA Insured Mortgage Loan”) from Merchants Capital Corp., an Indiana corporation (the “FHA Lender”), which FHA Insured Mortgage Loan will be insured by the Federal Housing Administration (“FHA”) under Section 221(d)(4) of the National Housing Act of 1934, as amended, and applicable regulations promulgated thereunder. Subject to the conditions set forth in the FHA Loan Documents (as such term is defined below), at the time of closing of the Bonds and from time to time thereafter, Available Money, including, without limitation, FHA Lender Funds, in the aggregate amount of \$23,000,000* will be advanced to the Trustee for deposit into the Collateral Fund to enable the Trustee to disburse an equivalent amount of Bond proceeds from the Project Fund. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein. None of the owners of the Bonds, the Trustee or the Issuer will have rights with respect to the FHA Insured Mortgage Loan or under the FHA Loan Documents. Furthermore, none of the owners of the Bonds, the Trustee or the Issuer will have a lien on any funds, accounts or reserves established, maintained, and/or collected by the FHA Lender in connection with the FHA Insured Mortgage Loan. FHA does not provide enhancement with respect to the Loan or the Bonds.

The aggregate funds on deposit in the Project Fund and the Collateral Fund, together with the Initial Deposit to the Interest Account of the Bond Fund, if any, as invested pursuant to the Indenture, have been calculated to be sufficient to pay, at all times, principal and interest on the Bonds as and when they become due to the Initial Mandatory Tender Date. Interest on the Bonds will be paid from amounts on deposit in

* Preliminary; subject to change.

the Bond Fund and Bond Debt Service Charges will otherwise be paid first from amounts on deposit in the Interest Account or the Remarketing Proceeds Account of the Bond Fund, as applicable, second, from amounts on deposit in the Collateral Fund, and third, from amounts on deposit in the Project Fund (such foregoing funds, collectively, the “Special Funds”), and investment earnings thereon. Amounts on deposit in the Special Funds will be invested in Eligible Investments. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

The Bonds shall bear interest on the outstanding principal amount thereof at a rate equal to % per annum from their date, payable on each April 1* and October 1*, commencing October 1, 2026* (each an “Interest Payment Date”).

The Bonds are subject to mandatory tender for purchase, subject to satisfaction of the applicable terms and conditions set forth in the Indenture, on October 1, 2028* (the “Initial Mandatory Tender Date”). All Holders must tender their Bonds for purchase on the Initial Mandatory Tender Date. The Bonds may be remarketed and a new interest rate for the Bonds may be determined on the Initial Mandatory Tender Date in accordance with the terms of the Indenture. If the Bonds are remarketed on the Initial Mandatory Tender Date, the terms of the Bonds after such date may differ materially from the description provided in this Official Statement. Therefore, prospective purchasers of the Bonds on and after the Initial Mandatory Tender Date cannot rely on this Official Statement, but rather must rely upon any disclosure documents prepared in connection with such remarketing.

The Bonds are subject to optional redemption prior to the Initial Mandatory Tender Date as set forth herein under “THE BONDS.”

The Bonds are special, limited obligations of the Issuer, and the principal of and interest thereon will be payable solely from the revenues and other moneys assigned by the Indenture to secure such payment. **At all times the Bonds will be secured by Eligible Investments and Available Money sufficient to pay, without need for reinvestment, all of the interest and principal on the Bonds when due to the Initial Mandatory Tender Date, as further described herein. See “PLAN OF FINANCING” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.**

The Borrower will be required to operate the Project in compliance with a Regulatory Agreement and Declaration of Restrictive Covenants, dated as of July 1, 2026, but effective as of the Closing Date, between the Issuer and the Borrower (the “Regulatory Agreement”). The Regulatory Agreement requires, among other things, that the Project be operated as a qualified residential rental project with at least 40% of the completed units in the Project occupied by Low Income Tenants, *i.e.*, tenants whose income does not exceed 60% of the area median income (“AMI”), adjusted for family size, during the Qualified Project Period (as such term is defined in the Regulatory Agreement) in accordance with Section 142(d) of the Internal Revenue Code of 1986, as amended (the “Code”). Failure to comply with these requirements could result in the loss of the federal tax exemption of the Bonds retroactive to their date of issuance. See “THE PROJECT AND THE PRIVATE PARTICIPANTS – Regulatory Restrictions” and “TAX MATTERS” herein and “APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT” attached hereto.

In addition to the rental restrictions imposed upon the Project by the Regulatory Agreement, the Project will be further encumbered by a tax credit restrictive covenant (the “Tax Credit Extended Use Agreement”), to be executed by the Borrower in connection with the federal low-income housing tax credits (the “Federal Tax Credits”) anticipated to be granted for the Project and in compliance with the requirements of Section 42 of the Code, which will require, among other things, that the Borrower lease

* Preliminary; subject to change.

[250 of the 252] apartment units as follows: (i) 26 of the units in the Project to tenants whose household incomes do not exceed 40% of AMI; (ii) 124 of the units in the Project to tenants whose household incomes do not exceed 50% of AMI; and (iii) 100 of the units in the Project to tenants whose household incomes do not exceed 60% of AMI.

In connection with the GRRP Loan (as defined herein) such financing arrangement was awarded to the Borrower via the GRRP Program through HUD. The Borrower will execute a GRRP Use Agreement further restricting the affordability of the Project until August 28, 2049, requiring that 100% of units be reserved exclusively for Low-Income Families (as defined therein), and restricting rents for such units to 30% of 80% of applicable AMI. See “THE PROJECT AND THE PRIVATE PARTICIPANTS – Regulatory Restrictions” herein.

Simultaneously with the closing of the FHA Insured Mortgage Loan, the Borrower will execute a Regulatory Agreement for Multifamily Projects required by FHA (the “HUD Regulatory Agreement”) with respect to the Project in order to provide for, among other things, a reserve fund for replacements, as well as escrows for taxes, insurance and mortgage insurance premiums, which will be held by the FHA Lender. In the event of conflict between the provisions of the Note (Multistate) (the “FHA Note”) secured by a first-lien priority Multifamily Mortgage, Security Agreement, Assignment of Rents, and Fixture Filing (Virginia) (the “FHA Mortgage”) on the Project, the HUD Regulatory Agreement and certain other documents required by FHA or the FHA Lender (collectively, the “FHA Loan Documents”) and the Indenture, the Loan Agreement, the Promissory Note or the Regulatory Agreement, the FHA Loan Documents will control.

Brief descriptions of the Issuer, the Bonds, the security for the Bonds, the Borrower, the Project, the private participants, the Indenture, the Loan Agreement and the Regulatory Agreement, are included in this Official Statement. All references herein to the Indenture, the Loan Agreement, the Regulatory Agreement and other documents and agreements are qualified in their entirety by reference to such documents and agreements, copies of which are available for inspection at the offices of the Trustee.

THE ISSUER

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

The Issuer was created by an ordinance adopted by the City Council of the City of Newport News, Virginia (the “City Council”) to promote and further the purposes of the Act. The Issuer is a political subdivision of the Commonwealth of Virginia governed by seven commissioners appointed by the City Council. The Issuer is empowered, among other things, to borrow money and issue evidence of indebtedness in the name of and for the use of the Issuer, to issue bonds and give security therefor and to make loans for assistance in housing rehabilitation by private sponsors. The Bonds will be limited obligations of the Issuer payable solely from the Trust Estate pledge pursuant to the Indenture. The Issuer has no taxing power.

Thaddeus Holloman is the Chair of the Issuer. Lysandra M. Shaw is the Executive Director of the Issuer and also serves as its Secretary. The terms of the Chair and the Executive Director and Secretary each expire on the first meeting of the year of the Issuer on January 19, 2027. The members of the Board of Commissioners of the Issuer and the expiration dates of their respective terms as commissioners are set forth below:

<u>Commissioners</u>	<u>Term Expires</u>
Thaddeus Holloman, Chair	January 23, 2028
Alonzo R. Bell, Jr., Vice-Chair	January 21, 2029
William Black	January 24, 2027
Andrea R. Diggs	January 21, 2029
Barbara Holley	January 23, 2029
George Knight	January 22, 2028
Dr. Helmuth Trieschmann	January 21, 2029

PLAN OF FINANCING

The total costs of the Project and the sources of funds to pay those costs are estimated by the Borrower as follows:

Sources of Funds*

Principal of FHA Insured Mortgage Loan	\$30,814,000
LIHTC & Historic Tax Credit Equity ⁽¹⁾	44,730,091
GRRP Loan	10,000,000
Income from Operations	2,196,416
Deferred Developer Fee	1,863,811
Total	\$89,604,318

Uses of Funds*

Project Acquisition	\$30,645,821
Total Construction Costs (Including Contingency)	38,505,869
Other Soft Construction Costs & Third Parties	6,011,760
FHA Insured Mortgage Loan Closing & Financing Costs	3,068,095
Costs of Issuance ⁽²⁾	2,229,411
Tax Credit Fees	232,301
Project Reserves and Escrows ⁽³⁾	3,893,061
Developer Fee	5,000,000
Total	\$89,604,318

⁽¹⁾ The Borrower expects to obtain a loan (the "Bridge Loan") from Merchants Bank of Indiana (the "Bridge Lender") in the principal amount of \$16,000,000* to bridge certain installments of the Tax Credit Equity.

⁽²⁾ Includes Underwriter's compensation that is payable on the date of issuance of the Bonds, certain legal fees and expenses, printing, rating agency fees, Trustee fees, Issuer fees, acquisition financing costs, and certain other costs associated with issuance of the Bonds.

⁽³⁾ Includes amounts for operating reserve, replacement reserves and equity bridge loan interest reserve.

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

* Preliminary; subject to change.

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

Sources of Funds*	
Bond Proceeds	\$23,000,000
Available Money	23,000,000
Total	<u>\$[46,000,000]</u>
Uses of Funds*	
Project Fund	\$23,000,000
Collateral Fund	23,000,000
Total	<u>\$[46,000,000]</u>

The Bonds will be initially secured by their own proceeds to be deposited in the Project Fund under the Indenture (plus investment earnings on Eligible Investments deposited with the Trustee on the Closing Date, which have been calculated to be sufficient to pay, without the need for reinvestment, interest on the Bonds to but not including the Initial Mandatory Tender Date). Upon the deposit of a like amount of Available Money in the Collateral Fund as described below, a portion of the proceeds of the Bonds will be disbursed from the Project Fund to the Borrower to pay Project Costs. The aggregate funds on deposit in the Project Fund and the Collateral Fund, together with the Initial Deposit to the Interest Account of the Bond Fund, as invested pursuant to the Indenture, have been calculated to be sufficient to pay, at all times, principal and interest on the Bonds as and when they become due to the Initial Mandatory Tender Date.

FHA Insured Mortgage Loan

Simultaneously with the issuance of the Bonds, the Borrower will close the FHA Insured Mortgage Loan on the Project with the FHA Lender. The FHA Insured Mortgage Loan will be in the original principal amount of \$30,814,000* and will bear interest at a rate equal to [5.30]%* per annum. Subject to the conditions set forth in the FHA Loan Documents, at the time of closing of the Bonds and from time to time thereafter, Available Money, including, without limitation, FHA Lender Funds and proceeds of the Bridge Loan, in the aggregate amount of \$23,000,000* will be advanced to the Trustee on behalf of the Borrower for deposit into the Collateral Fund under the Indenture. The FHA Insured Mortgage Loan will be evidenced by the FHA Note made by the Borrower in favor of the FHA Lender and secured by the FHA Mortgage on the Project, and the FHA Lender will issue, with respect to the FHA Note, a fully amortized mortgage-backed security (“GNMA Security”) guaranteed as to timely payment of interest only or of principal and interest, as the case may be, by the Government National Mortgage Association (“GNMA”). None of the owners of the Bonds, the Trustee or the Issuer will have rights with respect to the FHA Insured Mortgage Loan or under the FHA Loan Documents. Furthermore, none of the owners of the Bonds, the Trustee or the Issuer will have a lien on any funds, accounts or reserves established, maintained and/or collected by the FHA Lender in connection with the FHA Insured Mortgage Loan. FHA does not provide enhancement with respect to the Loan or the Bonds.

Tax Credit Equity

Federal Tax Credit Equity. In addition, as described under the caption “THE PROJECT AND THE PRIVATE PARTICIPANTS – Investor Limited Partners” below, the Borrower has entered into an agreement with USA Institutional Stuart Gardens I LLC (the “Federal Investor Limited Partner”) to offer to it, simultaneously with the closing of the Bonds, a limited partnership interest in the Borrower so the Federal Investor Limited Partner may acquire 99.99% of the federal tax credits (the “Federal Tax Credits”)

* Preliminary; subject to change.

and 99.99% of the federal low-income housing historic tax credits (the “Federal Historic Tax Credits”) available to the Borrower. The Federal Investor Limited Partner is expected to make an aggregate capital contribution of Federal Tax Credit equity in the approximate amount of \$27,753,386* when fully funded. The Federal Investor Limited Partner is also expected to make an aggregate capital contribution of Federal Historic Tax Credit equity in the approximate amount of \$[8,123,039]* when fully funded.

State Tax Credit Equity. The Borrower has entered into an agreement with Commonwealth Advisors Capital LLC, a Virginia limited liability company (the “State Investor Limited Partner,” and together with the Federal Investor Limited Partner, the “Investor Limited Partners”). Simultaneously with the closing of the Bonds, the State Investor Limited Partner will acquire 100% of the state historic tax credits (the “State Historic Tax Credits” and together with the Federal Tax Credits and the Federal Historic Tax Credits, the “Tax Credit Equity”) anticipated to be granted to the Project. The State Investor Limited Partner is expected to make an aggregate capital contribution of State Historic Tax Credit equity in the approximate amount of \$[9,253,064]* when fully funded.

Bridge Loan

Simultaneously with the closing of the Bonds, the Borrower will close on the Bridge Loan from the Bridge Lender in an amount equal to approximately \$16,000,000* to bridge a portion of the Tax Credit Equity contributions. The Bridge Loan will be secured by an assignment of partnership interests and capital contributions, [a sponsor guaranty], and will be repayable from certain capital contributions. The Bridge Loan will bear interest at a rate of [6.25]*% per annum and will have an [24]-month term*. A portion of the proceeds of the Bridge Loan is expected to be deposited to the Collateral Fund in exchange for the disbursement of an equal amount of Bond proceeds to pay Project Costs.

GRRP Loan

The Borrower has been awarded a Green and Resilient Retrofit Program Loan from HUD in an amount equal to approximately \$10,000,000* (the “GRRP Loan”). The GRRP Loan will be secured by [the Project], will be repayable from 50% of Cash Flow (as defined in the FHA Insured Mortgage Loan Documents), will bear interest at a rate of [1.00]*% per annum, and will mature on [May 1, 2068]*.

THE PROJECT AND THE PRIVATE PARTICIPANTS

The information under this heading has been provided solely by the Borrower and has not been independently verified by the Issuer, the Underwriter, FHA, the FHA Lender or any of their respective counsel, members, officers or employees. No representation whatsoever as to the accuracy, adequacy or completeness of such information is made by the Issuer, the Underwriter, FHA, the FHA Lender or any of their respective counsel, members, officers or employees.

The Borrower

The Borrower is Stuart Gardens Housing Partners, LP, a Virginia limited partnership, formed for the sole purpose of rehabilitating, renovating, constructing, improving, equipping, and operating the Project. Upon the issuance of the Bonds, Stuart Gardens Housing Management, LLC, a Virginia limited liability company (the “General Partner”) is expected to own a 0.01% partnership interest in the Borrower, and the Federal Investor Limited Partner is expected to own a 99.99% partnership interest in the Borrower.

* Preliminary; subject to change.

Vitus Group, LLC (“Vitus”) has been in the business of acquiring, owning and developing affordable apartment complexes for 30 years. Vitus was formed in 1993, and Vitus and its affiliates have been involved in the development of more than 100 apartment complexes comprising approximately 15,000 apartment units across 29 states and the District of Columbia. These projects include more than 100 low-income housing tax credit projects. Vitus shares like principals with the Borrower.

The Borrower has not acquired and does not intend to acquire any substantial assets or engage in any substantial business activities other than those related to the Project. However, affiliates of the Borrower may engage in the acquisition, development, ownership and management of other similar types of projects that may be competitive with the Project.

Limited Recourse to Borrower

The Borrower and its partners will not (subject to certain exceptions to nonrecourse liability) be personally liable for payments on the Promissory Note, the payments on which are to be applied to pay the principal of and interest on the Bonds; nor will the Borrower (subject to certain exceptions to nonrecourse liability) be personally liable under the other documents executed in connection with the issuance of the Bonds and the making of the Loan. Furthermore, no representation is made that the Borrower will have substantial funds available for the Project. Accordingly, neither the Borrower’s financial statements nor those of its partners are included in this Official Statement.

Investor Limited Partners

Federal Tax Credit Equity. Simultaneously with the closing of the Bonds, the Borrower will sell to the Federal Investor Limited Partner a 99.99% partnership interest in the Borrower intended to allow the Federal Investor Limited Partner to acquire an equivalent percentage of the Federal Tax Credits available to the Borrower. Pursuant to the sale, the equity funding of the Federal Tax Credits is expected to be paid in stages during and after rehabilitation of the Project. Furthermore, the Federal Investor Limited Partner will acquire 99.99% of the Federal Historic Tax Credits available to the Borrower. Pursuant to the sale, the equity funding of the Federal Historic Tax Credits is expected to be paid in stages during and after rehabilitation of the Project. The amounts to be paid for each installment are specified in “PLAN OF FINANCING – Tax Credit Equity – *Federal Tax Credit Equity*” above.

State Tax Credit Equity. Additionally, simultaneously with the closing of the Bonds, the State Investor Limited Partner will acquire 100% of the State Tax Credits. The funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the projections set forth above and neither the Issuer, the Underwriter nor the Borrower makes any representation as to the availability of such funds. The amount to be paid for such installment is specified in “PLAN OF FINANCING – Tax Credit Equity – *State Tax Credit Equity*” above.

The FHA Lender

The FHA Lender will process the FHA Insured Mortgage Loan in accordance with the FHA Insurance Commitment issued by the FHA. The FHA Lender is a mortgage banking firm specializing, among other things, in FHA insured construction and permanent mortgage loans.

Upon satisfaction of certain conditions of the FHA Insurance Commitment, the FHA Lender will make the FHA Insured Mortgage Loan to the Borrower and service the FHA Insured Mortgage Loan and serve as issuer of the GNMA Security to be issued with respect to the FHA Insured Mortgage Loan described elsewhere herein. For issuers approved to participate in the multifamily program, which is

comprised of MBS backed by multifamily construction or permanent loans, the minimum net worth requirement is \$1,000,000 plus 1% of the total effective multifamily outstanding obligations in excess of \$25 million up to \$175 million plus 0.20 percent (20 basis points) of the total effective multifamily outstanding obligations in excess of \$175 million. The total effective multifamily outstanding obligation is the sum of: 1) all multifamily securities outstanding, 2) available commitment authority to issue new multifamily pools, and 3) unexpended multifamily construction draws.

General Description of the Project

The Project, known as Stuart Gardens I Apartments, is an existing 250-unit multifamily rental housing facility located at 1358 Garden Drive, Newport News, VA 23607 (the “Project”). The Project contains [110 one-bedroom units, 136 two-bedroom units, and 4 three-bedroom units]. The Project was acquired by Vitus in December 2021 for a purchase price of \$24,000,000. Upon closing of the Bonds, rehabilitation of the Project will commence.

Exterior improvements will include new fiber cement siding, historically appropriate wood windows with metal cladding, new roofs, and enhanced site and building lighting. Interior upgrades will feature refinished historic wood flooring (or replacement where necessary), new vinyl flooring in kitchens and bathrooms, and fully renovated kitchens and baths with new cabinets, countertops, and ENERGY STAR® appliances. Building systems will be modernized with complete re-piping of domestic water lines and replacement of heating and cooling systems with high-efficiency ENERGY STAR® heat pumps and water heaters. Site enhancements will include resurfaced parking and driveways, additional exterior lighting, repairs to trip hazards, and construction of an accessible pathway serving the 5% ADA-compliant units.

Rehabilitation of the Project

Description of Improvements. The Borrower expects to spend approximately \$122,826* per unit on rehabilitation for the Project. Rehabilitation for the Project is expected to begin in August of 2026* and be completed approximately 17* months later.

Contractor. The general contractor for the Project is expected to be FTK Construction Services (the “Contractor”). The Contractor has over 25 years of experience in renovating residential multifamily housing developments and has completed projects in 33 states to date.

Architect. The architect for the Project is True Craft Architecture (the “Architect”). The Architect has been the principal architect for over 5,300 multifamily units across 18 states.

Units Summary

The unit mix of the Project is as follows:

Number Of Units	Composition	Approximate Square Footage
[112]	One Bedroom	625
[136]	Two Bedroom	700 & 973
[4]	Three Bedroom	1,100
Total: [250]		

* Preliminary; subject to change.

The HAP Contract

The Project has received the benefit of a Section 8 Housing Assistance Payment Contract (the “HAP Contract”) covering all 250 residential units at the Project. The HAP Contract went into effect on January 1, 2022, and is expected to expire 20 years after that date on January 1, 2042. Subject to all applicable laws and regulations in effect upon expiration, the HAP Contract is expected to be renewed for an additional term of 20 years beginning on [August 1, 2026]*.

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

Regulatory Restrictions

Regulatory Agreement. The Regulatory Agreement imposes certain requirements with respect to the tax-exempt status of the Bonds under the Code, which include, among other things, that the Project be operated as a qualified residential rental project with at least 40% of the completed units in the Project occupied by Low Income Tenants, i.e., tenants whose income does not exceed 60% of AMI, adjusted for family size, during the Qualified Project Period (as such term is defined in the Regulatory Agreement) in accordance with Section 142(d) of the Code. Failure to comply with these requirements could result in the loss of the federal tax exemption of the Bonds retroactive to their date of issuance.

Tax Credit Extended Use Agreement. In addition, in connection with the Federal Tax Credits allocated to the Borrower in connection with the Project, the Borrower will execute a Tax Credit Extended Use Agreement in accordance with Section 42 of the Code. The Tax Credit Extended Use Agreement will,

* Preliminary; subject to change.

among other things, require that the Borrower lease approximately [250 of the 252] apartment units as follows: (i) 26 of the units in the Project to tenants whose household incomes do not exceed 40% of AMI; (ii) 124 of the units in the Project to tenants whose household incomes do not exceed 50% of AMI; and (iii) 100 of the units in the Project to tenants whose household incomes do not exceed 60% of AMI.

GRRP Use Agreement. In connection with the GRRP Loan awarded to the Borrower via the GRRP Program through HUD, the Borrower will execute a GRRP Use Agreement further restricting the affordability of the Project until August 28, 2049*, requiring that 100% of units be reserved exclusively for Low-Income Families (as defined therein), and restricting rents for such units to 30% of 80% of applicable AMI.

THE BONDS

General

The Bonds will be dated, will be payable in the amounts and on the dates, will bear interest (computed on the basis of a 360-day year) at the rate, and will mature as described on the cover page. The Bonds will be issued as fully registered bonds in book-entry form and book-entry interests in the Bonds will be available for purchase in principal amounts of \$5,000 or any integral multiple of \$1,000 in excess thereof.

The Trustee, in its capacity as Registrar, will keep all books and records necessary for registration, exchange and transfer of the Bonds.

Discussion of the Bonds being issued only under the Book-Entry System is provided below. Details regarding the procedures for and manner of payment, issuance, exchange and transfer of the Bonds if ever issued in certificated form as provided in the Bond proceedings are also stated below.

Book-Entry System

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

The Depository Trust Company, Brooklyn, New York ("DTC"), will act as securities depository for the Bonds. The Bonds will be initially issued and issuable only as one fully registered Bond certificate for each maturity, registered in the name of Cede & Co. as partnership nominee of DTC. Those fully registered Bonds will be deposited with and retained in the custody of DTC.

For ease of reference in this and other discussions, reference to "DTC" includes when applicable any successor securities depository and the nominee of the depository.

For all purposes under the Bond proceedings, DTC will be and will be considered by the Issuer and the Trustee to be the owner or Holder of the Bonds.

Owners of book-entry interests in the Bonds (book-entry interest owners) will not receive or have the right to receive physical delivery of Bonds, and will not be or be considered by the Issuer and the Trustee to be, and will not have any rights as, owners or holders of Bonds under the Bond proceedings.

* Preliminary; subject to change.

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to book-entry interest owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

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

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. The Issuer may decide to discontinue use of the book-entry system if DTC (or a successor securities depository) determines not to continue to act as securities depository for the Bonds. See "Replacement Bonds" below.

Direct Participants and Indirect Participants may impose service charges on book-entry interest owners in certain cases. Purchasers of book-entry interests should discuss that possibility with their brokers.

The Issuer, the Borrower and the Trustee have no role in the purchases, transfers or sales of book-entry interests. The rights of book-entry interest owners to transfer or pledge their interests, and the manner of transferring or pledging those interests, may be subject to applicable state law. Book-entry interest owners may want to discuss with their legal advisers the manner of transferring or pledging their book-entry interests.

The Issuer, the Borrower and Trustee have no responsibility or liability for any aspects of the records or notices relating to, or payments made on account of, book-entry interest ownership, or for maintaining, supervising or reviewing any records relating to that ownership.

The Issuer and the Borrower cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute to the book-entry interest owners payments of debt service on the Bonds made to DTC as the registered owner, or any notices, or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement.

Replacement Bonds

Replacement Bonds may be issued directly to the beneficial owners of the Bonds other than a Depository, or its nominee, but only in the event that (1) the Depository determines not to continue to act as securities depository for the Bonds (which determination shall become effective no less than ninety (90) days after written notice to such effect to the Issuer and the Trustee); (2) the Trustee has, at the direction of the Borrower, advised a Depository of its determination (which determination is conclusive as to the

Depository and beneficial owners of the Bonds) that the Depository is incapable of discharging its duties as securities depository for the Bonds; or (3) the Majority of the Holders of the Bonds have determined (which determination is conclusive as to the Depository and the beneficial owners of the Bonds) that the interests of the beneficial owners of the Bonds might be adversely affected if such book-entry only system of transfer is continued. Upon occurrence of any of the foregoing events, the Borrower shall use commercially reasonable efforts to attempt to locate another qualified securities depository. If the Borrower fails to locate another qualified securities depository to replace the Depository, the Trustee and the Issuer, at the Borrower's expense, shall cause to be authenticated and delivered replacement Bonds, in certificate form, to the beneficial owners of the Bonds. In the event that the Trustee makes the determination noted in (2) or (3) above (provided that the Trustee undertakes no obligation to make any investigation to determine the occurrence of any events that would permit the Trustee to make any such determination), and the Trustee has been directed in writing to notify the beneficial owners of the Bonds of such determination by mailing an appropriate notice to the Depository, it and the Trustee and the Issuer shall cause to be issued replacement Bonds in certificate form to beneficial owners of the Bonds as shown on the records of the Depository provided to the Trustee and the Issuer.

Upon the written consent of one hundred percent (100%) of the beneficial owners of the Bonds, the Trustee shall withdraw the Bonds from any Depository and authenticate and deliver Bonds fully registered to the assignees of that Depository or its nominee. If the request for withdrawal is not the result of any Issuer action or inaction, such withdrawal, authentication and delivery shall be at the cost and expense (including costs of printing, preparing and delivering such Bonds) of the persons requesting such withdrawal, authentication and delivery; otherwise such withdrawal, authentication and delivery shall be at the cost and expense of the Borrower.

Whenever, during the term of the Bonds, the beneficial ownership thereof is determined by a book entry at a Depository, (i) the requirements in the Indenture of holding, delivering or transferring Bonds shall be deemed modified to require the appropriate Person or entity to meet the requirements of the Depository as to registering or transferring the book entry to produce the same effect and (ii) delivery of the Bonds will be in accordance with arrangements among the Issuer, the Trustee and the Depository notwithstanding any provision of the Indenture to the contrary.

The Trustee and the Issuer shall enter into any letter of representation with a Depository to implement the Book-Entry System of bond registration described above.

Neither the Trustee nor any of its agents shall have any responsibility or liability for any actions taken or not taken by DTC.

Optional Redemption

On each redemption date the Trustee shall transfer to the Registrar, but only from and to the extent of funds held by the Trustee under the Indenture available for such purpose, an amount sufficient to pay the redemption price of all Bonds or portions thereof to be redeemed on such redemption date. In the event the Trustee has not received or does not otherwise have available funds under the Indenture sufficient to pay the redemption price of the Bonds on the date fixed for redemption, no funds shall be transferred to the Registrar, all funds shall remain on deposit in the Special Funds, and the Trustee shall give notice of the cancellation of such redemption in the manner set forth in the Indenture.

(a) The Bonds are subject to optional redemption prior to maturity from Available Money, at the direction of the Borrower (with delivery of a Cash Flow Projection, if required pursuant to paragraph (c) below), in whole or in part, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest, but without premium, to the date fixed for redemption, (i) prior to the

Initial Mandatory Tender Date, on any Business Day on or after April 1, 2028*, and (ii) after the Initial Mandatory Tender Date, on any Business Day that is nearest to the date falling at fifty percent (50%) of the subsequent remarketing period between the most recent Mandatory Tender Date and the next Mandatory Tender Date or the Maturity Date, as applicable.

(b) Other than as set forth in paragraph (a) above, the Bonds are not subject to optional redemption prior to the Maturity Date.

(c) If, to pay the redemption price, the Trustee is required to sell or otherwise dispose of Eligible Investments shown in the most recent Cash Flow Projection delivered to the Rating Agency before the maturity or mandatory tender date of such Eligible Investments, then a new Cash Flow Projection shall be provided to the Trustee (with a copy to the Rating Agency) with the direction described in paragraph (a) above, and the Trustee shall utilize the amounts and take the actions set forth in such Cash Flow Projection to pay the redemption price of the Bonds called for redemption.

Notice of Redemption

Not less than twenty (20) days prior to the redemption date, the Trustee shall give written notice of redemption to the Holders (with a copy to the Borrower, the Investor Limited Partners and the Remarketing Agent) by first class mail, postage prepaid, at their respective addresses appearing on the Register.

Neither failure of any Holder to receive such notice nor any defect in any notice so mailed will affect the sufficiency of the proceedings for the redemption of any of the Bonds. Each notice of redemption will state, among other things, the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment, that the interest on the Bonds designated for redemption will cease to accrue from and after such redemption date and, if less than all of the Bonds outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed.

Further notices of redemption shall be sent by first-class mail or overnight delivery service to any Holder owning, on the date such notice is sent, Bonds in the aggregate principal amount of \$1,000,000 or more. In the event the Bonds are called for redemption under circumstances resulting in discharge of the Indenture more than ninety (90) days before the redemption date, additional official and further notice of redemption satisfying the requirements of the Indenture shall be given not less than thirty (30) nor more than sixty (60) days prior to such redemption date.

Redemption is conditioned on the Trustee's possession and/or receipt of sufficient Available Money for such redemption on or prior to the redemption date; if sufficient moneys are not available, the redemption of the Bonds for which notice was given shall not be made. Any notice of the redemption of Bonds may state that such notice is conditional and that if the conditions for redemption of such Bonds on the scheduled redemption date are not satisfied (including the availability of funds sufficient to redeem such Bonds), such Bonds will not be redeemed on such date and any Bonds tendered for payment on such date will be returned to the Holders thereof. The cancellation of such redemption shall immediately be confirmed in a subsequent notice given immediately in substantially the same manner as the original notice of redemption.

Notwithstanding the foregoing, as long as the Bonds are in book-entry form notice of redemption will be given in accordance with the requirements of DTC.

* Preliminary; subject to change.

Mandatory Tender

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

Mandatory Tender Dates. The Mandatory Tender Dates shall consist of (1) the Initial Mandatory Tender Date; and (2) any subsequent dates for mandatory tender of the Bonds established by the Borrower with the consent of the Remarketing Agent in connection with a remarketing of the Bonds pursuant to the Indenture.

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

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

Purchase of Tendered Bonds. The Trustee shall utilize the following sources of payments to pay the tender price of the Bonds not later than 2:30 p.m. Local Time on the Mandatory Tender Date in the following priority: (1) amounts representing proceeds of remarketed Bonds deposited in the Remarketing Proceeds Account to pay the principal amount, plus accrued interest, of Bonds tendered for purchase; (2) amounts on deposit in the Collateral Fund to pay the principal amount of Bonds tendered for purchase; (3) amounts on deposit in the Interest Account of the Bond Fund to pay the accrued interest, if any, on Bonds tendered for purchase; (4) amounts on deposit in the Project Fund to pay the accrued interest, if any, on the Bonds tendered for purchase; and (5) any other Available Money available or made available for such purpose at the written direction of the Borrower.

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

Mandatory Tender Notice

Notice to Holders. Not less than thirty (30) days preceding a Mandatory Tender Date, the Trustee shall give written notice of Mandatory Tender to the Holders of the Bonds then Outstanding (with a copy to the Borrower, the Investor Limited Partners, and the Remarketing Agent) as set forth in an exhibit to the Indenture by e-mail or first class mail, postage prepaid, at their respective addresses appearing on the Register stating:

- (1) the Mandatory Tender Date and that (i) all Outstanding Bonds are subject to Mandatory Tender for purchase on the Mandatory Tender Date; (ii) all Outstanding Bonds must be tendered for purchase no later than 12:00 Noon Local Time on the Mandatory Tender Date; and (iii) the Holders will not have the right to elect to retain their Bonds;

(2) the address of the designated office of the Trustee at which the Holders should deliver their Bonds for purchase and the date of the required delivery;

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

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

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

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

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

At all times the Bonds will be secured by Eligible Investments and Available Money sufficient to pay, without need for reinvestment, all of the interest and principal on the Bonds when due to the Initial Mandatory Tender Date, as further described herein.

To the extent provided in and except as otherwise permitted by the Indenture, (i) the Bonds will be special, limited obligations of the Issuer, and the Bond Debt Service Charges thereon shall be payable equally and ratably solely from the Issuer Revenues, including but not limited to moneys and investments in the Special Funds, (ii) the payment of Bond Debt Service Charges on the Bonds shall be secured by the assignment of Issuer Revenues under and by the Indenture, and (iii) payments due on the Bonds also shall be secured by the Promissory Note. Issuer Revenues include the payments required to be made by the Borrower under the Loan Agreement and the Promissory Note; all other moneys received or to be received by the Issuer or the Trustee for the account of the Issuer with respect to repayment of the Loan; moneys and investments in or allocated to the Special Funds; and the income and profit from the investment of the foregoing moneys.

The Issuer has directed the Trustee to deposit all payments made by the Borrower pursuant to the Promissory Note and the Loan Agreement into the Bond Fund established and maintained pursuant to the Indenture. In the event that amounts on deposit in the Bond Fund are insufficient to make the payment of Bond Debt Service Charges due on the next succeeding Bond Payment Date, Bond Debt Service Charges shall be payable as they become due, (i) in the first instance from the money on deposit in the Interest Account or the Remarketing Proceeds Account of the Bond Fund, as applicable, and transferred as necessary to the Bond Fund, (ii) second, from moneys on deposit in the Collateral Fund and transferred as necessary to the Bond Fund, and (iii) third, from moneys on deposit in the Project Fund and transferred as necessary to the Bond Fund. Investment of moneys in the Special Funds will mature or be redeemable at the times and in the amounts necessary to provide moneys to pay Bond Debt Service Charges on the Bonds when due or when otherwise required under the Indenture. All investment earnings from amounts on deposit

in the Project Fund and the Collateral Fund will be credited to the Interest Account of the Bond Fund. See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – [Investment of Special Funds][Bond Fund]” attached hereto.

The funds on deposit in the Special Funds will be invested in Eligible Investments. No fees of the Issuer or the Trustee will be payable from the Issuer Revenues.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE PLEDGED REVENUES (AS DEFINED IN THE INDENTURE) AND FROM OTHER MONEY PLEDGED UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA (THE “COMMONWEALTH”) NOR THE FAITH AND CREDIT OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER AND THE CITY OF NEWPORT NEWS, VIRGINIA (THE “CITY”)) ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST OR PREMIUM, IF ANY, ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER AND THE CITY) TO LEVY ANY TAXES WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT EXCEPT FROM THE FUNDS PLEDGED THEREFOR. THE ISSUER HAS NO TAXING POWER.

THE TRUSTEE

The information under this heading has been provided solely by the Trustee and has not been independently verified. No representation whatsoever as to the accuracy, adequacy or completeness of such information is being made.

The Borrower has appointed U.S. Bank Trust Company, National Association to serve as Trustee. The Trustee is a non-depository national banking association organized and existing under the laws of the United States of America, having powers of a bank, including fiduciary powers, and is a member of the Federal Reserve System. The Trustee is to carry out those duties assignable to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy, fairness or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture or the Bonds, or for the validity, sufficiency, or legal effect of any such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the Issuer of any of the Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Bonds by the Issuer. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Bonds, or the investment quality of the Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

CERTAIN BONDHOLDERS’ RISKS

The following is a summary of certain risks associated with a purchase of the Bonds. There are other possible risks not discussed below. The Bonds are payable from the payments to be made by the Borrower under the Loan Agreement and the Promissory Note, and from amounts on deposit in the Special Funds and the interest earnings thereon. The Borrower’s obligation to make payments pursuant to the Loan Agreement and the Promissory Note are nonrecourse obligations with respect to which the Borrower and its partners have no personal liability (except as otherwise provided in the Promissory Note) and as to

which the Borrower and its partners have not pledged any of their respective assets. No person should purchase any Bonds without carefully reviewing the following information, which summarizes some, but not all factors that should be carefully considered before such purchase.

General

Payment of the Bond Debt Service Charges, and the Borrower's obligations with respect to the Bond Debt Service Charges, will be secured by and payable from Bond proceeds held in the Project Fund and moneys deposited into the Collateral Fund and the Bond Fund, including the Interest Account and the Remarketing Proceeds Account held in the Bond Fund, and interest earnings thereon. Although the Borrower will execute the Promissory Note to evidence its obligation to repay the Loan, it is not expected that any revenues from the Project or other amounts, except moneys in the Special Funds, and the interest earnings thereon, will be available to satisfy that obligation. The Indenture requires the Trustee to verify, before any disbursement of funds from the Project Fund, that the sum of the funds on deposit in the Project Fund and the Collateral Fund after such disbursement will be at least equal to the then outstanding principal amount of the Bonds. Funds on deposit in the Project Fund, the Collateral Fund, the Interest Account of the Bond Fund, and the interest earnings thereon, have been calculated to be sufficient to pay the debt service on the Bonds.

Limited Security for Bonds

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

Early Redemption of the Bonds

Any person who purchases a Bond should consider the fact that the Bonds are subject to redemption prior to the Initial Mandatory Tender Date. See "THE BONDS – Optional Redemption" herein.

Issuer Limited Liability

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

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE PLEDGED REVENUES (AS DEFINED IN THE INDENTURE) AND FROM OTHER MONEY PLEDGED UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT OF THE COMMONWEALTH NOR THE FAITH AND CREDIT OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER AND THE CITY) ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST OR PREMIUM, IF ANY, ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER AND THE CITY) TO LEVY ANY TAXES WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT EXCEPT FROM THE FUNDS PLEDGED THEREFOR. THE ISSUER HAS NO TAXING POWER.

Enforceability of Remedies upon an Event of Default

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

Infectious Disease Outbreak

An outbreak of a highly contagious, epidemic or pandemic infectious disease such as COVID-19, Zika or Ebola nationally or locally in the Project's market area could adversely affect the Borrower's operations and financial results, including the cost or length of time necessary to complete the rehabilitation of the Project. An increase in delinquencies and/or vacancies could depress rental revenue, and operating costs could increase, resulting in a default by the Borrower on its obligations with respect to the Bonds or the FHA Insured Mortgage Loan, including the taxability of interest paid on, and/or the extraordinary mandatory redemption of, the Bonds.

Tax Exemption

In the event the Borrower does not maintain the Project as a "qualified residential rental project" for the Qualified Project Period, the interest on the Bonds may be or become taxable from the date of original issuance to the Holders of the Bonds for federal income tax purposes. Such an event will not constitute an immediate default under the Loan and is not the basis for an increase in the rate of interest payable on the Bonds or give rise to the payment to the owners of the Bonds of any amount denoted as "supplemental interest," "additional interest," "penalty interest," "liquidated damages" or otherwise, in addition to the amounts payable to the owners of the Bonds prior to the occurrence of the event which results in the interest payable on the Bonds being includable, for federal income tax purposes, in the gross income of the owners of the Bonds.

Secondary Markets and Prices

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

Nature of Special, Limited Obligations

The Bonds are special, limited obligations of the Issuer, payable solely from amounts pledged under the Indenture to the payment of principal, interest, and premium, if any, on the Bonds (which includes Loan Payments from the Borrower, amounts in the Special Funds, and other amounts held by the Trustee under the Indenture), and do not give rise to a general obligation or general liability of the Issuer, the Commonwealth or any political subdivision thereof, or a charge against any of their general credit or taxing powers and shall never constitute nor give rise to a pecuniary liability of the Issuer, the Commonwealth or any political subdivision thereof. *The Bonds do not constitute a debt, moral obligation, liability or loan of*

credit or a pledge of the full faith and credit or taxing powers of the Issuer, the Commonwealth, or any political subdivision thereof.

Federal Funding and Policy Uncertainties

Federal policies on the federal debt ceiling, foreign trade and tariffs, immigration, climate change, clean energy, taxation and funding, among other topics can shift dramatically between administrations. Such shifts can result in dramatic swings in the level of funding and staffing and policy priorities, and affect general economic conditions, leading to unpredictability. The Issuer currently expects a heightened level of uncertainty in federal policy, funding, staffing, and support for affordable housing, including HUD programs.

Federal funding is subject to federal legislative action, including through the federal budget process and sequestration. Budgetary acts, including sequestration, spending cuts, and tax cuts, could affect the availability of federal funds. Executive actions, including actions seeking to freeze, reduce, eliminate or reallocate federal funding and reduce staffing at federal agencies could also affect the availability of federal funds and the operation of federal programs.

Proposed and potential federal legislative and executive actions and initiatives, and uncertainty created by proposed or attempted actions, could adversely impact the Issuer. Examples of possible actions include, but are not limited to, regulatory changes to programs administered by federal agencies, including HUD, elimination of existing tax credits, cuts to federal spending on housing, operational challenges at federal agencies due to low-staffing levels, and changes to or elimination of tax-exempt bond financing. Legislation and executive action may be subject to legal challenges, and the Issuer makes no representation regarding the outcome of any such challenge.

Federal government shutdowns have occurred in the past and could occur in the future. A lengthy federal government shutdown poses potential direct risks to the Issuer's receipt of funds from federal sources, including HUD-administered programs, and could have indirect impacts due to a shutdown's effect on general economic conditions. The Issuer has not experienced material adverse impacts from federal government shutdowns that have occurred in recent years; however, the Issuer can make no assurances that it would not be materially adversely affected by any future shutdown of the federal government. In addition, federal funding received by the Issuer, including federal funding for HUD-administered programs, could be at risk in the event that the federal government approaches its statutory debt limit. The Issuer cannot predict whether, or to what extent, any specifically federally funded program could be affected in such event.

The Issuer continues to monitor developments involving the federal government.

Summary

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

NO LITIGATION

The Issuer

To the actual knowledge of the Issuer, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or threatened against the Issuer in any way affecting the organization of the Issuer, or the legal or corporate existence of the Issuer, or the title of the members of the Issuer to their respective offices, or any powers of the Issuer under the Constitution or the laws of the Commonwealth pursuant to which the Issuer was created; seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds or the collection of revenues from the Borrower derived from payments under the Loan Agreement, or the pledge thereof; contesting or affecting the validity or enforceability of the Bonds or any of the documents entered into by the Issuer in connection with the transaction described in this Official Statement (the “Issuer Documents”); contesting the power of the Issuer to enter into, execute and deliver the Issuer Documents or to consummate the transactions contemplated by such documents and this Official Statement; contesting in any way the completeness or accuracy of the information in this paragraph or under “THE ISSUER” herein or any amendment or supplement hereto or thereto (nor to the actual knowledge of the Issuer, is there any basis therefor); or wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Issuer Documents, or the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

The Borrower

There is no action, suit, proceeding, inquiry or investigation of which the Borrower has been notified, at law or in equity, before or by any judicial or administrative court or governmental agency or body, state, federal or other, pending or, to the best knowledge of the Borrower, threatened against the Borrower or the General Partner, affecting the existence of the Borrower or the General Partner or the titles of their respective officers to their respective offices, or contesting or affecting as to the Borrower or the General Partner, as applicable, the validity or enforceability of the Bonds, any of the documents entered into by the Borrower in connection with the transaction described in this Official Statement (the “Borrower Documents”) or the execution and delivery or adoption by the Borrower of any Borrower Document, or in any way contesting or challenging the completeness or accuracy of this Official Statement or the powers of the Borrower or the General Partner or their respective authority with respect to the Borrower Documents or the consummation of the transactions contemplated hereby or thereby; nor, to the best knowledge of the Borrower, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Borrower’s or the General Partner’s financial condition or operations or the validity of the authorization, execution, delivery or performance by the Borrower or the General Partner, as applicable, of any Borrower Document.

UNDERWRITING

The Bonds are being purchased by Colliers Securities LLC (the “Underwriter”) at the price listed on the cover page hereof. As consideration for its underwriting of the Bonds, the Underwriter will be paid an aggregate fee equal to \$ _____, plus \$ _____ to reimburse the Underwriter for certain fees and expenses.

The Underwriter has committed to purchase all of the Bonds if any of such Bonds are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel, and certain other information, and to use its best efforts to sell the Bonds. The Bonds are being offered for sale at the price set forth on the cover page of this Official Statement, which price may be lowered by the Underwriter from time to time

without notice. The Bonds may be offered and sold to dealers, including the Underwriter and dealers acquiring Bonds for their own account or any account managed by them, at prices lower than the public offering prices. In the Bond Purchase Agreement, the Borrower has agreed to indemnify the Issuer and the Underwriter with respect to certain matters in connection with the Bonds.

In addition to serving as the Underwriter, Colliers Securities LLC has been designated to serve as Remarketing Agent and will receive a fee for its remarketing services in connection with the remarketing of the Bonds, if any, on the Initial Mandatory Tender Date.

RELATIONSHIPS AMONG THE PARTIES

In connection with the issuance of the Bonds, the Issuer, the Borrower, and the Underwriter are being represented by the attorneys or law firms identified below under the heading “LEGAL MATTERS.” In other transactions not related to the Bonds, each of these attorneys or law firms may have acted as bond counsel or represented the Issuer, the Borrower or the Underwriter or their affiliates, in capacities different from those described herein, and there will be no limitations imposed as a result of the issuance of the Bonds on the ability of any of these firms or attorneys to act as bond counsel or represent any of these parties in any future transactions. Potential purchasers of the Bonds should not assume that the Issuer, the Borrower and the Underwriter or their respective counsel or Bond Counsel have not previously engaged in, or will not after the issuance of the Bonds engage in, other transactions with each other or with any affiliates of any of them, and no assurance can be given that there are or will be no past or future relationships or transactions between or among any of these parties or these attorneys or law firms.

TAX MATTERS

Opinion of Bond Counsel – Federal Income Tax Status of Interest

Except as qualified below, in the opinion of Williams Mullen, Bond Counsel, assuming continuous compliance with the covenants in the Tax Certificate and Agreement to be delivered by the Borrower and the Issuer in connection with the delivery of the Bonds (the “Tax Certificate”), and based on existing statutes, court decisions, regulations and rulings, and subject to the qualifications described in the remaining paragraphs under this heading, interest on the Bonds (a) is excludable from the gross income of the holders of the Bonds for purposes of federal income taxation pursuant to the Internal Revenue Code of 1986, as amended (the “Code”) under existing statutes, regulations and decisions, except as provided in Section 147(a) of the Code with respect to any period during which the Bonds are held by a person who is a “substantial user” of the Project or by a “related person,” as such terms are used in Section 147(a) of the Code and the regulations adopted thereunder, and (b) is not a specific item of tax preference for purposes of the federal alternative minimum tax on individuals. However, for taxable years beginning after December 31, 2022, such interest is included in the “adjusted financial statement income” (as defined in Section 56a of the Code) of certain corporations in determining the applicability and amount of the federal corporate alternative minimum tax imposed under Section 55(b) of the Code. In the event of noncompliance with certain covenants contained in the Tax Certificate, interest on the Bonds would be subject to income taxation by the United States from the date of issue. The proposed form of the opinion of Bond Counsel appears as Appendix B attached hereto.

Bond Counsel’s opinion speaks as of its date, is based on current legal authority and precedent, covers certain matters not directly addressed by such authority and precedent, and represents Bond Counsel’s judgment as to the excludability of interest on the Bonds for federal income tax purposes. Bond Counsel’s opinion does not contain or provide any opinion or assurance regarding the future activities of the Issuer or the Borrower or about the effect of future changes in the Code, the applicable regulations, or the interpretation or the enforcement thereof by the Internal Revenue Service (the “IRS”) and the courts.

Although Bond Counsel is of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, Bonds may otherwise affect the federal tax liability of an owner of the Bonds. The nature and extent of these other federal tax consequences depend on the owner's particular tax status and levels of other income or deductions. Bond Counsel will express no opinion regarding any such other tax consequences and prospective purchasers of the Bonds should consult their own tax advisors with respect thereto.

Reliance and Assumptions; Effect of Certain Changes

In delivering its opinion regarding the federal tax treatment of interest on the Bonds, Bond Counsel is relying upon and assuming the accuracy of certifications and representations of the Issuer, the Borrower, and other persons to facts material to the opinion, which Bond Counsel has not independently verified.

In addition, Bond Counsel is assuming continuing compliance with the Covenants (as hereinafter defined) by the Issuer and the Borrower. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from gross income for purposes of federal income taxation. These requirements include, by way of example and not limitation, restrictions on the use, expenditure and investment of the proceeds of the Bonds and the use of the property financed by the Bonds, limitations on the source of the payment of and the security for the Bonds, and the obligation to rebate certain excess earnings on the gross proceeds of the Bonds to the Treasury of the United States (the "Treasury"). The Indenture, the Loan Agreement, and the Tax Certificate contain covenants (the "Covenants") under which the Issuer and the Borrower have agreed to comply. A failure to comply with the Covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to their date of issue. If such a failure were to occur, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Bonds from becoming includable in gross income for federal income tax purposes. Compliance by the Issuer with its respective Covenants does not require the Issuer to make any financial contribution for which it does not receive funds from the Borrower.

Bond Counsel has no responsibility to monitor compliance with the Covenants after the date of issue of the Bonds.

Certain requirements and procedures contained, incorporated or referred to in the Indenture, the Loan Agreement, and the Tax Certificate, including the Covenants, may be changed and certain actions may be taken or omitted subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion concerning any effect on the excludability of interest on the Bonds from gross income for federal income tax purposes of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than Bond Counsel.

Certain Collateral Federal Tax Consequences

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

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, banks and financial institutions, certain insurance companies, dealers in tax-exempt obligations, certain

corporations (including S corporations and foreign corporations), certain foreign corporations subject to the “branch profits tax,” individual recipients of Social Security or Railroad Retirement benefits, owners of an interest in a financial securitization trust, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers attempting to qualify for the earned income tax credit.

Original Issue Premium

Bonds purchased in the initial public offering with yields lower than their applicable interest rates, as shown on the inside cover page hereof, have been sold with “bond premium.” Each such Bond is referred to below as an “OIP Bond.” The excess of (i) the owner’s basis in the OIP Bond immediately after acquisition over (ii) the amount payable at maturity (excluding qualified stated interest) as determined under Section 171 of the Code constitutes the amount of the bond premium. Under the Code, the bond premium is amortized based on the owner’s yield over the remaining term of the OIP Bond (or, in the case of certain callable OIP Bonds, to an earlier call date that results in a lowest yield on the OIP Bond). The owner of an OIP Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period against the bond premium allocable to that period. No deduction is allowed for such amortization of bond premium even though the owner is required to decrease the adjusted basis in the owner’s OIP Bond by the amount of the amortizable bond premium, which will result in an increase in the gain (or decrease in the loss) recognized for federal income tax purposes upon a sale or disposition of the OIP Bond prior to its maturity.

Prospective purchasers of any OIP Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, sale, exchange, or other disposition of, and amortization of bond premium on, such OIP Bonds.

Information Reporting and Backup Withholding

Prospective purchasers should be aware that the interest on the Bonds is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. In addition, interest on the Bonds may be subject to backup withholding if the interest is paid to an owner who or which (i) is not an “exempt recipient” and (ii) (A) fails to furnish an accurate U.S. taxpayer identification number in the manner required, (B) has been notified of a failure to report all interest and dividends required to be shown on federal income tax returns or (C) fails to certify under penalty of perjury that the owner is not subject to withholding. Individuals generally are not exempt recipients, although corporations and other entities generally are.

The reporting and backup withholding requirements do not in and of themselves affect the excludability of interest on the Bonds from gross income for federal income tax purposes, and amounts withheld under the backup withholding rules may be refunded or credited against the owner’s federal income tax liability, if any, provided that the required information is timely furnished to the IRS.

Internal Revenue Service Audits

The IRS has established a program to audit tax-exempt obligations to determine whether the interest thereon is includable in gross income for federal income tax purposes. If the IRS does audit the Bonds, the IRS will, under its current procedures, treat the Issuer as the taxpayer. As such, the beneficial owners of the Bonds will have only limited rights, if any, to participate in the audit or any administrative or judicial review or appeal thereof. Any action of the IRS, including but not limited to the selection of the Bonds for audit,

or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the marketability or market value of the Bonds.

Opinion of Bond Counsel – Virginia Income Tax Consequences

In the opinion of Bond Counsel, under current law, interest on the Bonds is excludable from gross income for purposes of income taxation by the Commonwealth. Bond Counsel will express no opinion regarding (i) other tax consequences arising with respect to the Bonds under the laws of the Commonwealth or (ii) any consequences arising with respect to the Bonds under the tax laws of any state or local jurisdiction other than the Commonwealth. Prospective purchasers of the Bonds should consult their own tax advisors regarding such other Virginia tax consequences or the tax status of interest on the Bonds in a particular state or local jurisdiction other than the Commonwealth.

Changes in Federal and State Tax Law and Regulations

Legislation affecting tax-exempt obligations is regularly considered by the U.S. Congress and various state legislatures. Such legislation may effect changes in federal or state income tax rates and the application of federal or state income tax laws (including the substitution of another type of tax), or may repeal or reduce the benefit of the excludability of interest on the tax-exempt obligations from gross income for federal or state income tax purposes.

The U.S. Department of the Treasury and the IRS and state regulatory authorities are continuously drafting regulations to interpret and apply the provisions of the Code and state law and court proceedings may be filed, the outcome of which could modify the federal or state tax treatment of tax-exempt obligations.

There can be no assurance that legislation proposed or enacted after the date of issue of the Bonds, regulatory interpretation of the Code or state laws or actions by a court involving either the Bonds or other tax-exempt obligations will not have an adverse effect on the Bonds' federal or state tax status, marketability or market price or on the economic value of the tax-exempt status of the interest on the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential consequences of any such proposed or pending federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds and with regard to the tax-exempt status of the interest thereon (see "TAX MATTERS" herein) are subject to the approving legal opinion of Williams Mullen, Richmond, Virginia, Bond Counsel. A signed copy of that opinion, dated and speaking only as of the date of original delivery of the Bonds, will be delivered to the Underwriter at the time of such original delivery. A copy of such opinion will accompany the Bonds, and a draft of that opinion is attached hereto as Appendix B.

In rendering its approving opinion, Bond Counsel will rely on certifications and representations of fact to be contained in the transcript of proceedings which Bond Counsel will not have independently verified. Certain legal matters will be passed upon for the Underwriter by its counsel, Robinson & Cole LLP, Washington, D.C., for the Issuer by its counsel, Kaufman & Canoles, P.C., Newport News, Virginia, and for the Borrower by its counsel, Winthrop & Weinstine, P.A., Minneapolis, Minnesota.

RATING

Moody's Ratings (the "Rating Agency") has assigned to the Bonds the rating set forth on the cover hereof. The rating reflects only the views of the Rating Agency, and an explanation of the significance of such rating may be obtained from it. No assurance can be given that the rating will be maintained for any given period of time or that the rating may not be revised downward, suspended or withdrawn entirely by the Rating Agency if, in its judgment, circumstances so warrant. Any such downward change in, suspension or withdrawal of the rating may have an adverse effect on the market price of the Bonds. The Underwriter and the Issuer have undertaken no responsibility after issuance of the Bonds to assure the maintenance of the rating or to oppose any such revision, suspension or withdrawal. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

CONTINUING DISCLOSURE

The Borrower will enter into a Continuing Disclosure Agreement, dated as of July 1, 2026 (the "Continuing Disclosure Agreement"), with the Trustee, acting as the Dissemination Agent, obligating the Borrower to send, or cause to be sent, certain financial information with respect to the Project to certain information repositories annually and to provide notice, or cause notice to be provided, to the Municipal Securities Rulemaking Board, if any, of certain enumerated events for the benefit of the beneficial owners and Holders of any of the Bonds, in order to allow the Underwriter to meet the requirements of Section (b)(5)(i) of Securities Exchange Commission Rule 15c2-12 (the "Rule").

A failure by the Borrower to comply with the provisions of the Continuing Disclosure Agreement will not constitute a default under the Indenture or the Loan Agreement (although Holders will have any available remedy at law or in equity for obtaining necessary disclosures). Nevertheless, such a failure to comply is required to be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds.

The Borrower, as a newly formed entity, has not entered into prior continuing disclosure undertakings, nor has it defaulted under any obligations in connection with any issuance of bonds subject to the Rule. See "APPENDIX F – FORM OF CONTINUING DISCLOSURE AGREEMENT" attached hereto.

The Issuer does not have any obligation with respect to the Continuing Disclosure Agreement because the Issuer is not an "obligated party" under the terms of the Rule. The Issuer will not monitor the compliance by the Borrower with the terms of the Continuing Disclosure Agreement.

MISCELLANEOUS

The foregoing references to and summaries or descriptions of provisions of the Bonds, the Loan Agreement, the Indenture and the Regulatory Agreement, and all references to other materials not stated to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof. After the Closing Date, copies of the Loan Agreement, the Indenture, the Promissory Note, and the Regulatory Agreement may be obtained from the Trustee at its designated corporate trust office.

The Borrower and the Issuer have authorized and approved the use and distribution of this Official Statement, although the Issuer has not reviewed or approved any matters herein and assumes no responsibility for the accuracy or completeness of the information herein except for the information under the captions "THE ISSUER" and "NO LITIGATION – The Issuer" in this Official Statement.

The Official Statement has been duly authorized, executed and delivered by the Borrower.

STUART GARDENS HOUSING PARTNERS, LP,
a Virginia limited partnership

By: Stuart Gardens Housing Management, LLC,
a Virginia limited liability company,
its General Partner

By: Vitus Development III, LLC,
a Delaware limited liability company,
its Member and Manager

By: _____
Name: Stephen R. Whyte
Title: President

APPENDIX A

DEFINITIONS OF CERTAIN TERMS

“Act” means the Virginia Housing Authorities Law, Chapter 1, Title 36 of the Code of Virginia of 1950, as amended.

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

“Adjusted Income” means the adjusted income of a person (together with the adjusted income of all persons of the age of 18 years or older who intend to reside with such person in a dwelling unit), as calculated in the manner prescribed under Section 142(d)(2)(B) of the Code.

“Administrative Fee” means the administrative fees of the Issuer payable under the Loan Agreement.

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

“Area Median Income” or “AMI” means the median yearly income for households of an applicable size in the applicable Primary Metropolitan Statistical Area as most recently determined by the Secretary of Housing and Urban Development under Section 8(f)(3) of the Housing Act, or, if such figures are no longer available, the method of calculation is substantially altered, or the programs under Section 8(f) are terminated, the Issuer shall provide the Borrower with another income determination that is reasonably similar to the method used by the Secretary prior to such termination.

“Authenticating Agent” has the meaning provided in the Indenture.

“Authorized Borrower Representative” means the person or persons designated to act on behalf of the Borrower by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by an officer of the General Partner, which certificate may designate an alternate or alternates. The initial Authorized Borrower Representatives are Stephen R. Whyte, Tarun Chandran and Scott O. Langan.

“Authorized Denomination” means (a) so long as the Bonds are rated “A,” without regard to a modifier (or the equivalent) or higher by a Rating Agency, \$5,000 or any integral multiple of \$1,000 in excess thereof; or (b) at any other time, \$100,000, or any integral multiple of \$0.01 in excess thereof, except that in each case one Bond may be in a principal amount equal to the then Outstanding principal amount of the Bonds.

“Authorized Official” means the Chairman, Vice Chairman, Secretary/Treasurer and the Executive Director of the Issuer, or any one of them individually.

“Available Money” means, as of any date of determination, any of the following, as applicable:

- (a) the proceeds of the Bonds;

- (b) proceeds from the sale of GNMA Securities provided by the FHA Lender;
- (c) amounts advanced by FHA Lender with respect to the FHA Lender Funds deposited directly with the Trustee by the FHA Lender;
- (d) proceeds of the Bridge Loan;
- (e) any other amounts, including the proceeds of refunding bonds, for which the Trustee has received an opinion of counsel to the effect that the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code (or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court) or be avoidable as preferential payments under Section 547 of the Bankruptcy Code should the Issuer or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;
- (f) the Underwriter's Advance;
- (g) the proceeds of any letter of credit;
- (h) remarketing proceeds received from the Remarketing Agent or any purchaser of Bonds, including any amount paid by the Remarketing Agent to the Trustee in excess of the remarketing price of the Bonds (other than funds provided by the Borrower, the Issuer, any Affiliate of either the Borrower or the Issuer); or
- (i) investment earnings derived from the investment of money described in subsection (a), (b), (c), (d), (e), (f), (g), or (h) above.

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

"Bond Counsel" means Williams Mullen, and any other firm of nationally recognized bond counsel experienced in tax-exempt bond financing selected by the Issuer and acceptable to the Borrower.

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

"Bond Fund" means the Bond Fund created in the Indenture.

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

"Bond Purchase Agreement" means the Bond Purchase Agreement, dated _____, 2026, among the Underwriter, the Issuer, and the Borrower.

"Bond Resolution" means that certain resolution authorizing the issuance of the Bonds to finance the Project, adopted by the Issuer on June 16, 2026.

“Bonds” means the Multifamily Housing Revenue Bonds (Stuart Gardens I Apartments) Series 2026, issued by the Issuer pursuant to the Indenture and the Bond Resolution in the original aggregate principal amount of \$23,000,000*.

“Bond Year” means each annual period of twelve (12) months the first of which commences on the date of the original issuance and delivery of the Bonds and the last of which ends on the maturity of the Bonds, except that the first and last Bond Year may be less than twelve (12) months.

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

“Borrower” means Stuart Gardens Housing Partners, LP, a Virginia limited partnership, and its lawful successors and assigns to the extent permitted by the Loan Agreement.

“Borrower Documents” means, collectively, the Loan Agreement, the Promissory Note, the Regulatory Agreement, and the Tax Certificate.

“Bridge Lender” means Merchants Bank of Indiana.

“Bridge Loan” means that certain loan by the Bridge Lender to the Borrower in the original principal amount of \$16,000,000* to bridge a portion of the Tax Credit Equity contributions.

“Bridge Loan Documents” means, collectively, the Bridge Loan Agreement, by and between the Borrower and the Bridge Lender, dated as of July __, 2026; the Promissory Note with HUD Rider; Pledge and Security Agreement (Borrower), dated as of July __, 2026, entered into by the Borrower, in favor of the Bridge Lender; Pledge and Security Agreement (Investor Limited Partner[s]), dated as of July __, 2026, entered into by the Borrower in favor of the Bridge Lender; Disbursing Agreement, dated as of July __, 2026, by and among the Bridge Lender, the Borrower, and Chicago Title Insurance Company; Guaranty, dated July __, 2026, by the Vitus Group, LLC to the Bridge Lender; Guaranty Affidavit; Blocked Account Control Agreement, dated as of July __, 2026, between the Borrower and the Bridge Lender; Developer Fee Subordination Agreement, dated July __, 2026, by and among Vitus Development III, LLC, the Borrower, and the Bridge Lender.

“Business Day” means a day of the week, other than a Saturday or a Sunday, on which commercial banks located in the city in which the principal corporate trust office of the Trustee is located are not required or authorized to remain closed.

“Cash Flow Projection” means a cash flow projection prepared by an Independent firm of certified public accountants, a financial advisory firm, a law firm or other independent third party qualified and experienced in the preparation of cash flow projections for structured finance transactions similar to the Bonds, designated by the Borrower and acceptable to the Remarketing Agent and the Rating Agency, establishing, to the satisfaction of the Remarketing Agent and the Rating Agency, the sufficiency of (a) the amounts on deposit in the Special Funds; (b) projected investment income to accrue on amounts on deposit

* Preliminary; subject to change.

in the Special Funds during the applicable period; and (c) any additional Available Money delivered to the Trustee by or on behalf of the Borrower to pay Bond Debt Service Charges and the Additional Payments, in each instance, when due and payable, including, but not limited to, any cash flow projection prepared in connection with (1) the initial issuance and delivery of the Bonds, (2) a proposed remarketing of the Bonds, as provided in the Indenture, (3) a proposed optional redemption of the Bonds, as provided in the Indenture, and (4) the purchase, sale, or exchange of Eligible Investments or the release of Available Money from the Interest Account of the Bond Fund as provided in the Indenture.

“Closing Date” means July __, 2026, which is the date of issuance of the Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, and all applicable regulations (whether proposed, temporary or final) under the Code and the statutory predecessor of the Code, and any official rulings and judicial determinations under the foregoing applicable to the Bonds.

“Collateral Fund” means the Collateral Fund created pursuant to the Indenture.

“Commonwealth” means the Commonwealth of Virginia.

“Completion Date” means the date of substantial completion of the Project evidenced in accordance with the requirements of the Loan Agreement.

“Construction Period” means the period between the beginning of the acquisition, rehabilitation, renovation, and equipping of the Project and the Completion Date.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of July 1, 2026, between the Borrower and the Dissemination Agent, as it may be amended from time to time.

“Contractual Obligation” means for any Person any obligation, covenant, or condition contained in any evidence of Indebtedness or any agreement or instrument under or pursuant to which any evidence of Indebtedness has been issued, or any other material agreement, instrument or guaranty, to which such Person is a party or by which such Person or any of its assets or properties are bound.

“Costs of Issuance Fund” means the Costs of Issuance Fund created pursuant to the Indenture.

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

“Disbursement Request” shall have the meaning set forth in the Indenture.

“Disbursing Agreement” means the Construction Loan Disbursement Agreement, dated the Closing Date, among the Bridge Lender, the Trustee, the Borrower, the FHA Lender, and the Title Company, as it may be amended from time to time.

“Dissemination Agent” means U.S. Bank Trust Company, National Association, a national banking association, its successors and assigns.

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

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

“Eligible Investments” means any of the following investments which mature (or are redeemable without penalty) at such time or times as to enable timely disbursements to be made from the fund in which such investment is held or allocated in accordance with the terms of the Indenture:

(a) Government Obligations; or

(b) shares or units in any money market mutual fund rated at the time of investment “Aaa-mf” by Moody’s (or the equivalent Highest Rating Category given by the Rating Agency for that Rating Category) that invest substantially in Government Obligations, including mutual funds of the Trustee or its affiliates or for which the Trustee or an affiliate thereof serves as investment advisor or provides other services to such mutual fund and receives reasonable compensation therefor that are registered with the Securities and Exchange Commission and which meet the requirements of Rule 2(a)(7) of the Investment Company Act of 1940, as amended, which may be administered by the Trustee or its affiliates.

The term “Eligible Investments” shall not include the following: (1) any investment with a final maturity or any agreement with a term ending later than the earlier of (i) the current Mandatory Tender Date in effect at the time of investment or (ii) the Maturity Date; (2) any interest only or principal only stripped security; and (3) any investment which may be prepaid or called at a price less than its purchase price prior to stated maturity.

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

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

“Extraordinary Services” and “Extraordinary Expenses” mean all services rendered and all reasonable expenses properly incurred by the Trustee under the Indenture, other than Ordinary Services and Ordinary Expenses. Extraordinary Services and Extraordinary Expenses shall specifically include services rendered or expenses incurred by the Trustee in connection with, or in contemplation of, an Event of Default.

“Favorable Opinion of Bond Counsel” means an opinion of Bond Counsel that the action proposed will not, in and of itself, cause interest on the Bonds to become includable in gross income of the Holders thereof.

“Federal Investor Limited Partner” means USA Institutional Stuart Gardens I LLC, and its successors and/or assigns.

“FHA” means the Federal Housing Administration.

“FHA Insurance Commitment” means the commitment for insurance of advances issued by the Federal Housing Commissioner of HUD with respect to the Project, dated December 23, 2025, as may be amended from time to time.

“FHA Insurance Regulations” means the FHA regulations promulgated under the National Housing Act, as amended.

“FHA Insured Mortgage Loan” means the mortgage loan in the approximate original principal amount of \$30,814,000* to be advanced by the FHA Lender to the Borrower and insured by FHA under Section 221(d)(4) of the National Housing Act, as amended.

“FHA Lender” means Merchants Capital Corp., an Indiana corporation, its successors and assigns.

“FHA Lender Funds” means funds of the FHA Lender, other than proceeds of the FHA Insured Mortgage Loan, delivered to the Trustee pursuant to the Indenture and the Loan Agreement.

“FHA Loan Documents” means the documents related to the FHA Insured Mortgage Loan, including the FHA Insurance Commitment, the FHA Note, the FHA Mortgage, the HUD Regulatory Agreement and any and all other documents, agreements, or instruments which evidence or secure the indebtedness evidenced by the FHA Note.

“FHA Mortgage” means the first-lien priority Multifamily Mortgage, Security Agreement, Assignment of Rents, and Fixture Filing (Virginia), dated the date of the FHA Note and insured by HUD, from the Borrower for the benefit of the FHA Lender to secure the repayment of the FHA Note.

“FHA Note” means the Note (Multistate) in the approximate amount of \$30,814,000*, dated as of July 1, 2026, from the Borrower to the FHA Lender to evidence its indebtedness under the FHA Insured Mortgage Loan.

“Fiscal Year” means, with respect to a Person, that period beginning on January 1 of each year and ending on December 31 of the same year or such other fiscal year as shall be designated by such Person as its annual accounting period.

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

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

“General Partner” means Stuart Gardens Housing Management, LLC, a Virginia limited liability company, its permitted successors and assigns.

“GNMA” means the Government National Mortgage Association, a corporate instrumentality of the United States within the United States Department of Housing and Urban Development organized and existing under the National Housing Act.

“GNMA Documents” means the GNMA Guaranty and the documents related to the GNMA Guaranty.

* Preliminary; subject to change.

“GNMA Guaranty” means the guaranty made by GNMA pursuant to the provisions of Section 306(g) of Title III of the National Housing Act, as amended, and the regulations promulgated under the National Housing Act.

“GNMA Mortgage-Backed Securities Guide” means the GNMA Handbook 5500.3, as it may be amended or modified from time to time, which describes and provides instruction to the participants in the GNMA Mortgage-Backed Securities program.

“GNMA Regulations” means the GNMA regulations promulgated under the National Housing Act.

“GNMA Security” or “GNMA Securities” means a fully modified pass through security in the form of a CLC or a PLC issued by an approved FHA lender and guaranteed by GNMA as to timely payment of principal of and interest on a PLC and as to timely payment of interest only until maturity and timely payment of principal at maturity on a CLC, pursuant to Section 306(g) of the National Housing Act of 1934, as amended, and the regulations promulgated thereunder.

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

“Government Obligations” means non-callable, non-redeemable direct obligations of the United States of America, including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America.

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

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

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

“HUD Regulatory Agreement” means the Regulatory Agreement for Multifamily Projects, dated the date of the FHA Note, between the Borrower and HUD, related to the FHA Insured Mortgage Loan.

“Indebtedness” means for any Person (a) all indebtedness or other obligations of such Person for borrowed money or for the deferred purchase price of property or services; (b) all indebtedness or other obligations of any other Person for borrowed money or for the deferred purchase price of property or services, the payment or collection of which such Person has guaranteed (except by reason of endorsement for deposit or collection in the ordinary course of business) or in respect of which such Person is liable, contingently or otherwise, including, without limitation, by way of agreement to purchase, to provide funds for payment, to supply funds to or otherwise to invest in such other Person, or otherwise to assure a creditor against loss; (c) all indebtedness or other obligations of any other Person for borrowed money or for the deferred purchase price of property or services secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien, upon or in property (including, without limitation, accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such indebtedness or other obligations; (d) all direct or contingent obligations of such Person in respect of letters of credit; (e) all lease obligations which have

been or should be, in accordance with GAAP, capitalized on the books of such Person as lessee; and (f) guaranties of any of the foregoing; provided that Indebtedness does not include accounts payable and accrued expenses incurred in the ordinary course of business.

“Indenture” means the Indenture of Trust, dated as of July 1, 2026, between the Issuer and the Trustee, as amended or supplemented from time to time in accordance with the Indenture.

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

“Information Services” means in accordance with then-current guidelines of the Securities and Exchange Commission, the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor entity or entities designated by the Securities and Exchange Commission.

“Initial Deposit” means the deposit of Available Money in the amount of \$[0], which the Borrower shall cause to be made from the Underwriter’s Advance to the Interest Account of the Bond Fund on the Closing Date.

“Initial Interest Rate” means __. __%.

“Initial Mandatory Tender Date” means October 1, 2028*.

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

“Interest Account” means the Interest Account within the Bond Fund created in the Indenture.

“Interest Payment Date” or “Interest Payment Dates” means (a) each April 1* and October 1*, commencing October 1, 2026*; (b) any date the Bonds are called for redemption prior to maturity; (c) each Mandatory Tender Date; (d) the Maturity Date; and (e) the date of acceleration of the Bonds.

“Interest Period” means, initially, the period from the Closing Date to and including October 1, 2026, and thereafter, the period commencing on each succeeding Interest Payment Date and ending on the last day of that month preceding the next Interest Payment Date.

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

“Interest Rate for Advances” means the rate of 6% per annum or the rate per annum which is 2% plus that interest rate announced by U.S. Bancorp in its lending capacity as a bank as its “Prime Rate” or its “Base Rate,” whichever is greater and lawfully chargeable, in whole or in part.

“Investor Limited Partners” means collectively, the Federal Investor Limited Partner and the State Investor Limited Partner.

* Preliminary; subject to change.

“Issuer” means the Newport News Redevelopment and Housing Authority, a political subdivision of the Commonwealth, duly organized and existing under the laws of the Commonwealth, the issuer of the Bonds under the Indenture, and its successors and assigns.

“Issuer Revenues” means (a) the Loan Payments; (b) all other money received or to be received by the Issuer or the Trustee in respect of repayment of the Loan, including without limitation, all money and investments in the Bond Fund; (c) any money and investments in the Project Fund and the Collateral Fund; and (d) all income and profit from the investment of the foregoing money. The term “Issuer Revenues” does not include any money or investments in the Rebate Fund, nor does it include payment of any Additional Payments due from the Borrower to the Issuer under the Loan Agreement, including payment of the Administrative Fee or reimbursement of any expenses incurred by the Issuer.

“Lien” means any mortgage, deed of trust, lien, charge, security interest or encumbrance of any kind upon, or pledge of, any property, whether owned as of or acquired after the date of the Indenture, and includes the acquisition of, or agreement to acquire, any property subject to any conditional sale agreement or other title retention agreement, including a lease on terms tantamount thereto or on terms otherwise substantially equivalent to a purchase.

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

“Loan Agreement” means the Loan Agreement, dated as of July 1, 2026, between the Issuer and the Borrower and assigned by the Issuer, except for Unassigned Issuer’s Rights, to the Trustee, as amended or supplemented from time to time, in relation to the Bonds.

“Loan Payment Cure Period” means a period of four (4) Business Days following any Loan Payment Date.

“Loan Payment Date” means the fifth Business Day preceding each Bond Payment Date.

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

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

“Low Income Tenants” means persons or families with Adjusted Income which does not exceed 60% of the Area Median Income adjusted for household size. In no event will the occupants of a unit be considered to be Low Income Tenants if all such occupants are students (as defined in Section 152(f)(2) of the Code), unless the unit is occupied:

- (i) by an individual who is (A) a student and receiving assistance under Title IV of the Social Security Act, (B) a student who was previously under the care and placement responsibility of the Commonwealth agency responsible for administering a plan under Part B or Part E of Title IV of the Social Security Act, or (C) enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar federal, Commonwealth, or local laws; or

- (ii) entirely by full-time students if such students are (A) single parents and their children and such parents are not dependents (as defined in Section 152 of the Code, determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof) of another individual and such children are not dependents (as defined in Section 152 of the Code, determined without regard to

subsections (b)(1), (b)(2), and (d)(1)(B) thereof) of another individual other than a parent of such children, or (B) married and entitled to file a joint return.

“Majority of the Holders of the Bonds” means the Holders of more than 50% of the principal amount of the then Outstanding Bonds.

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

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

“Maturity Date” means October 1, 2030*.

“Maximum Interest Rate” means the interest rate equal to the lesser of (a) eight percent (8%) per annum or (b) the maximum interest rate per annum permitted by applicable Commonwealth law.

“Minimum Trustee Rating” means a long term rating of the Trustee’s unsecured obligations with maturities in excess of one (1) year of not less than “A” by S&P, or, if the Trustee does not have such a rating from S&P, it must have a minimum rating of its unsecured obligations with maturities of one (1) year or less of “A-1” from S&P.

“Moody’s” means Moody’s Ratings.

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

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

“Ordinary Services” and “Ordinary Expenses” mean those services normally rendered, and those expenses normally incurred, by a trustee under instruments similar to the Indenture. Without limiting the generality of this definition, Ordinary Services and Ordinary Expenses shall include, without limitation, services provided by the Trustee in connection with the redemption of Bonds as provided in the Indenture and in connection with any meetings of Holders of the Bonds as provided in the Indenture.

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

(a) Bonds cancelled upon surrender, exchange or transfer, or cancelled because of payment on or prior to that date;

(b) Bonds, or the portion thereof, for the payment or purchase for cancellation of which sufficient money has been deposited and credited with the Trustee or the Paying Agents on or prior to that date for that purpose (whether upon or prior to the maturity of those Bonds);

(c) Bonds, or the portion thereof, which are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of the Indenture; and

* Preliminary; subject to change.

(d) Bonds in lieu of which others have been authenticated under the Indenture.

“Paying Agent” means the Trustee acting as such, or any other bank or trust company designated as a Paying Agent by or in accordance with the Indenture.

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

“Plans and Specifications” means the plans and specifications describing the Project as now prepared and as they may be changed as provided in the Indenture from time to time.

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

“Program Obligations” shall have the meaning provided in the FHA Mortgage.

“Project” means the financing for a portion of the costs of the renovation, rehabilitation, construction, improvement, and equipping of the multifamily rental housing facility consisting of approximately 250 rental units and related facilities located at 1358 Garden Drive, Newport News, Virginia 23607, for occupancy by individuals or families of low and moderate income.

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

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

“Project Purposes” means the operation of the Project in accordance with the Act, the Code and the Regulatory Agreement.

“Promissory Note” means the Promissory Note, in the original principal amount of \$23,000,000*, dated the Closing Date, in the form attached to the Loan Agreement as an exhibit, evidencing the obligation of the Borrower to make Loan Payments.

“Rating Agency” means S&P, Moody’s, or any other nationally recognized municipal securities rating agency acceptable to the Holders, and initially means Moody’s so long as Moody’s is rating the Bonds.

“Rebate Analyst” shall have the meaning provided in the Indenture.

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

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

“Registrar” means the Trustee, until a successor Registrar shall have become such pursuant to applicable provisions of the Indenture; each Registrar shall be a transfer agent registered in accordance with

* Preliminary; subject to change.

Section 17A(c) of the Securities Exchange Act of 1934.

“Regular Record Date” means the fifteenth (15th) day of the calendar month next preceding an Interest Payment Date applicable to that Bond.

“Regulatory Agreement” means the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of July 1, 2026, but effective as of the Closing Date, between the Issuer and the Borrower, relating to the Bonds, as the same may be amended from time to time.

“Remarketing Agent” means Colliers Securities LLC, a Delaware limited liability company, or any successor as Remarketing Agent designated in accordance with the Indenture.

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

“Remarketing Agreement” means the Remarketing Agreement, dated as of July 1, 2026, between the Borrower and the Remarketing Agent, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

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

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

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

“Remarketing Period” means the period beginning on a Remarketing Date and ending on the last day of the term for which Bonds are remarketed pursuant to the Indenture or the final Maturity Date of the Bonds, as applicable.

“Remarketing Proceeds Account” means the Remarketing Proceeds Account of the Bond Fund created in the Indenture.

“Remarketing Rate” means the interest rate or rates established pursuant to the Indenture and borne by the Bonds then Outstanding from and including each Remarketing Date to, but not including, the next succeeding Remarketing Date or the final Maturity Date of the Bonds, as applicable.

“Responsible Officer” means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of the Indenture.

“Securities Act” means the United States Securities Act of 1933, as in effect on the Closing Date.

“Securities Depositories” means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax (516) 227 4039 or 4191; Midwest Securities Trust Company, Capital Structures – Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax (312) 663 2343; Pacific Securities Depository Trust Company, Pacific and Company, P.O. Box 7041, San Francisco, California 94120, Fax (415) 393 4128; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax (215) 496 5058; or, in accordance with the then current guidelines of the Securities and Exchange Commission to such other addresses and/or such other securities depositories or, as the Issuer may designate in a request of the Issuer delivered to the Trustee, to no such depositories.

“S&P” means S&P Global Ratings.

“Special Funds” means, collectively, the Bond Fund, the Collateral Fund and the Project Fund, and any accounts therein, all as created in the Indenture.

“Special Record Date” means, with respect to any Bond, the date established by the Trustee in connection with the payment of overdue interest or principal on that Bond.

“State Investor Limited Partner” means Commonwealth Advisors Capital LLC, a Virginia limited liability company, and its successors and/or assigns.

“Subordinate Bond Documents” shall have the meaning provided in the Indenture and the Loan Agreement.

“Supplemental Indenture” means any indenture supplemental to the Indenture entered into between the Issuer and the Trustee in accordance with the Indenture.

“Surplus Cash” shall have the meaning provided in the HUD Regulatory Agreement.

“Tax Certificate” means the Federal Tax Agreement and Non-Arbitrage Certificate of the Issuer and the Borrower, executed by the Issuer and the Borrower on the Closing Date.

“Tendered Bond” means any Bond which has been tendered for purchase pursuant to a Mandatory Tender.

“Title Company” means Chicago Title Insurance Company, its permitted successors and assigns.

“Trustee” means U.S. Bank Trust Company, National Association, a national banking association, until a successor Trustee shall have become such pursuant to the applicable provisions of the Indenture, and thereafter, the term “Trustee” shall mean the successor Trustee.

“Unassigned Issuer’s Rights” means all of the rights of the Issuer to enforce compliance with the requirements under the Loan Agreement; to receive Additional Payments under the Loan Agreement; to inspect books and records under the Loan Agreement; to be held harmless and indemnified under the Loan Agreement; to be an insured and to receive notice of material litigation under the Loan Agreement; to receive notices of default and enforce the limitation of liability related to the Regulatory Agreement under the Loan Agreement; to pursue remedies upon default under the Loan Agreement to the extent provided therein with respect to Unassigned Issuer’s Rights; to be reimbursed for attorneys’ fees and expenses under the Loan Agreement; to receive notices pursuant to the Loan Agreement; to give or withhold consent to

amendments, changes, modifications, alterations and termination of the Loan Agreement under the Loan Agreement; to enforce the limitation of liability under the Loan Agreement; and to receive payment of audit expenses under the Loan Agreement.

“Undelivered Bond” means any Bond that is required under the Indenture to be delivered to the Remarketing Agent or the Trustee for purchase on a Mandatory Tender Date but that has not been received on the date such Bond is required to be so delivered.

“Underwriter” means Colliers Securities LLC, a Delaware limited liability company, its successors and assigns.

“Underwriter’s Advance” means an amount equal to the Initial Deposit paid by the Underwriter for deposit to the Interest Account of the Bond Fund in excess of the par public offering price of the Bonds pursuant to the Bond Purchase Agreement.

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APPENDIX B
FORM OF BOND COUNSEL OPINION

July __, 2026

Newport News Redevelopment and Housing Authority
Newport News, Virginia

Colliers Securities LLC
Minneapolis, Minnesota

U.S. Bank Trust Company, National Association
Atlanta, Georgia

\$23,000,000
Newport News Redevelopment and Housing Authority
Multifamily Housing Revenue Bonds
(Stuart Gardens I Apartments)
Series 2026

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the issuance and sale by the Newport News Redevelopment and Housing Authority (the "Issuer") of its \$23,000,000 Multifamily Housing Revenue Bonds (Stuart Gardens I Apartments), Series 2026, dated the date hereof (the "Bonds"). The Issuer issued the Bonds pursuant to the Virginia Housing Authorities Law, Chapter 1, Title 36 of the Code of Virginia of 1950, as now in effect and as hereafter amended or supplemented from time to time (the "Act"), and pursuant to the terms of the Indenture of Trust dated as of July 1, 2026 (the "Indenture"), between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). Unless otherwise defined, each capitalized term used in this opinion shall have the meaning given to it in the Indenture.

The Issuer loaned the proceeds of the Bonds (the "Loan") to Stuart Gardens Housing Partners, LP, a Virginia limited partnership (the "Borrower") under the Loan Agreement dated as of July 1, 2026 (the "Loan Agreement"), between the Issuer and the Borrower, for the purpose of financing a portion of the cost of the rehabilitation, renovation, construction, improving and equipping of the multifamily rental housing facility known as Stuart Gardens I Apartments consisting of approximately 250 rental units and related facilities (the "Project") and located on approximately 21.15 acres in the City of Newport News, Virginia (the "City").

The use and operation of the Project are subject to the provisions of a Regulatory Agreement and Declaration of Restrictive Covenants dated as of July 1, 2026 (the "Regulatory Agreement"), executed by the Borrower for the benefit of the Issuer and the Trustee. The Regulatory Agreement requires, among other things, that the Project be operated as a "qualified residential rental project" within the meaning of and for the period required by Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"). The Borrower's obligation to make payments under the Loan Agreement is evidenced by a promissory note dated the date hereof (the "Note") from the Borrower to the Issuer, which the Issuer has assigned to the Trustee.

The Bonds are secured by the Indenture, which assigns to the Trustee (except Reserved Rights), as security for the Bonds, all right, title and interest of the Issuer in and to (i) the Revenues, including, without limitation, all Loan Payments and other amounts receivable by or on behalf of the Issuer under the Loan Agreement with respect to the repayment of the Loan, (ii) the Special Funds, including all accounts in such Special Funds and all money deposited therein and the investment earnings on such money, (iii) all right, title and interest of the Issuer in the proceeds derived from the sale of the Bonds, and any securities in which money in the Special Funds are invested, and (except for money required to be rebated to the United States of America under the Code) the proceeds derived therefrom, and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind pledged, assigned or transferred, as and for additional security under the Indenture by the Issuer or by anyone on its behalf, or with its written consent, to the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture, (iv) the Note, except for the Reserved Rights and (v) the Loan Agreement, except for the Reserved Rights.

In connection with this opinion, we have examined (a) the Constitution of the Commonwealth of Virginia, (b) the applicable laws of (i) the Commonwealth of Virginia, including, without limitation, the Act, and (ii) the United States of America, including, without limitation, the Code, and (c) copies of proceedings and other documents relating to the sale and issuance of the Bonds by the Issuer, including the resolutions adopted by the Issuer on April 15, 2025, October 21, 2025 and June 16, 2026, authorizing the issuance of the Bonds, such other matters as we have deemed necessary to render the opinions contained herein.

As to questions of fact material to our opinion, we have relied upon, and are assuming the accuracy of, certifications and representations of the Issuer, the Borrower, officers of the Borrower and other public officials and certain other third parties contained in certificates and other documents delivered at closing, including, without limitation, certifications as to the use of the proceeds of the Bonds, without undertaking to verify them by independent investigation.

We have assumed that all signatures on documents, certificates and instruments examined by us are genuine, all documents, certificates and instruments submitted to us as originals are authentic and all documents, certificates and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates and instruments relating to this financing have been duly authorized, executed and delivered by all parties other than the Issuer, and we have further assumed the due organization, existence and powers of such other parties other than the Issuer.

Based on the foregoing, we are of the opinion that, under current law:

1. The Issuer is a political subdivision of the Commonwealth of Virginia, duly organized and existing under the laws of the Commonwealth of Virginia and has the power to execute and deliver the Financing Documents to which it is a party, to perform the agreements on its part contained in the Financing Documents to which it is a party, to issue the Bonds and to apply the proceeds from the issuance and sale of the Bonds as set forth in the Indenture.

2. The Bonds have been duly authorized, executed and delivered in accordance with the Act and, subject to the exceptions set forth below, are valid and binding limited obligations of the Issuer payable solely from the revenues and receipts derived under the Indenture and the Trust Estate. The Bonds do not create or constitute a debt or a pledge of the faith and credit of the Commonwealth of Virginia or any political subdivision thereof, including without limitation, the City or the Issuer.

3. The Financing Documents to which the Issuer is a party have been duly authorized, executed and delivered by the Issuer and, subject to the exceptions set forth below, constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms.

4. Under current law, interest on the Bonds (a) is excludable from gross income for purposes of federal income taxation (except during any period while the Bonds are held by a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code) and (b) is not a specific item of tax preference for purposes of the federal alternative minimum tax on individuals. However, for taxable years beginning after December 31, 2022, such interest is included in the "adjusted financial statement income" (as defined in Section 56A of the Code) of certain corporations in determining the applicability and amount of the federal corporate alternative minimum tax imposed under Section 55(b) of the Code. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

In delivering this opinion, we are assuming continuing compliance with the Covenants (as defined below) by the Issuer and the Borrower, so that interest on the Bonds will remain excludable from gross income for federal income tax purposes. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from gross income for purposes of federal income taxation. These requirements include, by way of example and not limitation, restrictions on the use, expenditure and investment of the proceeds of the Bonds and the use of the property financed by the Bonds, limitations on the source of the payment of and the security for the Bonds, and the obligation to rebate certain excess earnings on the gross proceeds of the Bonds to the United States Treasury. The Financing Documents delivered by the Issuer and the Borrower at closing contain covenants (the "Covenants") with which the Issuer and the Borrower have agreed to comply. Failure by the Issuer or the Borrower to comply with their respective Covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to their date of issue. In the event of noncompliance with the Covenants, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Bonds from becoming includable in gross income for federal income tax purposes. Compliance by the Issuer with its respective Covenants does not require the Issuer to make any financial contribution for which it does not receive funds from the Borrower.

We have no responsibility to monitor compliance with the Covenants after the date of issue of the Bonds.

Certain requirements and procedures contained, incorporated or referred to in the Financing Documents, including the Covenants, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. We express no opinion concerning any effect on the excludability of interest on the Bonds from gross income for federal income tax purposes of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than this firm.

5. Interest on the Bonds is not subject to taxation as income by the Commonwealth of Virginia.

The enforceability of the obligations of the parties under the Financing Documents is subject to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium and similar laws, now or hereafter in effect, relating to or affecting the enforcement of creditors' rights. The enforceability of such obligations is also subject to usual equitable principles, which may limit the specific enforcement of certain remedies but which do not affect the validity of such documents. Certain indemnity provisions may be unenforceable pursuant to court decisions invalidating such indemnity agreements on grounds of public policy.

Our services as Bond Counsel to the Issuer have been limited to rendering the foregoing opinion based on our review of such legal proceedings and other documents as we deem necessary to approve the validity of the Bonds and the income tax status of the interest on them and the enforceability of the Financing Documents. We express no opinion as to the business or financial resources of the Issuer or the Borrower or the ability of the Issuer or the Borrower to provide for the payment of the Bonds or the accuracy, completeness or sufficiency of any information that may have been relied upon by any owner of the Bonds in making the decision to purchase the Bonds. The opinions set forth herein are made as of the date hereof, and we assume no obligation to supplement this opinion letter if any applicable laws change after the date hereof or if we become aware after the date hereof of any facts that might change the opinions expressed herein.

Very Truly Yours

WILLIAMS MULLEN

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following, in addition to the information provided under “THE BONDS,” summarizes certain provisions of the Indenture, to which reference is made for the detailed provisions thereof.

Creation of Trust

That to secure the payment of Bond Debt Service Charges on the Bonds according to their true intent and meaning, to secure the performance and observance of all of the covenants, agreements, obligations and conditions contained therein and in the Indenture, and to declare the terms and conditions upon and subject to which the Bonds are intended to be issued, held, secured and enforced, and in consideration of the premises and the acceptance by the Trustee of the trusts created in the Indenture and of the purchase and acceptance of the Bonds by the Holders, and for other good and valuable consideration the receipt and sufficiency of which will be acknowledged, the Issuer will assign to the Trustee, and to its successors in trust and its and their assigns, all right, title and interest of the Issuer and to (a) the Issuer Revenues, including, without limitation, all Loan Payments and other amounts receivable by or on behalf of the Issuer under the Loan Agreement in respect of repayment of the Loan; (b) the Special Funds, including all accounts in those funds and all money deposited therein and the investment earnings on such money, and the earnings derived from the investment of any of the foregoing sums as provided in the Indenture; (c) all right, title and interest of the Issuer in the proceeds derived from the sale of the Bonds, and any securities in which money in the Special Funds is invested, and (except for money in the Rebate Fund and otherwise required to be rebated to the United States of America under the Code) the proceeds derived therefrom, and any and all other real or personal property of every name and nature from time to time after the date of the Indenture by delivery or by writing of any kind pledged, assigned or transferred, as and for additional security under the Indenture by the Issuer or by anyone in its behalf, or with its written consent, to the Trustee, which is authorized by the Indenture to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture; and (d) the Loan Agreement, except for the Unassigned Issuer’s Rights (the foregoing collectively referred to as the “Trust Estate”).

Creation of Funds; Allocation of Bond Proceeds

The funds and accounts described under this caption, designated as indicated, are created in the Indenture. Each fund is to be maintained in the custody of the Trustee as a separate account. The funds and accounts are as follows:

- (1) the Bond Fund designated “Bond Fund,” and therein, the “Interest Account” and the “Remarketing Proceeds Account”;
- (2) the Project Fund designated “Project Fund”;
- (3) the Collateral Fund designated “Collateral Fund”;
- (4) the Costs of Issuance Fund designated “Costs of Issuance Fund”; and
- (5) the Rebate Fund designated “Rebate Fund.”

On the Closing Date, proceeds of the sale of the Bonds (including without limitation, premium, if any, and interest accrued thereon) in the amount of \$23,000,000* shall be deposited by the Trustee to the Project Fund. In addition, the Trustee shall cause, from proceeds of the Underwriter's Advance, the Initial Deposit to be deposited to the Interest Account of the Bond Fund.

Application of Loan Payments

So long as there are any Outstanding Bonds, any payments made by the Borrower pursuant to the Promissory Note and the Loan Agreement shall be paid on each Loan Payment Date directly to the Trustee and deposited into the Bond Fund, to be used to pay the interest and principal (if any) on the Bonds on the next succeeding Interest Payment Date; provided that so long as there are amounts available therefor, for purposes of paying interest on the Loan when due the Trustee shall debit the Interest Account in the amount of interest due on the Bonds on each Interest Payment Date and transfer the same to the Bond Fund to pay interest due on the Bonds on each Interest Payment Date; and provided further that so long as there are amounts available therefor, for purposes of making principal payments on the Loan when due the Trustee shall debit the Collateral Fund and transfer the same to the Bond Fund to pay the principal of the Bonds on the date set for redemption of the Bonds or payment of the Bonds on the Maturity Date.

Disbursements from the Project Fund

(a) Requisitions. Subject to the provisions described in this paragraph (a) and paragraph (b) below, the Trustee shall make disbursements from the Project Fund to pay Project Costs only upon the receipt of a written request of the Borrower in accordance with the Disbursing Agreement, the Loan Agreement, and the Indenture substantially in the form attached as an exhibit to the Loan Agreement (a "Disbursement Request").

(b) Project Fund. When the Trustee receives a Disbursement Request for a disbursement from the Project Fund in accordance with the provisions described in paragraph (a) above, "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT – Disbursements from the Project Fund," "—FHA Lender Funds" attached hereto, and the Disbursing Agreement, subject to the following paragraph, the Trustee shall confirm that Available Money equal to or greater than the sum of (1) the amount set forth in the Disbursement Request and (2) all prior disbursements made, is on deposit in the Collateral Fund and is at least equal to the then Outstanding principal amount of the Bonds. Upon confirmation of the items above, the Trustee shall thereafter disburse the funds from the Project Fund to pay Project Costs in the requested amount pursuant to the Disbursement Request directly to (i) the FHA Lender, or at the direction of the FHA Lender as provided in "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT – FHA Lender Funds" attached hereto, to the extent the corresponding deposit of Available Money to the Collateral Fund was made by or at the direction of the FHA Lender (as confirmed in the Disbursement Request) or (ii) the Borrower (or any other party designated in the Disbursement Request) to the extent the corresponding deposit of Available Money to the Collateral Fund was made by or at the direction of the Borrower or such other party. Any interest earnings on the Project Fund shall be credited to the Interest Account of the Bond Fund.

Pursuant to the provisions described under the caption "Collateral Fund" below, there shall be deposited in the Collateral Fund Available Money in such amounts as may be necessary to allow the Trustee to disburse funds from the Project Fund upon the Trustee's receipt of a Disbursement Request from the Borrower to pay Project Costs.

* Preliminary; subject to change.

For purposes of complying with the requirements described under this caption, the Trustee may conclusively rely on the Disbursement Request executed by the Borrower and shall be protected in acting or refraining from acting upon the Disbursement Request, which may be submitted by email (pdf). All payments made from the Project Fund shall be presumed by the Trustee to be made for the purposes certified in said written requests, and the Trustee shall not be required to see to the application of any payments made from the Project Fund or to inquire into the purposes for which withdrawals are being made from the Project Fund. The Trustee shall not be bound to make an investigation into the facts or matters stated in any form of Disbursement Request. The Trustee shall not be responsible for determining whether the funds on hand in the Project Fund are sufficient to complete the Project. The Trustee shall not be responsible to collect lien waivers. The Trustee shall have no responsibility whatsoever to disburse or transfer funds absent written instructions from the Borrower. The Trustee shall not be liable or accountable for the use or application by the Borrower of any of the Bonds or the proceeds thereof or for the use or application of any money paid over by the Trustee in accordance with the provisions described under this caption.

(c) Records. The Trustee shall cause to be kept and maintained adequate records pertaining to the Project Fund and all disbursements therefrom as provided in the Indenture. If requested by the Issuer, the Borrower, the Federal Investor Limited Partner, or the State Investor Limited Partner, the Trustee shall file copies of the records pertaining to the Project Fund and disbursements therefrom with the Issuer, the Borrower, and the Investor Limited Partners.

The proceeds of the Bonds shall be used exclusively to pay costs that (i) are (1) capital expenditures (as defined in Section 1.150-1(a) of the Code's regulations) and (2) not made for the acquisition of existing property, to the extent prohibited in Section 147(d) of the Code, and (ii) are made exclusively with respect to a "qualified residential rental project" within the meaning of Section 142(d) of the Code so that the Project and the land on which it is located will have been financed 25% or more by the proceeds of the Bonds for the purpose of complying with Section 42(h)(4)(B) of the Code; provided, however, the foregoing representation, covenant and warranty is made for the benefit of the Borrower and its partners and neither the Trustee nor the Issuer shall have any obligation to enforce this covenant nor shall they incur any liability to any person, including without limitation, the Borrower, the partners of the Borrower, any other affiliate of the Borrower or the Holders of the Bonds for any failure to meet the intent expressed in the foregoing representation, covenant and warranty; and provided further, that failure to comply with this representation, covenant and warranty shall not constitute a default or Event of Default under the Indenture.

Upon the occurrence and continuance of an Event of Default under the Indenture because of which the principal amount of the Bonds has been declared to be due and immediately payable pursuant to the provisions described under the caption "Acceleration" below, any money remaining in the Project Fund shall be promptly transferred by the Trustee to the Bond Fund.

Bond Fund

There shall be deposited in the Bond Fund (a) interest earnings on the Project Fund and the Collateral Fund and (b) amounts set forth under this caption.

The Bond Fund (and the Interest Account and the Remarketing Proceeds Account therein) and the money and Eligible Investments therein shall be used solely and exclusively for the payment of Bond Debt Service Charges as they become due and at the stated maturity, or upon redemption, Mandatory Tender, or acceleration, all as provided in the Indenture and in the Loan Agreement. Any Extension Payment received by the Trustee in connection with an extension of the Mandatory Tender Date pursuant to the Indenture shall be deposited in the Interest Account of the Bond Fund.

The Trustee shall transmit to the Paying Agent, as appropriate, from money on deposit in the Bond Fund, amounts sufficient to make timely payments of Bond Debt Service Charges on the Bonds. The Issuer authorizes and directs the Trustee to cause withdrawal of money from the Bond Fund which is available for the purpose of paying, and is sufficient to pay, Bond Debt Service Charges on the Bonds as they become due and payable, for the purposes of paying or transferring money to the Paying Agent which is necessary to pay such Bond Debt Service Charges. Amounts credited to or on deposit in the Interest Account shall be transferred to the Bond Fund on each Loan Payment Date in order to provide for the payment of Bond Debt Service Charges on the next succeeding Bond Payment Date. To the extent available, the Trustee shall transfer money on deposit in the Remarketing Proceeds Account to the Bond Fund on the Mandatory Tender Date for the purpose of paying the purchase price of the Bonds.

In the event that amounts on deposit in the Bond Fund on any Loan Payment Date are insufficient to make the payment of Bond Debt Service Charges due on the next succeeding Bond Payment Date, the Trustee shall transfer funds in the following order to the Bond Fund and use such funds, together with amounts then on deposit in the Bond Fund, to pay the Bond Debt Service Charges due on the next succeeding Bond Payment Date:

- (1) first, from amounts on deposit in the Interest Account or the Remarketing Proceeds Account of the Bond Fund, as applicable;
- (2) second, from amounts on deposit in the Collateral Fund; and
- (3) third, from amounts on deposit in the Project Fund.

Investment of Special Funds

(a) On the Closing Date, money on deposit in the Project Fund will be held by the Trustee uninvested until disbursed to the Borrower on the Closing Date in accordance with an approved Disbursement Request.

(b) Any amounts deposited in the Special Funds (including amounts, if any, remaining on deposit in the Project Fund after the Closing Date) shall be invested at all times in Eligible Investments as directed in paragraph (c) below or otherwise in writing by the Authorized Borrower Representative; provided, however, in the absence of written instructions from the Authorized Borrower Representative to the Trustee, amounts in the Special Funds shall be invested in money market funds described in subsection (b) of the definition of Eligible Investments.

(c) The Trustee has been directed to purchase, on the Closing Date, a portfolio of Eligible Investments in amounts and maturing on such dates as will provide sufficient money to pay interest on the Bonds when due and the purchase price of the Bonds on the Mandatory Tender Date, in accordance with a Cash Flow Projection prepared by The Arbitrage Group, Inc., in connection with the initial issuance and delivery of the Bonds, with respect to amounts on deposit in the Interest Account of the Bond Fund, the Collateral Fund, and the Project Fund. The Trustee shall not sell or otherwise dispose of such Eligible Investments unless the Trustee and the Rating Agency have received a new Cash Flow Projection and written directions from the Borrower. The Trustee is permitted to purchase, sell or exchange Eligible Investments only in accordance with such Cash Flow Projection and may release from the Interest Account of the Bond Fund the amount, if any, set forth in such Cash Flow Projection to or at the written direction of the Borrower.

(d) After the Initial Mandatory Tender Date, the Trustee shall invest such amounts in obligations specified in subsection (b) of the definition of Eligible Investments or in an Eligible Investment, as directed in writing by the Borrower.

(e) Any investment under the Indenture shall not bear a yield which is in excess of the yield on the Bonds; provided that the Trustee has no duty to monitor the yield on any investment or any obligation to limit the yield on any investment the Borrower directs the Trustee to make or that the Trustee otherwise makes pursuant to the Indenture. Investments permitted under this caption may be purchased from the Trustee or from any of its affiliates and they may charge their customary fees. The Trustee shall have no liability whatsoever for any loss, fee, tax or other charge incurred in connection with any investment, reinvestment, sale or liquidation of an investment under the Indenture. The Trustee shall be entitled to rely on any written direction of the Borrower as to the suitability and legality of the directed investments and such written direction shall be deemed to be a certification that such directed investments constitute Eligible Investments. Ratings of Eligible Investments shall be determined at the time of initial purchase of such Eligible Investments and without regard to ratings subcategories and the Trustee shall have no responsibility to monitor the ratings of Eligible Investments including at the time of reinvestment of earnings thereof. The Trustee shall have no responsibility whatsoever to determine whether any investments made pursuant to the Indenture are or continue to be Eligible Investments. Any deposit or investment directed by the Borrower shall constitute a certification by the Borrower to the Trustee that the assets so deposited or to be purchased pursuant to such directions are Eligible Investments. In no event shall the Trustee be deemed an investment manager or adviser in respect of any selection of investments under the Indenture.

(f) As long as no Event of Default shall have occurred and be continuing, the Borrower shall have the right to designate the investments to be sold and to otherwise direct the Trustee in the sale or purchase of the investments made with the money in the Special Funds provided that the Trustee shall be entitled to conclusively assume the absence of any such Event of Default unless the Responsible Officer of the Trustee has notice thereof as described in the applicable provisions under the Indenture; if there has been an Event of Default, the Trustee shall have the right to direct the sale of investments. In the absence of such directions from the Authorized Borrower Representative, the Trustee shall invest the proceeds of maturing investments in the Special Funds in Eligible Investments having a maturity date not longer than the earlier of 30 days from the date of purchase, the next Mandatory Tender Date or the Maturity Date, as applicable; provided that if applicable, the Trustee shall invest in United States Treasury Obligations – State and Local Government Series (“SLGS”) that are “Time Deposit” SLGS (and not in “Demand Deposit” SLGS).

(g) The investments described in each of the above paragraphs shall be made by the Trustee pursuant to the direction provided by the Indenture and in accordance with the written direction of the Borrower to be provided on the Closing Date, which shall remain in effect unless and until further written direction is provided by the Borrower.

(h) Amounts, if any, on deposit in the Costs of Issuance Fund shall be invested at the written direction of the Borrower in Eligible Investments until disbursed or returned to the Borrower pursuant to the provisions described under the caption “Costs of Issuance Fund” below.

(i) The Borrower acknowledges that to the extent that regulations of the Comptroller of the Currency grant the Borrower the right to receive brokerage confirmations of security transactions as they occur, the Borrower specifically waives such right to notification to the extent permitted by law and acknowledges that it will receive periodic transaction statements that will detail all investment transactions.

Repayment to the Borrower from the Bond Fund

Except as provided under the caption “Rebate Fund” below, any amounts remaining in the Bond Fund (a) after all of the Outstanding Bonds shall be deemed paid and discharged under the provisions of the Indenture, and (b) after payment of all fees, charges and expenses of the Trustee, the Registrar, the Paying Agents and the Issuer, and of all other amounts required to be paid under the Indenture, the Loan Agreement, the Regulatory Agreement and the Promissory Note, shall be paid to the Borrower to the extent that those amounts are in excess of those necessary to effect the payment and discharge of the Outstanding Bonds.

Rebate Fund

Any provision of the Indenture to the contrary notwithstanding, amounts credited to the Rebate Fund shall be free and clear of any lien under the Indenture.

The Trustee shall furnish to the Borrower all information reasonably requested by the Borrower or its Rebate Analyst with respect to the Bonds and investments of the funds and accounts maintained by the Trustee under the Indenture. The Trustee shall make deposits to and disbursements from the Rebate Fund (including rebate payments to the United States of America required to be made by the Tax Certificate), as well as investments of the amounts therein, in accordance with the written directions received from the Borrower and the Investor Limited Partners pursuant to the Tax Certificate.

All amounts on deposit at any time in the Rebate Fund shall be held by the Trustee in trust to the extent required to pay rebatable arbitrage to the United States of America. A firm of lawyers, accountants, or consultants selected by the Borrower (the “Rebate Analyst”) will calculate the rebate amount as provided in the Tax Certificate within sixty (60) days after the end of each Bond Year during which any Bonds remain Outstanding (or any other date specified by the Rebate Analyst), and within 60 days after the date of redemption of the last maturity constituting a portion of the Bonds, the Rebate Analyst shall calculate the rebate amount for the immediately preceding Bond Year. A copy of each rebate amount calculation shall be provided to the Trustee. The Trustee may conclusively rely upon the calculation made by the Rebate Analyst and shall not be liable or responsible therefor. All amounts in the Rebate Fund shall be used and withdrawn by the Trustee at the written instruction of the Rebate Analyst or the Borrower as required above solely for the purposes set forth under this caption. The Trustee shall withdraw money from the Rebate Fund and remit all required rebate installments and a final rebate payment to the United States of America at the written instruction of the Rebate Analyst of the Borrower. Neither the Trustee nor the Issuer shall have any obligation to pay any amounts required to be rebated under this caption and the Tax Certificate, other than from money held in the Rebate Fund as provided in the Indenture or from other moneys provided to it by the Issuer.

Money in the Rebate Fund shall be invested and reinvested by the Trustee in Eligible Investments at the written direction of the Authorized Borrower Representative. The Trustee shall be entitled to rely on any written direction of the Borrower as to the suitability and legality of the directed investments and such written direction shall be deemed to be a certification that such directed investments constitute Eligible Investments. In the absence of instructions from the Authorized Borrower Representative, money in the Rebate Fund shall be invested in Eligible Investments described in clause (b) of the definition of “Eligible Investments.” At no time shall the Borrower direct that any funds constituting gross proceeds of the Bonds be used in any manner as would constitute failure of compliance with Section 148 of the Code.

The Trustee shall not be responsible for any determination or calculation concerning arbitrage rebate with respect to the Bonds, or for determining whether the yield on any investments made in accordance with the Indenture would cause, or whether any other facts exist which would cause, any of the

Bonds to become arbitrage bonds under Section 148 of the Code. Further the Trustee shall have no other obligation or responsibility whatsoever in connection with any federal or state tax-exempt status of the Bonds or interest thereon.

Collateral Fund

Pursuant to the provisions described under the caption “Disbursements from the Project Fund” above, there shall be deposited in the Collateral Fund Available Money in such amounts as may be necessary to allow the Trustee to transfer funds from the Project Fund, subject to reallocation as provided in the Indenture, upon the Trustee’s receipt of a Disbursement Request from the Borrower. Money in the Collateral Fund shall be invested as directed in writing by the Borrower in Eligible Investments.

The Collateral Fund shall only be used and applied for, and irrevocably committed to, the payment of (a) the Bond Debt Service Charges on the Bonds which are due and payable on any Interest Payment Date, Maturity Date, Mandatory Tender Date with respect to Bonds that are not remarketed, or any date the Bonds are called for redemption prior to maturity; (b) the Bond Debt Service Charges on the Bonds as and when due at any other Bond Payment Date; and (c) the purchase price of the Bonds on the Mandatory Tender Date, to the extent amounts on deposit in the Remarketing Proceeds Account and the Interest Account of the Bond Fund are insufficient therefor. Any interest earnings on the Collateral Fund shall be credited to the Interest Account of the Bond Fund.

Costs of Issuance Fund

The Trustee shall use money on deposit to the credit of the Costs of Issuance Fund to pay the costs of issuance of the Bonds on the Closing Date or as soon as practicable thereafter in accordance with written instructions to be given to the Trustee by the Issuer based on certifications of the Borrower, as set forth in a certificate of the Borrower delivered to the Trustee on the Closing Date or as otherwise directed by the Borrower, upon delivery to the Trustee of appropriate invoices for such expenses. Amounts on deposit in the Costs of Issuance Fund shall also be used by the Trustee to pay the Remarketing Expenses, as directed in writing by the Borrower on the Remarketing Date. Investment earnings on amounts on deposit in the Costs of Issuance Fund shall be retained in such fund. Amounts remaining on deposit in the Costs of Issuance Fund sixty (60) days after the Closing Date, other than amounts deposited pursuant to the Indenture, shall be deposited to the Bond Fund. Amounts deposited in the Costs of Issuance Fund pursuant to the Indenture and remaining on deposit therein thirty (30) days after the Remarketing Date shall be deposited to the Bond Fund. Upon such final disbursement, the Trustee shall close the Costs of Issuance Fund.

Defaults; Events of Default

The occurrence of any of the following events is defined as and declared to be and to constitute an Event of Default under the Indenture:

- (a) Payment of any interest on any Bond shall not be made when and as that interest shall become due and payable;
- (b) Payment of the principal of any Bond shall not be made when and as that principal shall become due and payable, whether at stated maturity, upon acceleration or otherwise;
- (c) Failure by the Issuer to observe or perform any other covenant, agreement or obligation on its part to be observed or performed contained in the Indenture or in the Bonds, which failure shall have continued for a period of thirty (30) days after written notice, by registered or

certified mail, to the Issuer and the Borrower specifying the failure and requiring that it be remedied, which notice may be given by the Trustee and shall be given by the Trustee at the written request of the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding; provided, that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, that failure shall not constitute an Event of Default so long as the Issuer or the Borrower institutes curative action within the applicable period and diligently pursues that action to completion, which must be resolved within 180 days after the aforementioned notice and provides the Trustee certification to that effect; and

(d) The occurrence and continuance of an Event of Default as defined in “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT – Events of Default” attached hereto.

The term “default” or “failure” as used in the Indenture means (1) a default or failure by the Issuer in the observance or performance of any of the covenants, agreements or obligations on its part to be observed or performed contained in the Indenture or in the Bonds, or (2) a default or failure by the Borrower under the Loan Agreement, exclusive of any period of grace or notice required to constitute an Event of Default, as provided above or in the Loan Agreement.

Notice of Default

If an Event of Default shall occur, the Trustee shall give written notice of the Event of Default, by registered or certified mail, to the Issuer, the Borrower, the Investor Limited Partners, the Registrar or the Paying Agent, and the Authenticating Agent, within five (5) days after the Trustee has actual notice of the Event of Default pursuant to the Indenture. If an Event of Default occurs of which the Trustee has notice pursuant to the Indenture, the Trustee shall give written notice thereof, within thirty (30) days after the Trustee’s receipt of notice of its occurrence, to the Holders of all Bonds then Outstanding as shown by the Register at the close of business fifteen (15) days prior to the mailing of that notice.

The Federal Investor Limited Partner and the State Investor Limited Partner shall be entitled to cure any Event of Default under the Indenture within the time frame provided to the Borrower thereunder. The Issuer and the Trustee agree that cure of any default or Event of Default made or tendered by either the Federal Investor Limited Partner or the State Investor Limited Partner shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Acceleration

Upon the occurrence of an Event of Default described in clauses (a) and (b) under the caption “Defaults; Events of Default” above, the Trustee may declare, and upon the written request of the Holders of not less than 25% in aggregate principal amount of Bonds then Outstanding the Trustee shall declare, by a notice in writing delivered to the Issuer and the Borrower, the principal of all Bonds then Outstanding (if not then due and payable), and the interest accrued thereon, to be due and payable immediately. Upon the occurrence of any Event of Default other than those described in clauses (a) and (b) under the caption “Defaults; Events of Default” above, the Trustee, with the written consent of all Holders of Bonds then Outstanding, may declare by a notice in writing delivered to the Issuer and Borrower, the principal of all Bonds then Outstanding (if not then due and payable), and the interest accrued thereon, to be due and payable immediately. Upon such declaration, the principal of and interest on the Bonds shall become and be due and payable immediately. Interest on the Bonds shall accrue to the date determined by the Trustee for the tender of payment to the Holders pursuant to that declaration; provided, that interest on any unpaid principal of Bonds Outstanding shall continue to accrue from the date determined by the Trustee for the tender of payment to the Holders of those Bonds.

The provisions of the preceding paragraph are subject, however, to the condition that if, at any time after declaration of acceleration and prior to the entry of a judgment in a court for enforcement under the Indenture (after an opportunity for hearing by the Issuer and the Borrower),

(a) all sums payable under the Indenture (except the principal of and interest on Bonds which have not reached their stated Maturity Date but which are due and payable solely by reason of that declaration of acceleration), plus interest to the extent permitted by law on any overdue installments of interest at the rate borne by the Bonds in respect of which the default shall have occurred, shall have been duly paid or provision shall have been duly made therefor by deposit with the Trustee or Paying Agents, and

(b) all existing Events of Default shall have been cured, then and in every case, the Trustee shall waive the Event of Default and its consequences and shall rescind and annul that declaration. No waiver or rescission and annulment shall extend to or affect any subsequent Event of Default or shall impair any rights consequent thereon.

Other Remedies; Rights of Holders

With or without taking action as described under the caption “Acceleration” above, upon the occurrence and continuance of an Event of Default, the Trustee may pursue any available remedy, including without limitation actions at law or equity to enforce the payment of Bond Debt Service Charges or the observance and performance of any other covenant, agreement or obligation under the Indenture, the Loan Agreement, the Regulatory Agreement, the Promissory Note or any other instrument providing security, directly or indirectly, for the Bonds.

If, upon the occurrence and continuance of an Event of Default, the Trustee is requested to do so by the Holders of at least 25% in aggregate principal amount of Bonds Outstanding, the Trustee (subject to the Trustee’s rights, duties and obligations as set forth in the Indenture) shall exercise any rights and powers conferred by the provisions described under this caption and “Acceleration” above as so directed; provided, however, that the Trustee may refuse to follow any direction that it believes conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any Holder (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not any action or forbearance is unduly prejudicial to such Holders) or that would involve the Trustee in personal liability; provided, however, that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such discretion. Prior to taking any action under the Indenture, the Trustee shall be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses cause by taking or not taking such action.

No remedy conferred upon or reserved to the Trustee (or to the Holders) by the Indenture is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to every other remedy given thereunder or otherwise to the Trustee or to the Holders existing as of or after the date of execution of the Indenture.

No delay in exercising or omission to exercise any remedy, right or power accruing upon any default or Event of Default shall impair that remedy, right or power or shall be construed to be a waiver of any default or Event of Default or acquiescence therein. Every remedy, right and power may be exercised from time to time and as often as may be deemed to be expedient.

No waiver of any default or Event of Default under the Indenture, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any remedy, right or power consequent thereon.

As the assignee of all right, title and interest of the Issuer in and to the Loan Agreement (except for the Unassigned Issuer's Rights), the Trustee is empowered to enforce each remedy, right and power granted to the Issuer under the Loan Agreement. In exercising any remedy, right or power thereunder or under the Indenture, the Trustee shall take such action as may be directed by the requisite percentage of the Holders of the Bonds then Outstanding, applying the standards described in the Indenture.

Right of Holders to Direct Proceedings

Anything to the contrary in the Indenture notwithstanding, the Majority of the Holders of the Bonds shall have the right at any time to direct, by an instrument or document in writing executed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or any other proceedings thereunder; provided, that (a) any direction shall not be other than in accordance with the provisions of law and of the Indenture, and (b) the Trustee shall be indemnified as provided in the Indenture.

Rights and Remedies of Holders

A Holder shall not have any right to institute any suit, action or proceeding for the enforcement of the Indenture, for the execution of any trust of the Indenture, or for the exercise of any other remedy under the Indenture, unless (a) there has occurred and is continuing an Event of Default of which the Trustee has been notified as provided in the Indenture, or of which it is deemed to have notice under the Indenture, (b) the Holders of at least 25% in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee and shall have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers granted in the Indenture or to institute the suit, action or proceeding in its own name, and shall have offered indemnity satisfactory to the Trustee as provided for in the Indenture, and (c) the Trustee thereafter shall have failed or refused to exercise the remedies, rights and powers granted in the Indenture or to institute the suit, action or proceeding in its own name.

Notification (or notice), request, opportunity and offer of indemnity (as described above) are conditions precedent in every case, to the institution of any suit, action or proceeding described above.

No one (1) or more Holders of the Bonds shall have any right to affect, disturb or prejudice in any manner whatsoever the security or benefit of the Indenture by its or their action, or to enforce, except in the manner provided therein, any remedy, right or power under the Indenture. Any suit, action or proceedings shall be instituted, had and maintained in the manner provided in the Indenture for the benefit of the Holders of all Bonds then Outstanding. Nothing in the Indenture shall affect or impair, however, the right of any Holder to enforce the payment of the Bond Debt Service Charges on any Bond owned by that Holder at and after the maturity thereof, at the place, from the sources and in the manner expressed in that Bond.

Waivers of Events of Default

The Trustee shall waive any Event of Default under the Indenture and its consequences and may rescind and annul any declaration of maturity of principal of or interest on, the Bonds upon the written request of: (a) the Majority of the Holders of the Bonds in respect of which an Event of Default in the payment of Bond Debt Service Charges exists; or (b) the Holders of at least 25% in aggregate principal amount of all Bonds then Outstanding, in the case of any other Event of Default. There shall not be so waived, however, any Event of Default described in clauses (a) or (b) under the caption "Defaults; Events of Default" above nor shall any declaration of acceleration in connection therewith be rescinded or annulled, unless, at the time of that waiver or rescission and annulment, payments of the amounts provided under the caption "Acceleration" above for waiver and rescission and annulment in connection with acceleration of maturity have been made or provision has been made therefor. In the case of the waiver or rescission and

annulment, or in case any suit, action or proceedings taken by the Trustee on account of any Event of Default shall have been discontinued, abandoned or determined adversely to it, the Issuer, the Trustee and the Holders shall be restored to their former positions and rights under the Indenture, respectively. No waiver or rescission shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

Supplemental Indentures Not Requiring Consent of Holders

Without the written consent of, or notice to, any of the Holders, the Issuer and the Trustee may enter into indentures supplemental to the Indenture for any one or more of the following purposes: (a) to cure any ambiguity, inconsistency or formal defect or omission in the Indenture; (b) to grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that lawfully may be granted to or conferred upon the Holders or the Trustee; (c) to assign additional revenues under the Indenture; (d) to accept additional security and instruments and documents of further assurance with respect to the Project; (e) to add to the covenants, agreements and obligations of the Issuer under the Indenture, other covenants, agreements and obligations to be observed for the protection of the Holders, or to surrender or limit any right, power or authority reserved to or conferred upon the Issuer in the Indenture; (f) to evidence any succession to the Issuer and the assumption by its successor of the covenants, agreements and obligations of the Issuer under the Indenture, the Loan Agreement and the Bonds; (g) to permit the Trustee to comply with any obligations imposed upon it by law; (h) to specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Registrar and any Authenticating Agents or Paying Agents; (i) to achieve compliance of the Indenture with any applicable federal securities or tax law; (j) to make amendments to the provisions of the Indenture relating to arbitration matters under Section 148 of the Code, if, in the Opinion of Bond Counsel, those amendments would not cause the interest on the Bonds Outstanding to be included in gross income of the Holders for federal income tax purposes which amendments may, among other things, change the responsibility for making the relevant calculations, provided that in no event shall such amendment delegate to the Trustee without its consent, the obligation to make or perform the calculations required under Section 148 of the Code; (k) to maintain the rating then assigned to the Bonds; and (l) to permit any other amendment which is not materially adverse to the Trustee or the Holders. However, the Trustee shall not be responsible for determining if an amendment has an adverse effect on Holders.

The provisions of clauses (h) and (j) above shall not be deemed to constitute a waiver by the Trustee, the Registrar, the Issuer or any Holder of any right which it may have in the absence of those provisions to contest the application of any change in law to the Indenture or the Bonds.

Release of Indenture

If (a) the Issuer shall pay all of the Outstanding Bonds, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Holders of the Outstanding Bonds, all Bond Debt Service Charges due or to become due thereon, and (b) provision also shall be made for the payment of all other sums payable under the Indenture, the Loan Agreement, the Regulatory Agreement and the Promissory Note, then the Indenture shall cease, determine and become null and void (except for those certain provisions surviving by reason of the Indenture in the event the Bonds are deemed paid and discharged pursuant to the provisions described under the caption "Payment and Discharge of Bonds" below), and the covenants, agreements and obligations of the Issuer under the Indenture shall be released, discharged and satisfied.

Thereupon, and subject to the provisions of the Indenture if applicable,

(1) the Trustee shall release the Indenture (except for those certain provisions surviving by reason of the Indenture in the event the Bonds are deemed paid and discharged pursuant to the provisions described under the caption “Payment and Discharge of Bonds” below), and shall execute and deliver to the Issuer any instruments or documents in writing as shall be requisite to evidence that release and discharge or as reasonably may be requested by the Issuer, and

(2) the Trustee and any other Paying Agents shall assign and deliver to the Issuer any property subject at the time to the lien of the Indenture which then may be in their possession, except amounts in the Bond Fund required (i) to be paid to the Borrower as provided under the caption “Repayment to the Borrower from the Bond Fund” above, or (ii) to be held by the Trustee and the Paying Agents as provided under the caption “Rebate Fund” above or otherwise for the payment of Bond Debt Service Charges.

Payment and Discharge of Bonds

All or any part of the Bonds shall be deemed to have been paid and discharged within the meaning of the Indenture, including without limitation, those provisions described under the caption “Release of Indenture” above, if:

(a) the Trustee, as paying agent, and the Paying Agents shall have received, in trust for and irrevocably committed thereto, sufficient money, or

(b) the Trustee shall have received, in trust for and irrevocably committed thereto, noncallable direct obligations of or obligations guaranteed as to full and timely payment by the United States of America which are certified by an Independent public accounting firm or such other firm experienced with such certifications of national reputation to be of such maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient together with any money to which reference is made in subparagraph (a) above, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so irrevocably committed, except as provided in the Indenture), for the payment of all Bond Debt Service Charges on those Bonds at their maturity.

Any money held by the Trustee in accordance with the provisions described under this caption may be invested by the Trustee only in noncallable direct obligations of or obligations guaranteed as to full and timely payment by the United States of America having maturity dates, or having redemption dates which, at the option of the holder of those obligations, shall be not later than the date or dates at which money will be required for the purposes described above. To the extent that any income or interest earned by, or increment to, the investments held as described under this caption is determined from time to time by the Trustee to be in excess of the amount required to be held by the Trustee for the purposes described under this caption, that income, interest or increment shall be transferred at the time of that determination in the manner provided under the caption “Repayment to the Borrower from the Bond Fund” above for transfers of amounts remaining in the Bond Fund.

If any Bonds shall be deemed paid and discharged pursuant to the provisions described under this caption, then within 15 days after such Bonds are so deemed paid and discharged the Trustee shall cause a written notice to be given to each Holder as shown on the Register on the date on which such Bonds are deemed paid and discharged. Such notice shall state the numbers of the Bonds deemed paid and discharged or state that all Bonds are deemed paid and discharged and shall set forth a description of the obligations held pursuant to subparagraph (b) of the first paragraph under this caption.

Amendments Not Requiring Consent of Holders

Without the consent of or notice to the Holders, the Issuer, the Borrower and the Trustee may consent to any amendment, change or modification of the Loan Agreement, the Regulatory Agreement or the Promissory Note as may be required (a) by the provisions of the Loan Agreement, the Regulatory Agreement or the Indenture, (b) for the purpose of curing any ambiguity, inconsistency or formal defect or omission in the Loan Agreement, the Regulatory Agreement or the Promissory Note, (c) in connection with an amendment or to effect any purpose for which there could be an amendment of the Indenture pursuant to the provisions described under the caption “Supplemental Indentures Not Requiring Consent of Holders” above, or (d) in connection with any other change therein which is not materially adverse to the Trustee or the Holders of the Bonds, applying the standards set forth in the Indenture. The Trustee shall not be responsible for determining if an amendment has an adverse effect on the Holders.

Any subsequent amendment to the Indenture or the Loan Agreement is subject to prior written approval of HUD (so long as the Project is subject to a mortgage insured or held by HUD). No amendment to the Indenture or the Loan Agreement shall conflict with the provisions of the Program Obligations.

Amendments Requiring Consent of Holders

Except for the amendments, changes or modifications contemplated under the caption “Amendments Not Requiring Consent of Holders” above, neither the Issuer nor the Trustee shall consent to (a) any amendment, change or modification of the Loan Agreement or the Promissory Note which would change the amount or time as of which Loan Payments are required to be paid, without the giving of notice as provided under this caption of the proposed amendment, change or modification and receipt of the written consent thereto of the Holders of all of the then Outstanding Bonds affected by such amendment, change or modification, or (b) any other amendment, change or modification of the Loan Agreement, the Regulatory Agreement or the Promissory Note without the giving of notice as provided under this caption of the proposed amendment, change or modification and receipt of the written consent thereto of at least the Majority of the Holders of the Bonds affected by such amendment, change or modification.

The consent of the Holders shall be obtained as provided in the Indenture with respect to Supplemental Indentures.

If the Issuer or the Authorized Borrower Representative shall request at any time the consent of the Trustee to any proposed amendment, change or modification of the Loan Agreement, the Regulatory Agreement or the Promissory Note contemplated in clauses (a) or (b) under this caption, upon being indemnified satisfactorily with respect to expenses, the Trustee shall cause notice of the proposed amendment, change or modification to be provided in the manner which is required by the Indenture with respect to notice of Supplemental Indentures. The notice shall set forth briefly the nature of the proposed amendment, change or modification and shall state that copies of the instrument or document embodying it are on file at the designated corporate trust office of the Trustee for inspection by all Holders.

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following summarizes certain provisions of the Loan Agreement, to which reference is made for the detailed provisions thereof.

The Loan and Loan Payments; Issuance of the Bonds

Under the Loan Agreement, the Issuer agrees to issue the Bonds and to loan the proceeds thereof to the Borrower to assist in the financing of the Project. The Borrower agrees to repay the Loan by making Loan Payments at the times required by the Loan Agreement and the Promissory Note delivered to the Trustee in connection with the Bonds. The Loan Payments will generally equal in the aggregate the amount of Bond Debt Service Charges on the Bonds. Furthermore, funds on deposit in the Project Fund and the Collateral Fund are available to pay Bond Debt Service Charges on the Bonds to the extent funds available in the Bond Fund on any Loan Payment Date are insufficient to make such payments.

Disbursements from the Project Fund

Subject to the provisions below and so long as no Event of Default under the Loan Agreement has occurred and is continuing for which the Loan Payments and principal amount of the Bonds has been declared to be immediately due and payable pursuant to the provisions described under the caption “Remedies on Default” below and in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Acceleration,” respectively, disbursements from the Project Fund shall be made only to pay any of the following Project Costs:

- (a) Costs incurred directly or indirectly for or in connection with the renovation, rehabilitation, equipping, and improvements of the Project, including costs incurred in respect of the Project for preliminary planning and studies; architectural, legal, engineering, accounting, consulting, supervisory and other services; labor, services and materials; and recording of documents and title work.
- (b) Premiums attributable to any surety bonds and insurance required to be taken out and maintained during the Construction Period with respect to the Project.
- (c) Taxes, assessments and other governmental charges in respect of the Project that may become due and payable during the Construction Period.
- (d) Costs incurred directly or indirectly in seeking to enforce any remedy against any contractor or subcontractor in respect of any actual or claimed default under any contract relating to the Project.
- (e) Any other costs, expenses, fees and charges properly chargeable to the cost of acquisition, rehabilitation, renovation, construction and equipping of the Project.
- (f) Payment of interest on the Bonds during the Construction Period.
- (g) Payments to the Rebate Fund.

Any disbursements from the Project Fund shall be made by the Trustee only as permitted pursuant to the provisions described in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE

INDENTURE – Disbursements from the Project Fund” hereto and upon the written request of the Borrower in a Disbursement Request in substantially the form attached to the Loan Agreement as an exhibit in compliance with the provisions of the Loan Agreement and of the Disbursing Agreement. No disbursement shall be made by the Trustee upon the basis of any such Disbursement Request except upon satisfaction of the following conditions and pursuant to the following procedures:

(1) An executed certificate of the FHA Lender substantially in the form attached as an exhibit to the Loan Agreement or an executed certificate of the Borrower substantially in the form attached as an exhibit to the Loan Agreement, related to the deposit of Available Money into the Collateral Fund for the applicable Disbursement Request.

(2) All Loan Payments that are then due shall have been paid.

Each Disbursement Request for a disbursement of funds from the Project Fund shall be made in accordance with the Disbursing Agreement and shall be deemed a representation by the Borrower that:

(i) All items for which disbursement is requested thereunder either (A) are presently due and payable, constitute Project Costs properly incurred by the Borrower in connection with the Project being financed with the proceeds of the Loan, or are reimbursable Project Costs properly chargeable against the Loan; or (B) are to be deposited to an escrow fund to be disbursed therefrom solely for Project Costs properly incurred by the Borrower in connection with the Project; and in each case none of the items for which disbursement is requested has formed the basis for any disbursement previously made from the Project Fund.

(ii) Each such item is or was necessary in connection with the rehabilitation of the Dwelling Units (as defined in the Regulatory Agreement) of the Project.

(iii) The costs specified in the Disbursement Request, when added to all previous disbursements under the Loan, will result in at least 95% of the aggregate amount of all disbursements having been used to pay costs properly chargeable to the capital account of a qualified residential rental project within the meaning of Section 142(d) of the Code and functionally related and subordinate property thereto.

(iv) The costs specified in the Disbursement Request, when added to all previous and all proposed future disbursements under the Loan, will result in the rehabilitation expenditures, within the meaning of Section 147(d) of the Code, with respect to the Project [equaling or exceeding 15% of the portion of the cost of acquiring the Project] financed with proceeds of the Bonds.

(v) To the knowledge of the Borrower, there is no current or existing event of default pursuant to the terms of the Loan Agreement or the Regulatory Agreement and no event exists which by notice or passage of time or both would constitute an event of default under any of the foregoing documents.

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

(vii) Each expense for which disbursement is requested was or will be paid on or after the date of issuance of the Bonds. Notwithstanding the foregoing, the Borrower may be reimbursed

for Project Costs incurred prior to the Closing Date of the Bonds in accordance with Section 1.150-2 of the Code.

Any money in the Project Fund remaining after the Completion Date and payment, or provision for payment, in full of the Project Costs, at the direction of the Authorized Borrower Representative, promptly shall be paid into the Bond Fund for payment of Bond Debt Service Charges.

All payments made from the Project Fund shall be presumed by the Trustee to be made for the purposes certified in said written requests, and the Trustee shall not be required to see to the application of any payments made from the Project Fund or to inquire into the purposes for which withdrawals are being made from the Project Fund. The Trustee shall not be bound to make an investigation into the facts or matters stated in any written request. The Trustee shall not be responsible for determining whether the funds on hand in the Project Fund are sufficient to complete the Project. The Trustee shall have no responsibility whatsoever to disburse or transfer funds absent written instructions from the Borrower.

FHA Lender Funds and the Bridge Loan

The Borrower has acknowledged that the FHA Lender has determined to fund the FHA Insured Mortgage Loan, on the condition that the FHA Lender originate and service the FHA Insured Mortgage Loan in accordance with the FHA Loan Documents, the FHA Insurance Regulations and the GNMA Regulations, and the FHA Lender will, pursuant to the related FHA Loan Documents, issue the GNMA Securities in accordance with the GNMA Regulations, based on and backed by the FHA Insured Mortgage Loan.

The Borrower will acknowledge that the Bridge Lender has determined to fund the Bridge Loan, on the condition that the Bridge Lender originate and service the Bridge Loan in accordance with the Bridge Loan Documents.

The Borrower will direct the Bridge Lender to deliver or cause to be delivered to the Trustee proceeds of the Bridge Loan upon the Bridge Lender's receipt and approval of a requisition from the Borrower requesting an advance under the Bridge Loan Documents for payments of Project Costs up to an amount equal to the proceeds of the Bonds to be disbursed from the Project Fund.

The Borrower will direct the FHA Lender to deliver or cause to be delivered to the Trustee the FHA Lender Funds upon the FHA Lender's receipt and approval of a requisition from the Borrower requesting an advance under the FHA Insured Mortgage Loan for payments of Project Costs up to an amount equal to the proceeds of the Bonds to be disbursed from the Project Fund.

The Borrower will pay to the FHA Lender all amounts when due under the FHA Note and to abide by the provisions of the FHA Loan Documents and the GNMA Documents.

The Borrower will pay to the Bridge Lender all amounts when due under the Bridge Loan Documents and to abide by the provisions of the Bridge Loan Documents.

Pursuant to the Disbursing Agreement, the Trustee shall, upon receipt from the FHA Lender of (i) the FHA Lender Funds, and (ii) an approved requisition, disburse amounts from the Project Fund, in the exact same amount of the FHA Lender Funds received by the Trustee from the FHA Lender, to the Borrower or to the Title Company by or at the direction of the FHA Lender for application to the payment of the Project Costs set forth in the approved requisition.

The Borrower acknowledges that, to the extent that an advance of FHA Lender Funds as requested by the Borrower is approved by FHA Lender, the Borrower has directed the FHA Lender that all funds be wired by the FHA Lender directly to the Trustee and that such funds shall be disbursed and invested and applied by the Trustee in accordance with the Indenture.

Borrower Required to Pay Costs in Event Project Fund Insufficient

If money in the Project Fund is not sufficient to pay all Project Costs, the Borrower, nonetheless, will complete the Project in substantial accordance with the Plans and Specifications and shall pay all such additional Project Costs from its own funds (or from other public or private financing sources available to the Borrower). The Borrower shall pay all costs of issuing the Bonds. The Borrower shall not be entitled to any reimbursement for any such additional Project Costs or payment of issuance costs from the Issuer, the Trustee or any Holder; nor shall it be entitled to any abatement, diminution or postponement of the Loan Payments.

Completion Date

The Borrower shall notify the Issuer and the Trustee of the Completion Date by the delivery of a Completion Certificate signed by the Authorized Borrower Representative substantially in the form attached as an exhibit to the Loan Agreement. The Completion Certificate shall be delivered as promptly as practicable after the occurrence of the events and conditions referred to in paragraphs (a) through (d) of the Completion Certificate.

Loan Repayment; Delivery of Promissory Note

Upon the terms and conditions of the Loan Agreement and the Promissory Note, the Issuer will make the Loan to the Borrower. In consideration of and in repayment of the Loan, the Borrower shall deliver or cause to be delivered to the Trustee on or before each Loan Payment Date, Loan Payments equal to the amount necessary to pay Bond Debt Service Charges due on the next Bond Payment Date for the Bonds. All such Loan Payments shall be paid to the Trustee in accordance with the terms of the Promissory Note for the account of the Issuer and shall be held and disbursed in accordance with the provisions of the Indenture and the Loan Agreement.

The Borrower shall be entitled to a credit against the Loan Payments required to be made under the Loan Agreement, on any date, equal to the amounts, if any, transferred by the Trustee from the Interest Account of the Bond Fund, the Project Fund or the Collateral Fund on such date for the payment of Bond Debt Service Charges.

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

Upon payment in full of the Bond Debt Service Charges on any or all of the Bonds, in accordance with the Indenture, whether at maturity, upon acceleration or otherwise, or upon provision for the payment of all other obligations in the Loan Agreement and therein having been made in accordance with the provisions of the Indenture, (a) if with respect to less than all of the Bonds then Outstanding, an appropriate notation shall be endorsed on the Promissory Note evidencing the date and amount of the principal payment (or prepayment) equal to the Bonds so paid, or with respect to which provision for payment has been made, and (b) with respect to all of the Bonds then Outstanding, the Promissory Note shall be deemed fully paid, the obligations of the Borrower shall be terminated, and the Promissory Note shall be surrendered by the Trustee to the Borrower for cancellation. Unless the Borrower is entitled to a credit under express terms of

the Loan Agreement or the Promissory Note, all payments on the Promissory Note shall be in the full amount required thereunder.

The Borrower and the Issuer each acknowledge in the Loan Agreement that neither the Borrower nor the Issuer has any interest in the Bond Fund or the Collateral Fund and any money deposited therein shall be in the custody of and held by the Trustee in trust for the benefit of the Holders.

Additional Payments

The Borrower shall pay to the Issuer or the Trustee, as the case may be, as Additional Payments under the Loan Agreement, the following:

(a) To the Issuer or the Trustee, as the case may be, whether or not an Event of Default has occurred under the Loan Agreement, as payment for or reimbursement or prepayment of any and all costs, expenses, and liabilities (1) incurred or paid by the Issuer or the Trustee, as the case may be, in satisfaction of any obligations of the Borrower under the Loan Agreement not performed by the Borrower in accordance with the provisions thereof, (2) incurred as a result of a request by the Borrower or of a requirement of any Borrower Document or the Indenture and not otherwise required to be paid by the Borrower under the Loan Agreement, (3) incurred in the defense of any action or proceeding with respect to the Project or any Borrower Document, or in enforcing any Borrower Document, or arising out of or based upon any other document related to the issuance of the Bonds, or (4) any rebate amount required with respect to the Bonds as required by the Indenture or the Tax Certificate.

(b) To the applicable party, as payment for or reimbursement or prepayment of any Ordinary Services and Ordinary Expenses and Extraordinary Services and Extraordinary Expenses of the Trustee as trustee, registrar, authenticating agent and paying agent, and of any other paying agent, authenticating agent, and registrar on the Bonds under the Indenture, all as provided in the Indenture, as and when the same become due; provided that the Borrower may, without creating an Event of Default under the Loan Agreement, contest in good faith the necessity for any Extraordinary Services and Extraordinary Expenses and the amount of any such Ordinary Services, Ordinary Expenses, Extraordinary Services or Extraordinary Expenses; provided that fees for Ordinary Services provided for by the respective letter agreements agreed to by the Borrower and the Trustee, the Registrar, and any Paying Agents and Authenticating Agents, respectively, shall be considered to be customary.

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

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

(e) To the Issuer in immediately available funds, upon demand, for all costs and expenses, including without limitation reasonable attorneys' fees, paid or incurred by the Issuer in connection with (1) the discussion, negotiation, preparation, approval, execution and delivery of the Bonds, the Indenture, the Regulatory Agreement, the Loan Agreement, and the documents and instruments related thereto; (2) any amendments or modifications to any of the foregoing documents, instruments or agreements and the discussion, negotiation, preparation, approval, execution and delivery of any and all documents necessary or desirable to effect such amendments

or modifications; (3) the servicing and administration of the Loan during the term of the Loan Agreement or thereafter; and (4) the enforcement by the Issuer during the term of the Loan Agreement or thereafter of any of the rights or remedies of the Issuer under the Loan Agreement or under the foregoing documents, or any document, instrument or agreement related thereto, including, without limitation, costs and expenses of collection in the Event of Default, whether or not suit is filed with respect thereto.

(f) To the Issuer, the administrative fee (the “Administrative Fee”) payable on a one-time basis on the Closing Date in an amount equal to one half of one percent of the initial maximum principal amount of the Bonds (\$23,000,000*). The Administrative Fee is not pledged to payment of the Bonds and may be used by the Issuer for any proper purpose. The Administrative Fee is required by the Issuer for the purpose of partially compensating the Issuer for services to be performed by it prior to and during the term of the Loan Agreement but the Issuer is not required to provide an accounting to the Borrower of such services or the Administrative Fee applied to such services.

Upon the payment, prepayment, or incurrence of any such cost, expense, or liability described under this caption by any such party, the Additional Payments in respect thereof shall be payable upon written demand to the Borrower, which demand shall be accompanied by invoices or other appropriate documentation concerning the nature, amount and incurrence of such cost, expense or liability. If the Additional Payments payable as described under this caption are not paid by the Borrower within thirty (30) days of the Borrower’s receipt of such demand, such Additional Payments shall bear interest from such thirtieth (30th) day at the Interest Rate for Advances until the amount due shall have been fully paid.

Special Covenants

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

The Borrower shall maintain its existence, not dissolve or sell, transfer or otherwise dispose of all or substantially all of its assets, not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it, and not sell or transfer the Project; provided, however, that it may do so if the surviving, resulting or transferee entity is other than the Borrower, it assumes in writing all of the obligations of the Borrower under the Loan Agreement and the Regulatory Agreement and it has a net worth equal to or greater than that of the Borrower immediately prior to such consolidation, merger, sale or transfer or if the Bonds are repaid in full. Nothing contained in the Loan Agreement shall limit the rights of (a) any direct or indirect owners of interests in the Borrower to (1) transfer, convey, sell or otherwise dispose (a “Transfer”) their ownership interests to any Affiliate of such owner or of any other owner of interests in the Borrower, or in connection with any estate planning, or by operation of law, or (2) make Transfers among and between themselves; or (3) allow the Investor Limited Partners to transfer its interest to any Affiliate or third party; or (b) Borrower to make Transfers as otherwise permitted by (or subject to the terms and conditions set forth in) the Regulatory Agreement.

Notwithstanding anything to the contrary contained in the Loan Agreement or in any other Subordinate Bond Document, and subject to the consent of HUD and the FHA Lender prior to each occurrence to the extent such consent is required under the FHA Loan Documents, the following shall be

* Preliminary; subject to change.

permitted and shall not require the prior written approval of the Issuer or the Trustee: (i) the transfer by the Investor Limited Partners of their interests in the Borrower in accordance with the terms of the Borrower's Amended and Restated Agreement of Limited Partnership, as it may be amended from time to time (the "Partnership Agreement"); (ii) the removal of the General Partner of the Borrower in accordance with the Partnership Agreement and the replacement thereof with the Investor Limited Partners or any of their affiliates; (iii) the transfer of ownership interests in the Investor Limited Partners; (iv) the transfer of the interests of the Investor Limited Partners in the Borrower to the Borrower's General Partner or any of their affiliates; and (v) any amendment to the Partnership Agreement to memorialize the transfers or removal described above. The parties agree that the provisions described under this caption shall control to the extent of any conflict in any Subordinate Bond Documents.

The Borrower releases the Issuer and the Trustee from, agrees that the Issuer and the Trustee shall not be liable for, and indemnifies, defends and holds the Issuer and the Trustee harmless from and against, any and all liabilities, claims, costs and expenses and reasonable attorneys' fees imposed upon, incurred or asserted against the Issuer or the Trustee on account of: (a) any loss or damage to property or injury to or death of or loss by any person that may be occasioned by any cause whatsoever pertaining to the acquisition, rehabilitation, financing, occupation, possession, management, equipping, furnishing, maintenance, operation and use of the Project or from any work or thing done in or about the Project site, or any sidewalks, passageways, driveways, curbs, vaults and vault space, streets or parking areas on the Project site or adjacent thereto; (b) any breach or default on the part of the Borrower in the performance of any covenant or agreement of the Borrower under the Loan Agreement, the Regulatory Agreement, the Promissory Note or any related document, or arising from any act or failure to act by the Borrower, or any of its agents, contractors, servants, employees or licensees; (c) the Borrower's failure to comply with any requirement of the Loan Agreement; (d) any action taken or omitted to be taken by the Issuer or the Trustee under the Loan Agreement, the Indenture or the Regulatory Agreement; (e) the issuance of the Bonds; and (f) any claim, action or proceeding brought with respect to any matter set forth in clause (a), (b), (c), (d) or (e) above; provided, however, that the indemnification provided under this caption shall not apply to any matter arising or resulting from the gross negligence or willful misconduct of the party proposed to be indemnified under the Loan Agreement.

The Borrower agrees to indemnify the Trustee for and to hold it harmless against all liabilities, claims, costs and expenses incurred without negligence or willful misconduct on the part of the Trustee, on account of any action taken or omitted to be taken by the Trustee in accordance with the terms of the Loan Agreement, the Bonds, the Regulatory Agreement, the Promissory Note or the Indenture, any action taken at the request of or with the consent of the Borrower or any loss, liability, damage, claim, tax or expense incurred by it, arising out of or in connection with the acceptance or administration of the Indenture or the trusts thereunder or the performance of its powers or duties thereunder or under the Loan, the Bonds, the Indenture, the Regulatory Agreement, the Promissory Note or any other document relating to the Bonds, including the costs and expenses of the Trustee in defending itself against any such claim, action or proceeding brought in connection with the exercise or performance of any of its powers or duties under the Loan Agreement, the Bonds, the Indenture, the Regulatory Agreement or the Promissory Note.

In case any action or proceeding is brought against the Issuer or the Trustee in respect of which indemnity may be sought under the Loan Agreement, the party seeking indemnity promptly shall give notice of that action or proceeding to the Borrower, and the Borrower upon receipt of that notice shall have the obligation and the right to assume the defense of the action or proceeding; provided that failure of a party to give that notice shall not relieve the Borrower from any of its obligations described under this caption unless that failure prejudices the defense of the action or proceeding by the Borrower and then only to the extent that such failure prejudices the defense of such action or proceeding of the Borrower. The indemnified party shall have the right to employ separate counsel in any such action or proceedings and to participate in the defense thereof, but, unless such separate counsel is employed with the approval and

consent of the Borrower, or because the indemnified party has been advised by counsel that there may be a conflict of interest between the Borrower and the indemnified party or the Trustee believes in good faith that there are defenses available to it which are adverse to or in conflict with those available to the Borrower and which the Issuer or the Trustee believes in good faith cannot be effectively asserted by common counsel, the Borrower shall not be required to pay the fees and expenses of such separate counsel. The Borrower shall not be liable for any settlement made without its consent, which consent shall not be unreasonably withheld, conditioned or delayed, and the Borrower will not settle any claim or action to which the Trustee or the Issuer is a party without the consent of the Issuer or the Trustee, as applicable. This indemnification survives the payment in full of the Bonds, and the resignation or removal of the Trustee.

The indemnification set forth above is intended to and shall include the indemnification of all affected members of the Issuer's Board of Trustees, the Executive Director and other Issuer officials, officers, agents, representatives and employees of the Issuer and the Trustee and its Board members, officers, employees, officials and agents, respectively. That indemnification is intended to and shall be enforceable by the Issuer and the Trustee, respectively, to the full extent permitted by law.

The Borrower has represented that it has taken and caused to be taken, and has covenanted that it will take and cause to be taken, all actions that may be required of it, alone or in conjunction with the Issuer, for the interest on the Bonds to be and to remain excluded from gross income for federal income tax purposes (other than interest on the Bonds for any period during which the Bonds are held by a "substantial user" of any facility financed with the proceeds of the Bonds or a "related person," as such terms are used in Section 147(a) of the Code), and represents that it has not taken or permitted to be taken on its behalf, and covenants that it will not take or permit to be taken on its behalf, any actions that would adversely affect such exclusion under the provisions of the Code.

Unless the Issuer or the FHA Lender shall otherwise consent in writing:

Maintenance of Properties. The Borrower shall maintain and preserve in good working order and condition, ordinary wear and tear and casualty loss excepted, all of its properties which are necessary or useful in the proper conduct of its business, and shall from time to time make all necessary repairs, renewals, replacements, additions and improvements to said properties. All damage to apartment units shall be repaired promptly and apartment units shall be maintained so as to be available at all times for habitation.

Keeping of Records and Books of Account. The Borrower shall keep adequate records and books of account in which complete entries will be made in accordance with GAAP or indicating deviations therefrom, reflecting all financial transactions. The Borrower shall deliver to the Trustee annually, not later than one hundred twenty (120) days following the end of the Borrower's Fiscal Year, commencing with the Fiscal Year ending in 2026, its year-end financial statements accompanied by a written statement of the Borrower that the Borrower has not violated any of the terms, covenants or provisions of the Loan Agreement insofar as it relates to accounting matters. The Trustee shall have no duty to review or analyze any such financial statements. The Trustee shall not be deemed to have notice of any information contained therein or event of default which may be disclosed in any manner therein.

Payment of Taxes, Etc. The Borrower shall promptly pay and discharge all taxes, assessments, fees, and other Government charges or levies imposed upon it or upon any of its properties, income or profits, before the same shall become delinquent; all lawful claims of materialmen, mechanics, carriers, warehousemen, landlords and other similar Persons for labor, materials, supplies and rentals, which if unpaid might by law become a Lien upon its properties; any Indebtedness incurred before or after the date of the Loan Agreement by it when due, and discharge, perform and observe covenants, provisions and conditions to be discharged, performed and observed by it in connection therewith, or in connection with any agreement or other instrument relating thereto or in connection with any Lien existing at any time upon

any of its properties; provided, however, that the Borrower shall not be required to pay any of the foregoing if (1) the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings, (2) the Borrower shall have set aside on its books adequate reserves with respect thereto, and (3) the title of the Borrower to, and its right to use, its properties is not materially and adversely affected thereby. The Borrower agrees that, in the event it fails to pay or cause to be paid taxes, assessments, fees and other Government charges or levies or the premium on any required insurance and such failure constitutes a default under the FHA Loan Documents, the Trustee may make such payment, but is not obligated to do so, and the Trustee shall be reimbursed by the Borrower therefor with interest on the amount so advanced at the Interest Rate for Advances as provided under the caption "Additional Payments" above.

Insurance. The Borrower shall at all times maintain or cause to be maintained, insurance of such types and in such amounts as required by the FHA Loan Documents.

Notice of Material Litigation. The Borrower shall promptly notify the Issuer and the Trustee in writing of any litigation, arbitration proceeding or administrative investigation, inquiry or other proceeding to which it may become a party or be subject to after the date of the Loan Agreement which may result in a change in the business or assets or in the condition, financial or otherwise, of the Borrower which would materially impair the ability of the Borrower to perform the Loan Agreement, the Regulatory Agreement, the Borrower guaranties or the Promissory Note, or any other agreement or instrument contemplated therein.

Notice of Default. In the event that any Event of Default occurs under the Loan Agreement, the Borrower shall give prompt notice in writing of such happening to the Trustee.

Performance of Contracts, Etc. Except to the extent contested in good faith, the Borrower shall perform according to and shall materially comply with all of its Contractual Obligations and all requirements of law if nonperformance thereof would result in a change in the business or assets or in the condition, financial or otherwise, of the Borrower which would materially impair the ability of the Borrower to perform the Borrower Documents or any other agreement or instrument contemplated therein.

Notice of Other Matters. The Borrower shall promptly notify the Trustee in writing of any of the following events:

(1) Any event with respect to the business or assets or in the condition, financial or otherwise, of the Borrower which would materially impair the ability of the Borrower to perform its obligations under the Borrower Documents or any other agreement or instrument therein contemplated.

(2) A default by the Borrower in any material respect under any material agreement to which the Borrower is a party or by which the Borrower or its properties or assets may be bound which would materially impair the ability of the Borrower to repay the Loan, giving in each case the details thereof and specifying the action proposed to be taken with respect thereto.

Cooperation in Perfecting Security Interests, Etc. The Borrower shall promptly perform such acts as may be necessary or advisable to perfect and maintain any Lien provided for in the Loan Agreement or in any agreement or document contemplated therein or otherwise to carry out the intent of the Loan Agreement. The Borrower shall promptly execute, file, deliver and perform or cause to be done, executed, delivered and performed all such documents, instruments, agreements, things and acts, including, without limitation, financing statements, continuation statements and mortgages as may be necessary or advisable to perfect or maintain a Lien on any and all assets or rights owned by the Borrower, or any interest of the Borrower therein.

Environmental Matters. The Borrower will take and continue to take prompt action to remedy all environmental pollution and contamination, hazardous waste disposal and other environmental cleanup problems of which it is aware and responsible for, if any, whether or not such cleanup problems have resulted from the order or request of a municipal, state, federal, administrative or judicial authority, or otherwise. The foregoing covenant shall not constitute or create a waiver of any rights the Borrower may have to pursue any legal rights or remedies against any third party for any environmental claims.

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

Patriot Act. The Borrower covenants and agrees to provide documentation as reasonably requested or required by the Trustee to enable the Trustee to comply with the requirements of the USA Patriot Act as described in the Indenture.

Additional Indebtedness

The FHA Insured Mortgage Loan and any other subordinate loans from subordinate lenders consistent with the Borrower's plan of finance are all permitted Indebtedness. In addition, so long as no Event of Default or default under the Loan Agreement shall have occurred and be continuing, the Borrower shall be permitted to incur any additional Indebtedness for any Project Cost or other costs associated with the Project or other obligation or payment due under the Loan Agreement, the Indenture or the Regulatory Agreement.

Nature of Business

The Borrower will not change the general character of its business as conducted at the date of execution of the Loan Agreement or engage in any type of business not reasonably related to its business as normally conducted.

Cooperation in Enforcement of Regulatory Agreement

In order to maintain the exclusion from gross income under federal tax law of interest on the Bonds and to assure compliance with the laws of the Commonwealth (including the Act), the Borrower shall, concurrently with or before the execution and delivery of the Bonds, execute and deliver and cause to be recorded the Regulatory Agreement. The Borrower shall:

- (a) comply with all provisions of the Regulatory Agreement;
- (b) advise the Issuer in writing promptly upon learning of any default with respect to the covenants, obligations and agreements of the Borrower set forth in the Regulatory Agreement;
- (c) upon written direction by the Issuer, cooperate fully and promptly with the Issuer in enforcing the terms and provisions of the Regulatory Agreement; and
- (d) file in accordance with the time limits established by the Regulatory Agreement all reports and certificates required thereunder, and the annual certification to the Secretary of the Treasury required by the Regulatory Agreement.

The Issuer shall not incur any liability in the event of any breach or violation of the Regulatory Agreement by the Borrower, and the Borrower agrees to indemnify the Issuer from any claim or liability for such breach pursuant to the Loan Agreement.

Tax-Exempt Status of the Bonds

It is the intention of the Issuer and the Borrower that interest on the Bonds shall be and remain excludable from gross income for federal income taxation purposes, and to that end the covenants and agreements of the Borrower described under this caption are for the benefit of the owners of the Bonds and the Issuer.

The Borrower will not (1) use or permit the use of any of the funds provided by the Issuer under the Loan Agreement or any other funds of the Borrower, directly or indirectly, in such manner as would; (2) enter into, or allow any “related person” (as defined in Section 147(a)(2) of the Code) to enter into, any arrangement, formal or informal, for the purchase of the Bonds that would; or (3) take or omit to take any other action that would, in each case cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

In the event that at any time the Borrower is of the opinion or becomes otherwise aware that for purposes described under this caption it is necessary to restrict or to limit the yield on the investment of any money held under the Indenture or otherwise by the Trustee, the Borrower shall determine the limitations and so instruct the Trustee in writing and cause the Trustee to comply with those limitations under the Indenture.

The Borrower will take such action or actions as may be necessary to fully comply with the Tax Certificate and with Section 148 of the Code as applicable to the Bonds.

The Borrower will not discriminate on the basis of race, creed, color, sex, sexual preference, source of income (e.g. AFDC, SSI), physical disability, national origin or marital status in the lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project, to the extent required by applicable Commonwealth or federal law.

The Borrower has not executed and will not execute any other agreement, or any amendment or supplement to any other agreement, with provisions contradictory to, or in opposition to, the provisions, of the Loan Agreement and the Regulatory Agreement, and that in any event, the requirements of the Loan Agreement and the Regulatory Agreement are paramount and controlling as to the rights and obligations set forth in the Loan Agreement and supersede any other requirements in conflict with the Loan Agreement and the Regulatory Agreement.

The Borrower will use due diligence to complete the renovation, rehabilitation, improvement, construction, and equipping of all of the units comprising the Project and reasonably expects to fully expend the entire \$23,000,000* in principal amount of the Loan by the Initial Mandatory Tender Date.

The Borrower will take such action or actions as necessary to ensure compliance with the Loan Agreement.

* Preliminary; subject to change.

Useful Life

Within the meaning of Section 147(b) of the Code, the average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the facilities being financed with the proceeds of the Bonds.

Federal Guarantee Prohibition

The Borrower shall take no action, nor permit nor suffer any action to be taken if the result of the same would be to cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

Prohibited Facilities

The Borrower represents and warrants that no portion of the proceeds of the Loan shall be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Loan shall be used for an office unless (a) the office is located on the premises of facilities constituting a portion of the Project and (b) not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

Optional Prepayment

The Promissory Note may be prepaid by the Borrower in whole or in part any Business Day occurring on or after April 1, 2028*, and must be prepaid by the Borrower in whole as soon as practicable after the Borrower has advised the Trustee in writing that the Project is placed in service for all purposes within the meaning of Section 42 of the Code, without penalty at a prepayment price equal to the outstanding principal amount plus any unpaid accrued interest on the Promissory Note. In order to prepay the Promissory Note, the Borrower shall give the Trustee written notice at least thirty (30) days prior to the prepayment date to effect a redemption of the Bonds pursuant to the Indenture. After a Remarketing Date, the Promissory Note may be prepaid by the Borrower in whole or in part on any Business Day that is nearest to the date falling at 50% of the subsequent remarketing period between the most recent Mandatory Tender Date and the next Mandatory Tender Date or the Maturity Date, as applicable.

Events of Default

The Loan Agreement provides that each of the following shall be an “Event of Default”:

(a) the Borrower shall fail to pay any Loan Payment on or prior to the date on which that Loan Payment is due and payable or within the Loan Payment Cure Period;

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

* Preliminary; subject to change.

be resolved within one hundred eighty (180) days after the aforementioned notice; provided that the Trustee is provided with a certification from the Borrower to the effect that such default cannot through the exercise of diligence be wholly cured within such thirty (30) day period but can be wholly cured and the Borrower has commenced or will promptly commence with due diligence and dispatch the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch;

(c) the Borrower shall (1) admit in writing its inability to pay its debts generally as they become due; (2) have an order for relief entered in any case commenced by or against it under the federal bankruptcy laws, as in effect as of or after the date of the Loan Agreement, which is not dismissed within ninety (90) days; (3) voluntarily commence a proceeding under any other federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for ninety (90) days; (4) make an assignment for the benefit of creditors; or (5) have a receiver or trustee appointed for it or for the whole or any substantial part of its property which appointment is not vacated within a period of ninety (90) days;

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

(e) there shall occur an "Event of Default" as defined in the Indenture or the Regulatory Agreement.

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

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

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

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

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

Remedies on Default

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

(a) If acceleration of the principal amount of the Bonds has been declared pursuant to the provisions described in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Acceleration,” the Trustee shall declare all Loan Payments to be immediately due and payable together with any other amounts payable by the Borrower under the Loan Agreement and the Promissory Note whereupon the same shall become immediately due and payable;

(b) The Trustee may exercise any or all or any combination of the remedies specified in the Loan Agreement;

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

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

Notwithstanding the foregoing, neither the Issuer nor the Trustee, as assignee of the Issuer, shall be obligated to take any step which in its respective opinion will or might cause it to expend time or money or otherwise incur liability unless and until a satisfactory indemnity bond has been furnished to the Issuer or the Trustee, as applicable, at no cost or expense to the Issuer or the Trustee. Any amounts collected as Loan Payments or applicable to Loan Payments and any other amounts which would be applicable to payment of Bond Debt Service Charges collected pursuant to action taken under this caption shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if the Outstanding Bonds have been paid and discharged in accordance with the provisions of the Indenture, shall be paid as provided in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Repayment to the Borrower from the Bond Fund” for transfers of remaining amounts in the Bond Fund.

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

Amendments and Supplements

Except as otherwise expressly provided in the Loan Agreement or the Indenture, subsequent to the issuance of the Bonds and prior to all conditions provided for in the Indenture for release of the Indenture having been met, the Loan Agreement, the Regulatory Agreement and the Promissory Note may not be effectively amended, changed, modified, altered or terminated except in accordance with the provisions of the Indenture, as applicable. See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Amendments Not Requiring Consent of Holders” and “– Amendments Requiring Consent of Holders” attached hereto.

HUD Required Provisions

The Borrower and the Issuer have acknowledged that the Loan Agreement and all the Borrower's obligations thereunder are subject and subordinate to the FHA Loan Documents and the Program Obligations. Notwithstanding any provisions of the Loan Agreement to the contrary, no obligations of the Borrower thereunder shall be payable except from (a) Surplus Cash; (b) funds that are not derived from (1) revenues of the Project (as defined in the FHA Mortgage), (2) the proceeds of the FHA Note, or (3) any reserve or deposit made with the FHA Lender or any other party as required by HUD in connection with the FHA Loan Documents; or (c) FHA Lender Funds which have been deposited into the Collateral Fund by or at the direction of the FHA Lender (collectively, "Non-Project Sources"). No claims or actions shall be made (or payable) under the Loan Agreement against the Project, the FHA Lender, the proceeds of the FHA Note, or the assets of the Borrower, except from Non-Project Sources. In addition, the rights and obligations of the parties under the Loan Agreement and all other documents evidencing, implementing, or securing the Loan Agreement (collectively, the "Subordinate Bond Documents") are and shall be subordinated in all respects to the rights and obligations of the parties to and under the FHA Loan Documents. In the event of any conflict between the provisions of (i) the Loan Agreement or the Subordinate Bond Documents and (ii) the provisions of the FHA Loan Documents or the Program Obligations, the provisions of the FHA Loan Documents or the Program Obligations shall control. The provisions described under this caption shall control over any inconsistent provisions in the Loan Agreement or the Subordinate Bond Documents. The Loan Agreement shall not be amended or modified without the prior written consent of HUD.

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT

The following is a summary of certain provisions of the Regulatory Agreement. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Regulatory Agreement, a copy of which is on file with the Trustee.

The Issuer, the Borrower and the Trustee will enter into a Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) in order to set forth certain terms and conditions relating to the rehabilitation and operation of the Project. All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture and the Regulatory Agreement.

Qualified Residential Rental Project

The Issuer and the Borrower declare by the Regulatory Agreement their understanding and intent that the Project is to be owned, managed and operated, as a Qualified Residential Rental Project. The Issuer hereby elects the “40-60” test as set forth in Section 142(d)(1)(B) of the Code. To that end, and in compliance with the Act, the Borrower represents, covenants, and agrees by the Regulatory Agreement as follows:

(a) that the Project is being acquired, rehabilitated, renovated and equipped for the purpose of providing multifamily residential rental property, and the Project shall be owned, managed and operated as multifamily Rental Housing, all in accordance with Section 142(d)(1) of the Code and Section 1.103-8(b) of the Income Tax Regulations, as the same may be amended from time to time and applicable to the Project;

(b) that all of the dwelling units in the Project will be similarly constructed and each such dwelling unit shall contain complete facilities for living, sleeping, eating, cooking and sanitation for a single person or a family;

(c) that during the Qualified Project Period:

(i) none of the dwelling units in the Project shall ever be leased or rented for a period of less than thirty (30) days; and

(ii) neither the Project nor any portion thereof shall ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium, nursing home, rest home, or trailer court or park;

(d) that during the Qualified Project Period (i) the dwelling units in the Project shall be leased and rented or made available for rental on a continuous basis to members of the general public, (ii) at least 40% of the Available Units in the Project shall be leased and rented or made available for rental on a continuous basis to Low Income Tenants; and (iii) the Borrower shall not give preference in renting dwelling units in the Project to any particular class or group of persons, other than Low Income Tenants as provided in the Regulatory Agreement; provided, however, that an insubstantial number of dwelling units in the Project, may be occupied by maintenance, security or managerial employees of the Borrower or its property manager, which employees must be reasonably necessary for operation of the Project;

(e) that during the Qualified Project Period no part of the Project will at any time be owned or used by a cooperative housing corporation;

(f) that the Project will consist of one or more discrete edifices or other man-made construction, each consisting of an independent foundation, outer walls and roof, all of which will be (i) owned by the same person for federal tax purposes, (ii) located on a common tract of land or two or more tracts of land which are contiguous except for being separated only by a road, street, stream or similar property (tracts are contiguous if their boundaries meet at one or more points), and (iii) financed by the Loan of the Issuer or otherwise pursuant to a common plan of financing, and which will consist entirely of:

(i) units which are similarly constructed; and

(ii) facilities functionally related and subordinate in purpose and size to property described in (i) above, e.g., parking areas, laundries, swimming pools, tennis courts and other recreational facilities (none of which may be unavailable to any person because such person is a Low Income Tenant) and other facilities which are reasonably required for the Project, e.g., heating and cooling equipment, trash disposal equipment or units for residential managers or maintenance personnel;

(g) that during the Qualified Project Period the Project will not include a unit in a building where all units in such building are not also included in the Project;

(h) that during the Qualified Project Period the Borrower will not convert the Project from residential rental property to condominium ownership or other use;

(i) that during the Qualified Project Period no dwelling unit in the Project shall be occupied by the Borrower at any time unless the Borrower resides in a dwelling unit in a building or structure which contains at least five dwelling units and unless the resident of such dwelling unit is a resident manager or other necessary employee (e.g., maintenance and security personnel);

(j) that less than 25% of the proceeds of the Bonds will be used for the acquisition of land;

(k) that during the Qualified Project Period, the Borrower will not discriminate on the basis of age, race, creed, religion, color, sex, marital status, or national origin in the lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project; and

(l) that during the Qualified Project Period, the Borrower will require all tenants moving into units with existing leases, which units have previously qualified as Low Income Tenant units, to be put on the lease in addition to the current tenant on the lease and to require recertification of said unit.

Unless the above provisions of this section are amended as permitted under the Regulatory Agreement, the above provisions of this section shall remain in effect during the Qualified Project Period; provided, however, the Borrower may be discharged from its obligations under the above provisions of this section and the provisions described under the heading "Low Income Tenants" below to the extent only that the same are assumed by any successor in interest to the Borrower pursuant to the provisions described under the heading "Sale, Lease or Transfer of Project" below.

Low Income Tenants

In order to satisfy the requirements of the Act and Section 142(d) of the Code, the Borrower represents, covenants and agrees that by the Regulatory Agreement, as follows:

(a) (i) commencing on the later of the first date on which 10% of the units in the Project are occupied or the issue date of the Bonds, (1) at least 40% of the Available Units in the Project shall be occupied by Low Income Tenants before any Available Units are rented or leased to any other tenants and (2) after initial rental occupancy of such dwelling units by Low Income Tenants, at least 40% of the Available Units in the Project at all times shall be rented to and occupied (or held available for rent if previously rented to and occupied by a Low Income Tenant) by Low Income Tenants as required by Section 142(d) of the Code. For the purpose of the requirement that not less than 40% of the Available Units be occupied by Low Income Tenants, if a tenant qualified as a Low Income Tenant upon occupancy, the income of that tenant shall be treated as continuing to not exceed the applicable income limit, notwithstanding that such tenant's income may subsequently exceed the applicable income limit; provided, however, that such person shall no longer be qualified as a Low Income Tenant as of the most recent determination (as provided in paragraph (e) below) if the tenant's Adjusted Family Income exceeds 140% of the then applicable income limit. If it is determined that a tenant's Adjusted Family Income exceeds 140% of the applicable income limit, the Borrower may avoid non-compliance with the rules set forth in the Regulatory Agreement if the next available unit of comparable or smaller size not counted as occupied by a Low Income Tenant is rented to a qualifying Low Income Tenant;

(ii) notwithstanding paragraph (a)(i) above, if the proceeds of the Bonds are financing the acquisition and rehabilitation of an existing residential rental project (other than Substantial Rehabilitation, to which paragraph (a)(i) above will apply), the Borrower shall have twelve (12) months beginning on the date of issuance of the Bonds (the "Transition Period") to satisfy the requirement that at least 40% of the Available Units are occupied by Low Income Tenants. The failure to satisfy the set-aside requirement of this paragraph by the last day of the Transition Period will cause the Project not to be a Qualified Residential Rental Project as of the issue date of the Bonds issued to finance the Project unless the Bonds issued to finance the Project are redeemed as soon as possible, but in no event later than eighteen (18) months after the issue date of the Bonds;

(b) the income of all tenants who occupy or will occupy the units in the Project will be verified by the Borrower by obtaining an Income Certification and with respect to Low Income Tenants, (i) if the occupant is employed, an employer's written verification of current anticipated annual income or (ii) if the occupant is self-employed, the occupant shall provide an annualized profit and loss statement or (iii) if the occupant is not employed, the occupant shall provide evidence of governmental income or rental assistance and of any other income. Each such certification shall be dated (i) not later than the date of execution of the lease, but in no event more than five days prior to the initial occupancy of such tenant in the Project (and the Borrower shall require such tenant to notify the Borrower of any material change of information in the Income Certification between execution thereof and initial occupancy of such tenant in the Project), and (ii) at least annually thereafter, in each case in the form and containing such information as may be required by Section 142(d) of the Code (initially in the form attached as an exhibit to the Regulatory Agreement, as the same may be from time to time amended by the

Issuer on the advice of Bond Counsel (a copy of which amendments shall be provided to the Issuer, the Trustee and the FHA Lender), or in such other form and manner as may be required by applicable rules, rulings, procedures, official statements, regulations or policies now or hereafter promulgated or proposed by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(a)(7) of the Code;

(c) during the Qualified Project Period, the Borrower shall maintain complete and accurate records pertaining to the dwelling units occupied or to be occupied by Low Income Tenants, including Income Certifications, and will permit any duly authorized representative of the Issuer, the Trustee, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Income Certifications of Low Income Tenants residing in the Project for the purpose of verifying compliance by the Borrower hereunder upon reasonable notice and at reasonable times. The Borrower agrees that in the event of an Internal Revenue Service, Department of Treasury or Issuer audit of compliance with the Regulatory Agreement as authorized by this paragraph (c), the Borrower will pay all reasonable fees and expenses of the Issuer, its authorized representatives, and its counsel in connection with such audit. The Borrower shall keep information as set forth in this paragraph (c) for a period of three years following the end of the Qualified Project Period;

(d) during the Qualified Project Period, (i) the Borrower shall immediately notify the Trustee and the Issuer if at any time the dwelling units in the Project are not occupied or available for occupancy as provided in paragraph (a) above, (ii) the Borrower shall prepare and submit to the Issuer, and following the closing of the FHA Insured Mortgage Loan, to the FHA Lender, not later than the fifteenth (15th) day of the month following the initial occupancy of any of the units in the Project and not later than the fifteenth (15th) day following the end of each six months thereafter, a Compliance Certificate substantially in the form attached as an exhibit to the Regulatory Agreement executed by the Borrower stating, among other matters, the number of dwelling units of the Project which were occupied or were deemed to be occupied by Low Income Tenants during such period and (iii) so long as any Bonds remain Outstanding, the Borrower shall maintain a copy of each Compliance Certificate required under clause (ii) of this subsection and submit copies thereof to the Trustee upon request;

(e) during the Qualified Project Period, the Borrower shall make the determination of whether the income of a tenant of a unit in the Project exceeds the applicable limit at least annually on the basis of the current income of the tenant by causing each tenant to execute a recertification of their annual income. The Borrower shall require in the lease of each Low Income Tenant that the tenant fill out an annual income recertification to help the Borrower determine whether the tenant still qualifies as a Low Income Tenant. The Borrower shall provide in each tenant's lease that completion and execution of such certificates by the tenant is a substantial obligation, noncompliance with which can result in termination of tenancy. Copies of the recertification of a tenant shall be provided to the Trustee as provided in paragraph (b) above; and

(f) the Borrower shall prepare and file with the Issuer, and following the closing of the FHA Insured Mortgage Loan, the FHA Lender true copies of each IRS Form 8703 - "Annual Certification of a Residential Rental Project" (or any successor form thereto) as completed and filed with the Internal Revenue Service for each calendar year during the Qualified Project Period, which certification shall be filed within thirty (30) days after each anniversary of the Completion Date (as defined in the Loan Agreement) or at such other times as may be prescribed in the Income Tax Regulations promulgated under Section 142(d)(7) of the Code.

The benefits of this section and the section titled “Qualified Residential Rental Project” above shall inure to, and may be enforced by, the Trustee and the Issuer and their successors and assigns for the Qualified Project Period.

Sale, Lease or Transfer of the Project

Except as may be permitted by the Loan Documents (as defined in the Regulatory Agreement), the Borrower shall not sell, lease (other than to resident tenants in the normal course of business), exchange, assign, convey, transfer or otherwise dispose of all or substantially all of the Project or shall not have a change in any manager of the Borrower (in the Regulatory Agreement collectively called “Disposition”) without the prior written consent of the Issuer, and after the closing of the FHA Insured Mortgage Loan, the FHA Lender (such Issuer consent not unreasonably to be withheld). Notwithstanding anything to the contrary contained in the Loan Documents, (i) the transfer of interests in the Borrower to the Federal Investor Limited Partner shall not constitute a default under any of the Loan Documents or accelerate the maturity of the Loan and (ii) the withdrawal, removal and/or replacement of Borrower’s manager for cause in accordance with Borrower’s Amended and Restated Agreement of Limited Partnership (the “Partnership Agreement”) shall not require the consent of Issuer and shall not constitute a default under any of the Loan Documents or accelerate the maturity of the Loan so long as the manager is replaced with an affiliate of the Federal Investor Limited Partner. The Issuer shall not unreasonably withhold its consent to the substitute manager if it is other than an affiliate of the Federal Investor Limited Partner. Notwithstanding the foregoing, any substitute manager shall assume all of the rights and obligations of the removed manager under all of the Loan Documents. It is expressly agreed that in connection with determining whether to grant or withhold such consent to a Disposition, the Issuer and the FHA Lender may (but are not obligated to) (i) consider the creditworthiness of the party to whom such Disposition will be made, its ability to provide services specifically to Low Income Tenants, its prior operation of lower income rental housing, its operation of other housing facilities in the City, if any, and its management ability with respect to the Project; (ii) consider whether or not any security for the performance of the obligations hereunder will be impaired in any material way by the proposed Disposition; (iii) consider such other factors as the Issuer and the FHA Lender may reasonably deem appropriate; (iv) require that the Issuer and the FHA Lender be reimbursed for all reasonable costs and expenses incurred by the Issuer for investigating the creditworthiness and management ability of the party to whom such Disposition will be made and in determining whether the Issuer’s and the FHA Lender’s security will be impaired by the proposed Disposition; (v) require the payment to the Issuer of a transfer fee equal to the reasonable costs of investigating and approving the Disposition and documenting the Disposition in its records; (vi) require the payment of its reasonable attorney’s fee in connection with such Disposition; (vii) require the execution of modification agreements, supplemental security documents and financing statements, where appropriate, reasonably satisfactory in form and substance to the Issuer and the FHA Lender, it being understood and agreed that no material change shall be required to any of the terms and conditions of the Loan Agreement, the Regulatory Agreement or any related instrument or agreement as a condition for the approval of any such Disposition; and (viii) require the payment of the Ordinary Issuer’s Fees (as defined in the Indenture) prorated to the date of disposition of the Project. The foregoing provisions shall not operate to limit in any manner any requirements that the Borrower obtain the consent of any other party to such Disposition under the terms of the Loan Agreement or any of the other documents executed in connection with the Bonds.

The Borrower covenants that upon a Disposition, it will require the party to whom a Disposition will be made to assume in writing, in a form acceptable to the Issuer, the Trustee, and if the closing of the FHA Insured Mortgage Loan has occurred, the FHA Lender, all duties and obligations of the Borrower under the Regulatory Agreement, including this section. The Borrower shall deliver the assumption agreement to the Issuer, the Trustee and the FHA Lender concurrently with the Disposition.

It is expressly stipulated and agreed by the Regulatory Agreement that any Disposition of the Project by the Borrower in violation of this section shall be null, void and without effect, and shall be ineffective to relieve the Borrower of its obligations under the Regulatory Agreement and the Loan Agreement. The Borrower shall include by incorporation by reference or verbatim the requirements and restrictions contained in the Regulatory Agreement in any deed or other documents transferring any interest in the Project to another person to the end that such transferee has notice of and is bound by such restrictions, and shall obtain the express agreement from any transferee so to abide. In the event that the Issuer approves the Disposition of the Project in accordance with this section, and the transferee has agreed to perform the obligations of the Borrower under the Loan Agreement and the Regulatory Agreement in accordance with the terms and conditions of the Loan Agreement and the Regulatory Agreement, the Borrower shall be released from its obligations under the Regulatory Agreement automatically and without further action by the Issuer, and the Issuer shall confirm such release by recordable written instrument, if requested to do so by the Borrower.

Except as permitted in the first paragraph of this section, so long as any portion of the Bonds remains outstanding, there shall be no transfer by any party of more than a fifty percent (50%) ownership interest in the Borrower, nor shall there be any other similarly significant change in the ownership interest, control or relative distribution thereof, of the Borrower by any other method or means including, but not limited to, increased capitalization, merger, corporate or other amendments, issuance of additional or new stock or classification of stock, or otherwise, without the prior written consent of the Issuer, which consent shall not be unreasonably withheld; provided, however, that this paragraph shall not apply to transfers of the interests in the Borrower to the Federal Investor Limited Partner or of the interests of the Federal Investor Limited Partner in the Borrower.

Any Disposition will be subject to the Issuer, the Trustee, and if the closing of the FHA Insured Mortgage Loan has occurred, the FHA Lender, receiving an opinion of Bond Counsel that the transaction contemplated and as carried out will not adversely affect the exclusion of the interest on the Bonds of the holders thereof from gross income for federal income tax purposes.

The restrictions contained in the foregoing provisions of this section shall not be applicable to any of the following exceptions, and the prior consent of the Issuer shall not be required as to such exceptions: (i) any transfer pursuant to or in lieu of a foreclosure under the FHA Mortgage or other similar disposition of the Project, (ii) grants of utility related easements and utility and other service related leases or easements, including without limitation, laundry service leases or television cable easements, over portions of the Project, provided the same are granted in the ordinary course of business in connection with the operation of the Project as contemplated by the Regulatory Agreement, (iii) leases of apartment units to Low Income Tenants or other tenants in accordance with the requirements of the Regulatory Agreement, (iv) any sale or conveyance to a condemning governmental authority as a direct result of a condemnation or a governmental taking or a threat thereof, and (v) any change in allocations of preferred return capital, depreciation or losses or any final adjustments in capital accounts (all of which may be freely transferred or adjusted by Borrower pursuant to Borrower's Partnership Agreement).

Enforcement

The Issuer, the Borrower and the Trustee each covenant that it will not knowingly take or permit any action that would adversely affect the exemption from federal income taxation of interest on the Bonds. Moreover, each covenants to take any lawful action (including amendment of the Regulatory Agreement as may be necessary, in the opinion of Bond Counsel) to comply fully with the requirements of the Act and with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue

Service from time to time pertaining to obligations the interest on which is tax-exempt under Section 142(d) of the Code and affecting the Project.

If the Borrower defaults in the performance of its obligations under the Regulatory Agreement or breaches any covenant, agreement or warranty of the Borrower set forth in the Regulatory Agreement, and if such default remains uncured for a period of sixty (60) days after notice thereof shall have been given by the Trustee or the Issuer to the Borrower and the Federal Investor Limited Partner (or for an extended period approved in writing by Bond Counsel if such default stated in such notice can be corrected, but not within such sixty (60) day period, and if the Borrower commences such correction within such sixty (60) day period, and thereafter diligently pursues the same to completion within such extended period), then (i) the Borrower agrees to pay the Issuer any rents or other amounts received by the Borrower for any units in the Project which were in violation of the Regulatory Agreement during the period such violation continued, and (ii) the Issuer or the Trustee may apply to any court, state or federal, for specific performance of the Regulatory Agreement or an injunction against any violation of the Regulatory Agreement or any other remedies at law or in equity or any such other actions as it may deem necessary or desirable so as to correct noncompliance with the Regulatory Agreement. Any cure of any event of default under the Regulatory Agreement made or tendered by the Federal Investor Limited Partner shall be deemed to be cure by the Borrower, and shall be accepted or rejected by the Issuer and Trustee on the same basis as if made or tendered by the Borrower.

Notwithstanding anything to the contrary stated in the Regulatory Agreement, the Indenture or the Loan Agreement, the Issuer and the Trustee shall have the right to seek specific performance of any of the covenants and requirements of the Regulatory Agreement concerning the rehabilitation and operation of the Project. The Trustee and the Issuer shall have the right, either jointly or severally, to enforce the Regulatory Agreement and require curing of defaults in such shorter periods than specified above as Bond Counsel may determine necessary to maintain the tax-exempt status of interest on the Bonds. The Trustee shall have the right in accordance with this section, following written notice to the Issuer, to exercise any or all of the Issuer's rights or remedies under the Regulatory Agreement.

The Issuer shall receive any reports submitted by the Borrower pursuant to the Regulatory Agreement and shall monitor or cause to be monitored any such reports in accordance with the standards set forth below. In performing their duties and obligations under the Regulatory Agreement, the Issuer, the Trustee and their respective counsel may rely upon statements and certificates of the Borrower and tenants and upon audits of the books and records of the Borrower pertaining to occupancy of the Project.

The Borrower and the Issuer each acknowledges that the primary purposes for requiring compliance by the Borrower with the restrictions provided in the Regulatory Agreement are to comply with the requirements of the Act and to preserve the federal income tax exemption of interest on the Bonds to the Bondholders, and that the Trustee on behalf of the Bondholders who are declared to be third-party beneficiaries of the Regulatory Agreement shall be entitled, for any breach of the provisions of the Regulatory Agreement, to all remedies both at law and in equity in the event of any default under the Regulatory Agreement.

Notwithstanding the foregoing, enforcement of the Regulatory Agreement shall not serve as a basis for acceleration of the Loan or result in any claim under such Loan, or claim against the Project, the proceeds of the Loan, or against the rents or other income from the Project (other than Surplus Cash) for payment under the Regulatory Agreement.

Amendment

Subject to the provisions of the second paragraph of this section, the Regulatory Agreement may not be amended except (i) by a writing duly executed by each of the parties to the Regulatory Agreement, (ii) with an opinion of Bond Counsel selected by the Issuer to the effect that such amendment does not adversely affect the exclusion of the interest on the Bonds of the holders thereof from gross income for federal income tax purposes, and (iii) if the closing of the FHA Insured Mortgage Loan has occurred, with the consent of the FHA Lender.

To the extent the Code and the regulations promulgated thereunder, or any amendments thereto, shall impose requirements upon the ownership or operation of the Project, which requirements shall be applicable by their terms to the Project and which are more restrictive than those imposed by the Regulatory Agreement, the Borrower and the Issuer agree to give notice thereof to the Trustee and that the Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements; and the Borrower, the Trustee and the Issuer shall execute, deliver and, if applicable, file of record any and all documents and instruments necessary in the opinion of Bond Counsel to maintain the exclusion from gross income of the interest on the Bonds, and if the Borrower, the Trustee or the Issuer defaults in the performance of their obligation to execute such an amendment under this section, the Borrower and the Issuer appoint by the Regulatory Agreement the Trustee as their true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Borrower, or the Issuer, as is applicable, any such document or instrument.

Covenants Run With the Land and the Real Property; Term

The Issuer and the Borrower declare by the Regulatory Agreement their express intent that the covenants, reservations and restrictions set forth in the heading “Qualified Residential Rental Project” above (exclusive of the last paragraph thereof) and under the heading “Low Income Tenants” shall be deemed covenants running with the land, shall run with the Real Property, and shall pass to and be binding upon the Borrower’s successors in title and the Borrower’s successors and assigns. Each and every contract, deed or other instrument executed after the Regulatory Agreement covering or conveying the Real Property or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, regardless of whether or not such covenants are set forth in such contract, deed or other instrument. Unless sooner terminated in accordance with the Regulatory Agreement, such covenants shall continue in full force and effect for the Qualified Project Period, it being expressly agreed and understood that the provisions of the Regulatory Agreement are intended to survive the expiration of the Indenture and the retirement of the Bonds, if such expiration and retirement occur prior to the end of the Qualified Project Period. Upon the expiration of the Qualified Project Period, or if the provisions of the Regulatory Agreement are terminated (in the opinion of Bond Counsel), the Issuer and the Trustee covenant by the Regulatory Agreement to execute a release of the covenants of the Borrower in the Regulatory Agreement and provide such release to the Borrower for recordation in the real property records of the City.

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

\$23,000,000*

**Newport News Redevelopment and Housing Authority
Multifamily Housing Revenue Bonds
(Stuart Gardens I Apartments)
Series 2026**

This Continuing Disclosure Agreement, dated as of July 1, 2026 (this “Continuing Disclosure Agreement”), is executed and delivered by Stuart Gardens Housing Partners, LP, a Virginia limited partnership (the “Borrower”) and U.S. Bank Trust Company, National Association, as dissemination agent (the “Dissemination Agent”) for the above-captioned bonds (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of July 1, 2026 (the “Indenture”) between the Newport News Redevelopment and Housing Authority (the “Issuer”) and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The Dissemination Agent and the Borrower covenant and agree as follows:

Section 1. Purpose of the Continuing Disclosure Agreement. This Continuing Disclosure Agreement is being executed and delivered by the Borrower and the Dissemination Agent for the benefit of the Holders and in order to assist the Underwriter in complying with the Rule (defined below). The Borrower and the Dissemination Agent acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Continuing Disclosure Agreement, and has no liability to any Person, including any holder of the Bonds or Beneficial Owner, with respect to any such reports, notices or disclosures.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3 and 4 of this Continuing Disclosure Agreement.

“Audited Financial Statements” means, in the case of the Borrower, the annual audited financial statements of the Borrower prepared in accordance with generally accepted accounting principles, if any.

“Beneficial Owner” shall mean any Person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including Persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Disclosure Representative” shall mean, with respect to the Borrower, the administrator of the Project or his or her designee, or such other Person as the Borrower shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean U.S. Bank Trust Company, National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Borrower and which has filed with the Trustee a written acceptance of such designation.

* Preliminary; subject to change.

“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of a debt obligation or derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; provided, however, the term *“financial obligation”* excludes municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule.

“Material Events” shall mean any of the events listed in Section 5(a) of this Continuing Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934. All documents provided to the MSRB shall be in an electronic format and accompanied by identifying information, as prescribed by the MSRB. Initially, all document submissions to the MSRB pursuant to this Continuing Disclosure Agreement shall use the MSRB’s Electronic Municipal Market Access (EMMA) system at www.emma.msrb.org.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Underwriter” means Colliers Securities LLC, and its successors and assigns.

Section 3. Provision of Annual Reports. (a) The Borrower will, or will cause the Dissemination Agent to, not later than one hundred twenty (120) days following the end of the Borrower’s fiscal year, commencing with the fiscal year ending in 2026, provide to the MSRB an Annual Report which is consistent with the requirements described below. No later than fifteen (15) Business Days prior to said date, the Borrower will provide the Annual Report to the Dissemination Agent. In each case, the Annual Report of the Borrower may be submitted as a single document or as separate documents comprising a package and may cross reference other information, provided that the audited financial statements for the prior calendar year of the Borrower may be submitted separately from the balance of its Annual Report.

(b) If by fifteen (15) Business Days prior to the date specified in subsection (a) for providing an Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent will contact the Disclosure Representative to determine if the Borrower is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent will send a notice to the MSRB in substantially the form attached as Exhibit B to this Continuing Disclosure Agreement.

(d) The Dissemination Agent will file a report with the Borrower certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided.

(e) The Dissemination Agent shall, within three (3) Business Days of receipt of the Annual Report, provide such information to the MSRB without any further instruction or direction from the Borrower.

Section 4. Content of Annual Reports. The Borrower’s Annual Report will contain or incorporate by reference the financial information or operating data with respect to the Project, provided at least annually, of the type included in Exhibit A hereto, which Annual Report may, but is not required to, include Audited Financial Statements. If the Borrower’s audited financial statements are not available by

the time the Annual Report is required to be filed, the Annual Report will contain unaudited financial statements, and the audited financial statements will be filed in the same manner as the Annual Report when they become available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Borrower is an “Obligated Person” (as defined by the Rule), which have been filed with the MSRB. The Borrower will clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Material Events. (a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events (each, a “Material Event”):

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulty;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulty;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of Holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Borrower. For purposes of this clause (xii), any such event shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the

ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or paying agent or the change of the name of a trustee or paying agent, if material;

(xv) Incurrence of a Financial Obligation of the Borrower, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Borrower, any of which affect security holders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Borrower, any of which reflect financial difficulties.

(b) Whenever the Borrower obtains knowledge of the occurrence of a potential Material Event, the Borrower shall, within five (5) Business Days of obtaining such knowledge and in any event no more than seven (7) Business Days after the occurrence of such event, determine if such event is in fact a Material Event that is required by the Rule to be disclosed and provide the Dissemination Agent with notice and instructions pursuant to subsections (c) or (d) below, as applicable.

(c) If the Borrower has determined that a Material Event is required to be disclosed, then the Borrower shall prepare a written notice describing the Material Event and provide the same to the Dissemination Agent along with instructions to file the same pursuant to subsection (e) below.

(d) If the Borrower determines that an event is not required to be disclosed as a Material Event then the Borrower shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (e) below.

(e) If the Dissemination Agent has been provided with a written notice describing a Material Event pursuant to subsection (c) of this Section, and is instructed by the Borrower to report the occurrence of such Material Event, the Dissemination Agent shall, within three (3) Business Days of its receipt of such written notice, and no more than ten (10) Business Days after the occurrence of the Material Event, provided that the Borrower has complied with the notice requirements set forth in subsection (b), file the notice with the MSRB and send a copy to the Borrower. The foregoing notwithstanding, (i) the Borrower is solely responsible for instructing the Dissemination Agent to provide notice to the MSRB no more than ten (10) Business Days after the occurrence of a Material Event; and (ii) notice of a Material Event described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than when the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Indenture.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Continuing Disclosure Agreement (and the Dissemination Agent will agree to any amendment so requested by the Borrower unless such amendment adversely affects its rights, duties, protections, immunities, or indemnities) and any provision of this Continuing Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions described under paragraph (a) under “Provision of Annual Reports,” “Contents of Annual Reports” or paragraph (a) under “Reporting of Material Events,” it may only be made in connection with a change in circumstances that arises from a

change in legal requirements, change in law or change in the identity, nature or status of an Obligated Person with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the Borrower will describe such amendment in the next Annual Report and will include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Borrower. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change will be given in the same manner as for a Material Event under Section 5(e) hereof and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Default. In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Continuing Disclosure Agreement, the Dissemination Agent may (and, at the request of the Underwriter or the Holders of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds, will), or the Borrower or any Holder or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking, or specific performance by court order, to cause the Borrower or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement will not be deemed an Event of Default under the Indenture or the Loan Agreement, dated as of July 1, 2026, between the Issuer and the Borrower, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Continuing Disclosure Agreement will be an action to compel performance.

Section 8. Beneficiaries. This Continuing Disclosure Agreement will inure solely to the benefit of the Borrower, the Dissemination Agent, the Underwriter and Holders from time to time of the Bonds and will create no rights in any other Person or entity.

Section 9. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the Borrower shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 10. Duties, Immunities and Liabilities of Dissemination Agent. Article VI of the Indenture is hereby made applicable to this Continuing Disclosure Agreement as if this Continuing Disclosure Agreement were (solely for this purpose) contained in the Indenture and the Dissemination Agent shall be entitled to the same protections, limitations from liability and indemnities afforded the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement, and the Borrower agrees to indemnify and save the Dissemination Agent, the Trustee, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their rights, obligations, powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Borrower under this Section shall survive the termination of this Continuing Disclosure Agreement, the resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent and the Trustee shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Borrower, the Holders, or any other party. Neither the Trustee nor the Dissemination Agent shall have any liability to the Holders or any other party for any monetary damages or financial liability of any kind whatsoever related to or arising from the breach of this Continuing Disclosure Agreement.

The Dissemination Agent agrees to disseminate the information provided to it hereunder in the form delivered by the Borrower. The Dissemination Agent is acting hereunder solely in an agency capacity and as such is merely a conduit for the Borrower, and shall have no liability or responsibility for the form, content, accuracy or completeness of any information furnished hereunder. Any such information may contain a legend to that effect.

The Dissemination Agent shall have no obligation to make disclosure concerning the Bonds, the Project or any other matter except as expressly set out herein, provided that no provision of this Continuing Disclosure Agreement shall limit the duties, trusts, rights, powers or obligations of the Trustee under the Indenture. The fact that the Dissemination Agent or affiliate thereof has or may have any banking, fiduciary or other relationship with the Borrower or any other party in connection with the Project or otherwise, apart from the relationship created by this Continuing Disclosure Agreement, shall not be construed to mean that the Dissemination Agent or affiliate thereof has knowledge or notice of any event or condition relating to the Bonds or the Project except in its respective capacities under this Continuing Disclosure Agreement.

No provision of this Continuing Disclosure Agreement shall require or be construed to require the Borrower or the Dissemination Agent to interpret or provide an opinion concerning any information disclosed hereunder.

The Annual Report may contain such disclaimer language as the Borrower may deem appropriate. Any information disclosed hereunder by the Dissemination Agent may contain such disclaimer language as the Dissemination Agent may deem appropriate.

The Borrower hereby agrees to compensate the Dissemination Agent for the services provided and the expenses incurred pursuant to this Continuing Disclosure Agreement, in an amount to be agreed upon from time to time hereunder, and to reimburse the Dissemination Agent upon its request for all reasonable expenses, disbursements and advances incurred by the Dissemination Agent hereunder (including any reasonable compensation and expenses of counsel) except any such expense, disbursement or advance that may be attributable to its negligence or willful misconduct.

The Dissemination Agent may consult with counsel of its choice and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any

action taken, suffered or omitted by it hereunder in good faith and in reliance thereon, it being understood that for purposes of this provision, that such counsel may be counsel to the Borrower.

No provision of this Continuing Disclosure Agreement shall require the Dissemination Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights of powers.

Section 11. Notices. Any notices or communications to or among any of the parties to this Continuing Disclosure Agreement may be given at the following addresses:

To the Borrower:	Stuart Gardens Housing Partners, LP c/o Vitus Development III, LLC 2607 2 nd Avenue, Suite 300 Seattle, WA 98121
With a copy to:	Winthrop & Weinstine, P.A. Capella Tower, Suite 3500 225 South Sixth Street Minneapolis, MN 55402-4629
To the Dissemination Agent:	U.S. Bank Trust Company, National Association EP-MN-WS3C 111 Fillmore Ave. E. Saint Paul, MN 55107 Attn: Corporate Trust Services

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices of communications should be sent, effective only upon receipt.

Section 12. Governing Law. This Continuing Disclosure Agreement shall be governed by the laws of the Commonwealth of Virginia.

Section 13. Termination of this Continuing Disclosure Agreement. This Continuing Disclosure Agreement may be terminated by any party to this Continuing Disclosure Agreement upon thirty days' written notice of termination delivered to the other party or parties to this Continuing Disclosure Agreement; provided the termination of this Continuing Disclosure Agreement is not effective until (i) the Borrower, or its successor, enters into a new continuing disclosure agreement with a dissemination agent who agrees to continue to provide, to the MSRB and the Beneficial Owners of the Bonds, all information required to be communicated pursuant to the rules promulgated by the Securities and Exchange Commission or the MSRB, (ii) a nationally recognized bond counsel or counsel expert in federal securities laws provides an opinion that the new continuing disclosure agreement is in compliance with all applicable state and federal securities laws, and (iii) notice of the termination of this Continuing Disclosure Agreement is provided to the MSRB.

The Dissemination Agent shall be fully discharged at the time any such termination is effective. Also, this Continuing Disclosure Agreement shall terminate automatically (i) upon payment or provisions for payment of the Bonds, or (ii) when all of the Bonds are or are deemed to be no longer outstanding by reason of redemption or legal defeasance or at final maturity.

Section 14. Counterparts. This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15. Electronic Signatures. The parties agree that the electronic signature of a party to this Continuing Disclosure Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Continuing Disclosure Agreement. For purposes hereof: (i) “electronic signature” means a manually signed original signature that is then transmitted by electronic means; and (ii) “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a portable document format (“pdf”) or other replicating image attached to an electronic mail or internet message.

Section 16. Dissemination Agent Compensation. The Borrower shall pay or reimburse the Dissemination Agent for its reasonable fees and expenses for the Dissemination Agent’s services (including attorneys’ fees) rendered in accordance with this Continuing Disclosure Agreement.

(Remainder of Page Intentionally Left Blank)

(Borrower's Signature Page to Continuing Disclosure Agreement)

STUART GARDENS HOUSING PARTNERS, LP,
a Virginia limited partnership

By: Stuart Gardens Housing Management, LLC,
a Virginia limited liability company,
its General Partner

By: Vitus Development III, LLC,
a Delaware limited liability company,
its Member and Manager

By: _____
Name: Stephen R. Whyte
Title: President

(Counterpart Signature Page to Continuing Disclosure Agreement)

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION,**
as Dissemination Agent

By: _____
Name: _____
Title: _____

EXHIBIT A
ANNUAL REPORT

\$23,000,000*
Newport News Redevelopment and Housing Authority
Multifamily Housing Revenue Bonds
(Stuart Gardens I Apartments)
Series 2026

Report for Period Ending _____

THE PROJECT

Name: Stuart Gardens I Apartments
Address: _____
Occupancy: _____
Number of Units: _____
Number of Units Occupied as of Report Date: _____

OPERATING HISTORY OF THE PROJECT

The following table sets forth a summary of the operating results of the Project for fiscal year ended _____, as derived from the Borrower's [un]audited financial statements.

Revenues
Operating Expenses¹
Net Operating Income
Debt Service on the Loan
Net Operating Income/(Loss)
After Debt Service

The average occupancy of the Project for the fiscal year ended _____, _____ was ____%.

¹Excludes depreciation and other non-cash expenses, includes management fee.

* Preliminary; subject to change.

EXHIBIT B

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF
FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Newport News Redevelopment and Housing Authority

Name of Bond Issue: \$23,000,000* Multifamily Housing Revenue Bonds (Stuart Gardens I Apartments)
Series 2026

Name of Borrower: Stuart Gardens Housing Partners, LP, a Virginia limited partnership

Date of Issuance: July __, 2026

NOTICE IS HEREBY GIVEN that the above-referenced borrower (the “Borrower”) has not provided an Annual Report in connection with the above-named bonds (the “Bonds”) as required by a Continuing Disclosure Agreement, dated as of July 1, 2026 (the “Continuing Disclosure Agreement”), between the Borrower and U.S. Bank Trust Company, National Association, as dissemination agent (the “Dissemination Agent”). The undersigned has been informed by the Borrower that it anticipates that the Annual Report will be filed by _____.

Dated:

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION,**
as Dissemination Agent

By: _____
Name: _____
Title: _____

cc: Borrower

* Preliminary; subject to change.

Newport News Redevelopment and Housing Authority**Memorandum**

Date: June 16, 2026

To: All Members, Board of Commissioners

From: Lysandra M. Shaw, Executive Director 

Subject: Multifamily Housing Revenue Bonds Issuance Authorization for Stuart Gardens Phase II

On October 21, 2025, the Authority adopted a preliminary resolution authorizing the issuance of multifamily housing revenue bonds not to exceed \$48,000,000 for Phase II of the Stuart Gardens project. The proceeds from the sale of these bonds will be used to finance the rehabilitation, renovation, construction, improvement and equipping of an approximately 239 unit affordable housing multi-family residential rental housing project on approximately 18.98 acres of real estate comprised of one (1), two (2), and three (3) bedroom buildings and referred to as Stuart Gardens II Apartments located at 1326C Garden Drive in the City of Newport News. This portion of the project is currently known as Stuart Gardens Phase II.

On December 9, 2025, the City Council adopted a resolution providing "public approval" of the issuance of the proposed Bonds and the plan of financing within the meaning of the applicable sections of the Virginia Code and the Internal Revenue Code.

The attached final bond resolution is included for your consideration. A representative of Williams Mullen, bond counsel, will be in attendance to respond to questions.

It is important to note that all fees and costs related to this bond issue will be the Borrower's responsibility and neither NNRHA nor its Board will be liable in any way for this debt.

Approval of the attached resolution is recommended.

**RESOLUTION OF THE
NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
AUTHORIZING THE ISSUANCE OF ITS
MULTIFAMILY HOUSING REVENUE BONDS
(STUART GARDENS II APARTMENTS) SERIES 2026
AND THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS**

WHEREAS, the Newport News Redevelopment and Housing Authority (the "Issuer"), was created pursuant to the Virginia Housing Authorities Law, Chapter 1, Title 36 of the Code of Virginia, as amended (the "Act"), to issue its revenue bonds to promote the availability of affordable housing for all citizens of the Commonwealth of Virginia (the "Commonwealth") by providing, among other things, safe, decent and sanitary housing for those citizens with low or moderate incomes and assisting in the financing of multifamily affordable residential housing facilities; and

WHEREAS, such assistance will benefit the inhabitants of the City of Newport News, Virginia (the "City") and the Commonwealth, through the promotion of affordable housing opportunities and of the safety, health and welfare of its citizens; and

WHEREAS, each member of the Issuer has, before entering upon his or her duties during his or her present term of office, taken and subscribed to the oath prescribed by Section 49-1 of the Code of Virginia of 1950, as amended; and

WHEREAS, no member of the Board of Commissioners of the Authority has any personal or business interest in the Borrower or the Bonds or has otherwise engaged in conduct prohibited under the Conflict of Interests Act, Chapter 31, Title 2.2 of the Code of Virginia of 1950, as amended (the "Conflict of Interests Act") in connection with this Resolution or any other official action of the Issuer in connection therewith; and

WHEREAS, Stuart Gardens Housing Partners, LP, a Virginia limited partnership (the "Borrower"), has previously come before the Issuer and the City Council of the City of Newport News, Virginia (the "City") to request financing for the rehabilitation, renovation, construction, improvement and equipping of an approximately 239 unit affordable housing multi-family residential rental housing project on approximately 18.98 acres of real estate comprised of one (1), two (2), and three (3) bedroom buildings and referred to as Stuart Gardens II Apartments located at 1326C Garden Drive, Newport News, Virginia 23607, in the City, to fund a portion of the costs of issuance if needed and other related transaction costs (collectively, the "Project"); and

WHEREAS, the Borrower initially proposed that the Project reserve at least forty percent (40%) of the housing units contained therein for occupancy by persons whose income is less than sixty percent (60%) of area median gross income ("AMI"), adjusted for family size, as required by Section 142(d)(1)(A) and Section 142(d)(2)(B)(i) of the Internal Revenue Code of 1986, as amended (the "Code"), and that, pursuant to the tax credit Land Use Restrictive Agreement

(“LURA”), 26 of the housing units will be at 40% AMI, 124 housing units at 50% AMI and 100 housing units at 60% AMI; and

WHEREAS, the Borrower applied to the Issuer for the issuance of tax-exempt bonds not to exceed \$48,000,000 of the Issuer’s Multifamily Housing Revenue Bonds (Stuart Gardens II Apartments) (the “Bonds”) in the initial Bond Allocation Application to be issued to finance the Project; and

WHEREAS, pursuant to due notice, the Issuer conducted a public hearing on April 15, 2025 on the application of the Borrower for the issuance of such Bonds in compliance with the requirements of Section 147(f) of the Code and the Virginia Code; and

WHEREAS, at a meeting held on October 21, 2025, the Borrower met with the Issuer to request that they submit a recommendation to the City Council of the City (the “City Council”) that they provide “governing body approval” and authorize the issuance of Bonds on behalf of the Project by the Issuer; and

WHEREAS, on December 9, 2025, the City Council unanimously approved the issuance of the Bonds by the Issuer on behalf of the Project; and

WHEREAS, pursuant to Section 146 of the Code, Title 15.2, Chapter 50 of the Virginia Code (the “Virginia Code”) and the 2026 Virginia Private Activity Bond Allocation Guidelines, promulgated by the Virginia Department of Housing and Community Development (“DHCD”), an allocation from the “State ceiling” (as defined in Section 146 of the Virginia Code) limitation on the volume of private activity notes or bonds which may be issued in the Commonwealth in 2026 (“Volume Cap”) which must be granted by DHCD, in its capacity as Allocation Administrator, in accordance with the Virginia Code in order for the interest on the Bonds to be exempt from the imposition of federal income tax, for which allocation of Volume Cap an application must be submitted by the Issuer to DHCD; and

WHEREAS, the Issuer has given its support to the Borrower’s Bond Volume Cap Allocation Application, initially submitted to the DHCD in the First Round Solicitation on February 13, 2026 to the DHCD; and

WHEREAS, the DHCD Bond Allocation Application submitted to the DHCD was deferred into the Second Round Solicitation; and

WHEREAS, by letter to the Borrower dated April 17, 2026 (the “42(m) Letter”), the Virginia Housing Development Authority (“VHDA”) confirmed its determination for purposes of Section 42(m)(2) of the Code that the amount of annual federal tax credits reserved for the Project does not exceed the amount necessary for the financial feasibility of the Project and its viability as a qualified low-income housing project throughout the credit period and low income housing tax credits (“LIHTC”) were awarded to the Project; and

WHEREAS, the Borrower submitted its Supplemental Bond Allocation Application Submission to the DHCD on April 28, 2026 (the “Supplement”); and

WHEREAS, at the Borrower's request, pursuant to the Supplement, the Issuer now has been asked to issue its Bonds for the Project in the amount not to exceed \$24,000,000 rather than \$48,000,000 since additional funds were available from other sources in addition to the Volume Cap allocation, and the Borrower requested the Issuer to loan the proceeds of the Bonds to the Borrower, pursuant to which such proceeds will be made available for the rehabilitation, renovation, construction, improvement and equipping of the Project; and

WHEREAS, the Issuer has approved and executed the Supplement submitted by the Borrower to the VDHCD; and

WHEREAS, the DHCD has approved the Supplement and awarded on June 1, 2026 the Borrower with a Bond Allocation in the amount of \$24,000,000 provided it closes on or before September 28, 2026; and

WHEREAS, at the Borrower's request, the Issuer desires to authorize the underwriting of the Bonds by Collier Securities LLC, as underwriter (the "Underwriter") for the Project; and

WHEREAS, the forms of the following instruments (the "Bond Documents") have been presented to this meeting and which the Issuer proposes to execute and deliver to carry out the transactions described herein, and the copies of which instruments shall be filed with the records of the Issuer:

A. The Indenture of Trust dated as of July 1, 2026 (the "Indenture"), by and between the Issuer and U.S. Bank Trust Company, National Association, as Trustee (the "Trustee"), providing for the issuance of the Bonds and including the form of the Bond attached as Exhibit A, a copy of which is attached and in substantially final form;

B. The Loan Agreement dated as of July 1, 2026 (the "Agreement"), between the Issuer and the Borrower, including the form of the Borrower's Promissory Note to the Issuer (the "Note") a copy of which is attached hereto in substantially final form as Exhibit B;

C. The Bond Purchase Agreement to be dated the date of its execution and delivery (the "Bond Purchase Agreement") among the Issuer, the Underwriter and the Borrower, a copy of which in substantially final form is attached hereto as Exhibit C and is in substantially final form;

D. The Remarketing Agreement to be dated the date of its execution and delivery (the "Remarketing Agreement") between the Borrower and the Underwriter as the Remarketing Agent, a copy of which is in substantially final form and attached hereto as Exhibit D;

E. The Regulatory Agreement and Declaration of Restrictive Covenants dated as of July 1, 2026, by and among the Issuer, the Borrower and the Trustee, a copy of which is in substantially final form, is attached as Exhibit E; and

F. The Tax Certificate and Agreement to be dated the date as of its execution and delivery between the Issuer, the Borrower and the Trustee, a copy of which in substantially final form is attached as Exhibit F; and

WHEREAS, there has been prepared and provided to the Issuer a draft of the Borrower's Preliminary Official Statement with respect to the public offering of the sale of the Bonds (the "Preliminary Official Statement"), together with Exhibits and attached to Exhibit G in substantially final form, the Issuer desires to approve and authorize the use and distribution of the Preliminary Official Statement and a subsequent Official Statement (as hereinafter defined) in connection with the marketing, issuance and sale of the Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY:

1. The Issuer determines that the issuance of the Bonds in accordance with the terms of the Bond Documents and all action of the Issuer contemplated by them will be in furtherance of the purposes for which the Issuer was organized. The issuance and sale of the Bonds, pursuant to and upon the terms and conditions set forth herein and in the Indenture and the Bond Purchase Agreement, and the financing of the Project are hereby approved and authorized. Neither the Bonds nor the premium, if any, nor the interest payable thereon shall be a general obligation debt of the Commonwealth or any political subdivision thereof, including the Issuer or the City, and neither the Commonwealth, nor any political subdivision thereof, including the Issuer or the City, and the commissioners, officers, officials, agents and/or employees, past, present or future, of any or all, are or shall be personally liable thereon. The Bonds, together with the premium, if any, and the interest payable thereon, shall be a limited obligation of the Issuer payable solely pursuant to the terms of the Bonds and the related documents.

2. The Issuer hereby accepts and relies solely upon VDHA's 42(m) Letter issued to the Project as its own determination of the Project's financial feasibility and viability as a qualified low-income housing project throughout the credit period for purposes of Section 42(m)(2)(D) of the Code.

3. The Bond Documents and the Bonds shall be in substantially final forms as submitted to this meeting, which forms are hereby approved with such completions, omissions, insertions and changes as may be approved by the Chairman, Vice Chairman or the other officers executing them, their execution to constitute conclusive evidence of their approval of any such omissions, insertions and changes.

4. The Bonds shall bear interest at such rates and for such periods, and shall mature, as set forth therein. The interest rates on the Bonds shall be fixed rates of interest determined pursuant to their terms, but in no event shall such interest rates exceed [ten percent (10%) per annum].

5. U.S. Bank Trust Company, National Association is hereby appointed by the Issuer as Trustee under the terms of the Indenture, at the request of the Borrower.

6. Colliers Securities LLC is hereby appointed by the Issuer as underwriter for the sale of the Bonds and as the Remarketing Agent, at the request of the Borrower.

7. The officers of the Issuer are hereby authorized and directed to execute the Bond Documents and to deliver the Bond Documents to which it is a party to the other parties thereto.

8. The Chairman or the Vice-Chairman of the Issuer is hereby authorized and directed to execute the Bonds by his or her manual or facsimile signature. The Executive Director/Secretary is authorized and directed to affix the seal, or a facsimile thereof, of the Issuer on the Bonds and, when called for, the Bond Documents, and to attest the same, by her manual or facsimile signature, and the officers of the Issuer are hereby authorized and directed to deliver the Bonds to the Trustee for authentication and to cause the Bonds so executed and authenticated to be delivered to or for the account of the Underwriter thereof upon payment of the purchase price.

9. The officers of the Issuer are hereby authorized and directed to execute, deliver and file all certificates, documents, closing papers and instruments, including without limitation Internal Revenue Service Form 8038 containing information with respect to the Bonds, and to take all such further action, including the execution and delivery of such other certificates, documents and instruments as they, or any one of them, may consider necessary or desirable in connection with the Project and the issuance and sale of the Bonds.

10. Any authorization to the officers of the Issuer to execute a document shall include authorization to (a) the Executive Director/Secretary to affix the seal of the Issuer to such document and attest such seal, and (b) any officer to provide for the recording or filing of such document where appropriate and its deliver it to the other parties thereto.

11. The Borrower hereby agrees to satisfy all applicable federal, state and local laws with respect to the Project, including but not limited to, any applicable fair housing requirements.

12. The use and distribution by the Underwriter of the Preliminary Official Statement and any supplements thereto are hereby authorized. The Preliminary Official Statement shall be in substantially the form submitted to this meeting, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be agreed to by the Chairman or Vice Chairman, in consultation with counsel to the Issuer.

13. After the Borrower has deemed the Preliminary Official Statement final within the meaning of Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission, and all pricing and other information needed to complete an Official Statement with respect to the public offering of the Bonds (the "Official Statement") has been inserted therein, the Underwriter is authorized to distribute the Official Statement to each potential investor requesting a copy thereof and to each person to whom the Underwriter initially sells the Bonds.

14. All costs and expenses in connection with the Bonds, including but not limited to the fees and expenses of Bond Counsel and counsel to the Issuer, shall be paid from the proceeds from the sale of the Bonds to the extent permitted by the Code, or from the funds of the

Borrower. If for any reason the Bonds are not issued, it is understood that all such expenses shall be paid by the Borrower and that the Issuer shall have no responsibility therefor.

15. By submitting the Supplement to the Issuer, the Borrower has agreed to indemnify and hold the Issuer harmless, its commissioners, officers, agents and employees from and against all liabilities, obligations, claims, damages, penalties, losses, costs and expenses in any way connected with the Project or the Bonds.

16. All other acts of the commissioners and officers of the Issuer in conformity with the purposes and intent of this resolution and in furtherance of the issuance and sale of the Bonds and the undertaking of the financing of the Project are hereby approved and confirmed.

17. The Authority hereby confirms the previous appointment of Williams Mullen, as requested by the Borrower, to serve as Bond Counsel.

18. Any capitalized terms used in this Resolution which are not defined in this Resolution shall have the meaning ascribed thereto in the Indenture.

19. The provisions of this Resolution are hereby declared to be separable, and if any section, phrase or provision of this resolution shall be declared invalid, such invalidity shall not affect the validity of the remainder of the sections, phrases and provisions of this resolution.

20. This resolution is expressly conditioned upon the issuance by DHCD of a Bond Allocation Certificate for the Bonds, in the amount of \$24,000,000 of the State ceiling of Volume Cap, which shall take effect immediately upon the Issuer's receipt of a copy of such Bond Allocation Certificate.

ADOPTED this 16th day of June, 2026.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;
CERTIFICATE OF ADOPTION AND VOTES FOLLOWS]**

EXHIBIT A

**Draft Indenture of Trust dated as of July 1, 2026 Between the Issuer and U.S. Bank Trust
Company, National Association as Trustee**

INDENTURE OF TRUST

between

**NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY,
as Issuer**

and

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee**

Dated as of July 1, 2026

Relating to:

\$24,000,000

**Newport News Redevelopment and Housing Authority
Multifamily Housing Revenue Bonds
(Stuart Gardens II Apartments)
Series 2026**

This instrument was drafted by:

Williams Mullen
200 S 10th Street, Suite 1600
Richmond, VA 23219

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

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of July 1, 2026 (the “Indenture”), is between the **NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY** (together with its successors and assigns, the “**Issuer**”), a political subdivision of the Commonwealth of Virginia, and **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association, with its designated corporate trust office for this financing located in Atlanta, Georgia as trustee (the “**Trustee**”), under the circumstances summarized in the following recitals (the capitalized terms not defined in the recitals and granting clauses being used therein are defined in Article I hereof).

WHEREAS, by virtue of the authority of the laws of the Commonwealth of Virginia (the “Commonwealth”), and particularly the provisions of the Virginia Housing Authorities Law in Chapter 1, Title 36 of the Code of Virginia, as the same may be amended from time to time (the “Act”), the Issuer is empowered to issue its revenue bonds and to promote the availability of affordable housing for all citizens of the Commonwealth by providing, among other things, safe, decent and sanitary housing for those citizens with low or moderate incomes and assisting in the financing of multifamily affordable residential housing facilities; and

WHEREAS, Stuart Gardens II Housing Partners, LP, a Virginia limited partnership (the “Borrower”), has applied to the Issuer for financial assistance for the purpose of providing a portion of the funds with which to pay the cost of the rehabilitation, renovation, improvements, construction and equipping of a multifamily rental housing facility known as “Stuart Gardens II,” consisting of approximately 239 rental units and related facilities, located at 1326C Garden Drive, Newport News, Virginia 23607 (the “Project”); and

WHEREAS, the Issuer proposes to issue pursuant to, and in accordance with, the Act, its Multifamily Housing Revenue Bonds (Stuart Gardens II Apartments), Series 2026 in the original aggregate principal amount of \$24,000,000 (the “Bonds”), and to lend the proceeds derived from the sale of the Bonds to the Borrower, pursuant to a Loan Agreement dated as of even date herewith (the “Loan Agreement”) between the Issuer and the Borrower, pursuant to which the Issuer has agreed to issue the Bonds and lend the proceeds thereof to the Borrower (the “Loan”) and the Borrower has agreed to (a) apply the proceeds of the Loan to pay a portion of the costs of the rehabilitation, renovation, improvements, construction and equipping of the Project and if necessary, costs of issuance of the Bonds, (b) make payments sufficient to pay the principal of and interest on the Bonds when due (whether at maturity, by redemption, acceleration or otherwise), and (c) observe the other covenants and agreements and make the other payments set forth therein; and

WHEREAS, the provision of the Loan, is authorized by the Act and will accomplish a valid public purpose of the Issuer, and the Issuer has determined that it is in the public interest to issue the Bonds in the maximum principal amount of \$24,000,000 for the purpose of providing funding necessary for the rehabilitation, renovation, improvements, construction and equipping of the Project; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof and of the interest and premium, if any, thereon, the Issuer has authorized the execution and delivery of this Indenture; and

WHEREAS, the Issuer has determined that all acts and conditions required to happen, exist, and be performed precedent to and in the issuance of the Bonds and the execution and delivery of this Indenture have happened, exist and have been performed, or at the delivery of the Bonds will exist, will have happened and will have been performed (i) to make the Bonds, when issued, delivered and authenticated, valid

obligations of the Issuer in accordance with the terms thereof and hereof and (ii) to make this Indenture a valid, binding and legal trust agreement for the security of the Bonds in accordance with its terms; and

WHEREAS, the Trustee has accepted the trusts created by this Indenture, and in evidence thereof has joined in the execution hereof.

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that to secure the payment of Bond Debt Service Charges on the Bonds according to their true intent and meaning, to secure the performance and observance of all of the covenants, agreements, obligations and conditions contained therein and herein, and to declare the terms and conditions upon and subject to which the Bonds are and are intended to be issued, held, secured and enforced, and in consideration of the premises and the acceptance by the Trustee of the trusts created herein and of the purchase and acceptance of the Bonds by the Holders, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Issuer has executed and delivered this Indenture and absolutely assigns hereby to the Trustee, and to its successors in trust, and its and their assigns, all right, title and interest of the Issuer in and to (a) the Issuer Revenues, including without limitation all Loan Payments and other amounts receivable by or on behalf of the Issuer under the Loan Agreement in respect of repayment of the Loan; (b) the Special Funds, including all accounts in those funds and all money deposited therein and the investment earnings on such money and the earnings derived from the investment of any of the foregoing sums as provided herein; (c) all right, title and interest of the Issuer in the proceeds derived from the sale of the Bonds, and any securities in which money in the Special Funds is invested, and (except for money in the Rebate Fund and otherwise required to be rebated to the United States of America under the Code) the proceeds derived therefrom, and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind pledged, assigned or transferred, as and for additional security hereunder by the Issuer or by anyone in its behalf, or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of this Indenture; and (d) the Loan Agreement, except for the Unassigned Issuer's Rights (the foregoing collectively referred to as the "Trust Estate"),

TO HAVE AND TO HOLD unto the Trustee and its successors in that trust and its and their assigns forever;

BUT IN TRUST, NEVERTHELESS, and subject to the provisions hereof,

(1) except as provided otherwise herein, for the equal and proportionate benefit, security and protection of all present and future Holders of the Bonds issued or to be issued under and secured by this Indenture,

(2) for the enforcement of the payment of the principal of and interest on the Bonds, when payable, according to the true intent and meaning thereof and of this Indenture, and

(3) to secure the performance and observance of and compliance with the covenants, agreements, obligations, terms and conditions of this Indenture, in each case, without preference, priority or distinction, as to lien or otherwise, of any one Bond over any other by reason of designation, number, date of the Bonds or of authorization, issuance, sale, execution, authentication, delivery or maturity thereof, or otherwise, so that each Bond and all Bonds shall have the same right, lien and privilege under this Indenture and shall be secured equally and ratably hereby; provided, however, that

(i) if the principal of the Bonds and the interest due or to become due thereon shall be well and truly paid, at the times and in the manner to which reference is made in the Bonds,

according to the true intent and meaning thereof, or the Outstanding Bonds shall have been paid and discharged in accordance with Article IX hereof, and

(ii) if all of the covenants, agreements, obligations, terms and conditions of the Issuer under this Indenture shall have been kept, performed and observed and there shall have been paid to the Trustee, the Registrar and the Paying Agents all sums of money due or to become due to them in accordance with the terms and provisions hereof,

then this Indenture and the rights assigned hereby shall cease, determine and be void, except as provided in Section 9.03 hereof with respect to the survival of certain provisions hereof; otherwise, this Indenture shall be and remain in full force and effect.

It is declared that all Bonds issued hereunder and secured hereby are to be issued, authenticated and delivered, and that all Issuer Revenues assigned hereby are to be dealt with and disposed of under, upon and subject to, the terms, conditions, stipulations, covenants, agreements, obligations, trusts, uses and purposes provided in this Indenture. The Issuer has agreed and covenanted, and agrees and covenants with the Trustee and with each and all Holders, as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. In addition to the words and terms defined elsewhere in this Indenture or by reference to the Loan Agreement, unless the context or use clearly indicates another meaning or intent:

“*Act*” has the meaning given to such term in the Recitals hereto.

“*Additional Payments*” means the amounts required to be paid by the Borrower pursuant to the provisions of Section 4.2 of the Loan Agreement.

“*Administrative Fee*” means the administrative fees of the Issuer payable pursuant to Section 4.2(f) of the Loan Agreement and equal to one half of one percent of the original principal amount of the Bonds financed, with such administrative fee payable on a one time basis at Closing.

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

“*Attesting Officer*” means such officer or official of the Issuer who in accordance with the Bond Resolution, the laws of the Commonwealth, the bylaws or other governing documents of the Issuer or practice or custom, regularly certifies official acts and records of the Issuer, and includes any assistant or deputy officer to the principal officer or officers exercising such responsibilities.

“*Authenticating Agent*” has the meaning provided in Section 6.13 hereof.

“*Authorized Borrower Representative*” means the person or persons designated to act on behalf of the Borrower by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by an officer of the General Partner, which certificate

may designate an alternate or alternates. The initial Authorized Borrower Representatives are Stephen Whyte and Scott Langan.

“*Authorized Denomination*” means (a) so long as the Bonds are rated “A,” without regard to a modifier (or the equivalent) or higher by a Rating Agency, \$5,000 or any integral multiple of \$1,000 in excess thereof; or (b) at any other time, \$100,000, or any integral multiple of \$0.01 in excess thereof, except that in each case one Bond may be in a principal amount equal to the then Outstanding principal amount of the Bonds.

“*Authorized Official*” means the Chairman, Vice Chairman, Executive Director, and any other officer of the Issuer designated by certificate or the Bond Resolution of any of the foregoing as authorized by the Issuer to perform a specified act, sign a specified document or otherwise take action with respect to the Bonds. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Official is an Authorized Official until such time as such provider files with it a written certificate identifying a different person or persons to act in such capacity.

“*Available Money*” means, as of any date of determination, any of the following, as applicable:

- (a) the proceeds of the Bonds;
- (b) proceeds from the sale of GNMA Securities provided by the FHA Lender;
- (c) amounts advanced by FHA Lender with respect to the FHA Lender Funds deposited directly with the Trustee by the FHA Lender;
- (d) proceeds of the Bridge Loan;
- (e) any other amounts, including the proceeds of refunding bonds, for which the Trustee has received an opinion of counsel to the effect that the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code (or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court) or be avoidable as preferential payments under Section 547 of the Bankruptcy Code should the Issuer or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;
- (f) the Underwriter’s Advance;
- (g) the proceeds of any letter of credit;
- (h) remarketing proceeds received from the Remarketing Agent or any purchaser of Bonds, including any amount paid by the Remarketing Agent to the Trustee in excess of the remarketing price of the Bonds (other than funds provided by the Borrower, the Issuer, any Affiliate of either the Borrower or the Issuer); or
- (i) investment earnings derived from the investment of money described in subsection (a), (b), (c), (d), (e), (f), (g) or (h) above.

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

“*Bond Counsel*” means Williams Mullen, and any other firm of nationally recognized bond counsel experienced in tax-exempt bond financing selected by the Issuer and acceptable to the Borrower.

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

“*Bond Fund*” means the Bond Fund created pursuant to Section 5.01 hereof.

“*Bond Mortgage*” means the Mortgage, Assignment of Rents, Fixture Filing and Security Agreement, dated as of July 1, 2026, between the Borrower, as mortgagor, and the Issuer, as mortgagee, as assigned by the Issuer to the Trustee.

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

“*Bond Purchase Agreement*” means the Bond Purchase Agreement, dated July __, 2026, among the Underwriter, the Issuer, and the Borrower.

“*Bond Resolution*” means that certain resolution authorizing the issuance of the Bonds to finance the Project, adopted by the Issuer on June 16, 2026.

“*Bonds*” means the Multifamily Housing Revenue Bonds (Stuart Gardens II Apartments) Series 2026 issued by the Issuer pursuant to this Indenture and the Bond Resolution in the original aggregate principal amount of \$24,000,000.

“*Bond Year*” means each annual period of twelve (12) months the first of which commences on the date of the original issuance and delivery of the Bonds and the last of which ends on the maturity of the Bonds, except that the first and last Bond Year may be less than twelve (12) months.

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

“*Borrower*” means Stuart Gardens II Housing Partners, LP, a Virginia limited partnership, and its lawful successors and assigns to the extent permitted by the Loan Agreement.

“*Borrower Documents*” means, collectively, the Loan Agreement, the Promissory Note, the Regulatory Agreement, and the Tax Certificate.

“*Bridge Lender*” means Merchants Bank of Indiana.

“*Bridge Loan*” means that certain loan by Bridge Lender to the Borrower in the original principal amount of \$19,000,000 that will bridge a portion of the Federal Tax Credit Equity, the Federal Historic Tax Credit Equity, and the State Historic Tax Credit Equity contributions.

“*Bridge Loan Documents*” means, collectively, the Bridge Loan Agreement, by and between the Borrower and the Bridge Lender, dated as of July __, 2026; the Promissory Note with HUD Rider; Pledge

and Security Agreement (Borrower), dated as of July __, 2026, entered into by the Borrower, in favor of the Bridge Lender; Pledge and Security Agreement (Investor Limited Partner[s]), dated as of [____], 2026, entered into by the Borrower in favor of the Bridge Lender; Disbursing Agreement, dated as of [____], 2026, by and among the Bridge Lender, the Borrower, and Chicago Title Insurance Company; Guaranty, dated [____], 2026, by Vitus Group, LLC to the Bridge Lender; Guaranty Affidavit; Blocked Account Control Agreement, dated as of [____], 2026, between the Borrower and the Bridge Lender; Developer Fee Subordination Agreement, dated [____], 2026, by and among Vitus Development III, LLC, the Borrower, and the Bridge Lender.

“*Business Day*” means a day of the week, other than a Saturday or a Sunday, on which commercial banks located in the city in which the principal corporate trust office of the Trustee is located are not required or authorized to remain closed.

“*Cash Flow Projection*” means a cash flow projection prepared by an Independent firm of certified public accountants, a financial advisory firm, a law firm or other independent third party qualified and experienced in the preparation of cash flow projections for structured finance transactions similar to the Bonds, designated by the Borrower and acceptable to the Remarketing Agent and the Rating Agency, establishing, to the satisfaction of the Remarketing Agent and the Rating Agency, the sufficiency of (a) the amounts on deposit in the Special Funds; (b) projected investment income to accrue on amounts on deposit in the Special Funds during the applicable period; and (c) any additional Available Money delivered to the Trustee by or on behalf of the Borrower to pay Bond Debt Service Charges and the Additional Payments, in each instance, when due and payable, including, but not limited to, any cash flow projection prepared in connection with (1) the initial issuance and delivery of the Bonds, (2) a proposed remarketing of the Bonds, as provided in Section 4.05 hereof, (3) a proposed optional redemption of the Bonds, as provided in Section 4.01 hereof, and (4) the purchase, sale, or exchange of Eligible Investments or the release of Available Money from the Interest Account of the Bond Fund as provided in Section 5.05 hereof.

“*Closing Date*” means July [__], 2026, which is the date of issuance of the Bonds.

“*Code*” means the Internal Revenue Code of 1986, as amended, and all applicable regulations (whether proposed, temporary or final) under the Code and the statutory predecessor of the Code, and any official rulings and judicial determinations under the foregoing applicable to the Bonds.

“*Collateral Fund*” means the Collateral Fund created pursuant to Section 5.01 hereof.

“*Commonwealth*” shall mean the Commonwealth of Virginia.

“*Completion Date*” means the date of substantial completion of the Project evidenced in accordance with the requirements of Section 3.7 of the Loan Agreement.

“*Construction Period*” means the period between the beginning of the rehabilitation, renovation, improvements, construction and equipping of the Project and the Completion Date.

“*Continuing Disclosure Agreement*” means the Continuing Disclosure Agreement, dated as of July 1, 2026, between the Borrower and the Dissemination Agent, as it may be amended from time to time.

“*Contractual Obligation*” means for any Person any obligation, covenant, or condition contained in any evidence of Indebtedness or any agreement or instrument under or pursuant to which any evidence of Indebtedness has been issued, or any other material agreement, instrument or guaranty, to which such Person is a party or by which such Person or any of its assets or properties are bound.

“*Costs of Issuance Fund*” means the Costs of Issuance Fund created pursuant to Section 5.01 hereof.

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

“*Disbursement Request*” shall have the meaning set forth in Section 5.03(a) hereof.

“*Disbursing Agreement*” means the Construction Loan Disbursement Agreement, dated the date of the Closing, among the Bridge Lender, the Trustee, the Borrower, the FHA Lender and the Title Company, as it may be amended from time to time.

“*Dissemination Agent*” means U.S. Bank Trust Company, National Association, a national banking association, its successors and assigns.

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

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

“*Eligible Investments*” means any of the following investments which mature (or are redeemable without penalty) at such time or times as to enable timely disbursements to be made from the fund in which such investment is held or allocated in accordance with the terms of this Indenture:

(a) Government Obligations; or

(b) shares or units in any money market mutual fund rated at the time of investment “Aaa-mf” by Moody’s (or the equivalent Highest Rating Category given by the Rating Agency for that Rating Category) that invest substantially in Government Obligations, including mutual funds of the Trustee or its affiliates or for which the Trustee or an affiliate thereof serves as investment advisor or provides other services to such mutual fund and receives reasonable compensation therefor that are registered with the Securities and Exchange Commission and which meet the requirements of Rule 2(a)(7) of the Investment Company Act of 1940, as amended, which may be administered by the Trustee or its affiliates.

The term “*Eligible Investments*” shall not include the following: (1) any investment with a final maturity or any agreement with a term ending later than the earlier of (i) the current Mandatory Tender Date in effect at the time of investment or (ii) the Maturity Date; (2) any interest only or principal only stripped security; and (3) any investment which may be prepaid or called at a price less than its purchase price prior to stated maturity.

“*Event of Default*” means any of the events described as an Event of Default in Section 7.01 hereof or Section 7.1 of the Loan Agreement.

“*Extension Payment*” means the amount due, if any, in connection with the change or extension of the Mandatory Tender Date pursuant to Section 4.05 hereof, and (a) which shall be determined by a Cash Flow Projection approved in writing by the Rating Agency and (b) must consist of Available Money.

“*Extraordinary Services*” and “*Extraordinary Expenses*” mean all services rendered and all reasonable expenses properly incurred by the Trustee under this Indenture, other than Ordinary Services and Ordinary Expenses. Extraordinary Services and Extraordinary Expenses shall specifically include services rendered or expenses incurred by the Trustee in connection with, or in contemplation of, an Event of Default.

“*Favorable Opinion of Bond Counsel*” means an opinion of Bond Counsel that the action proposed will not, in and of itself, cause interest on the Bonds to become includable in gross income of the Holders thereof.

“*Federal Historic Tax Credit Equity*” shall mean federal historic tax credit funds of the Borrower used to finance the Project.

“*Federal Tax Credit Equity*” shall mean the federal tax credit funds of the Borrower used to finance the Project.

“*Federal Investor Limited Partner*” means USA Institutional Stuart Gardens II LLC, a Delaware limited liability company, and its successors and/or assigns.

“*FHA*” means the Federal Housing Administration.

“*FHA Insurance Commitment*” means the commitment for insurance of advances issued by the Federal Housing Commissioner of HUD with respect to the Project, dated December 23, 2025, as may be amended from time to time.

“*FHA Insurance Regulations*” means the FHA regulations promulgated under the National Housing Act, as amended.

“*FHA Insured Mortgage Loan*” means the mortgage loan in the approximate original principal amount of \$32,060,000 to be advanced by the FHA Lender to the Borrower and insured by FHA under Section 221(d)(4) of the National Housing Act, as amended, to provide construction and permanent financing for the Project.

“*FHA Lender*” means Merchants Capital Corp., an Indiana corporation, its successors and assigns.

“*FHA Lender Funds*” means funds of the FHA Lender, other than proceeds of the FHA Insured Mortgage Loan, delivered to the Trustee pursuant to this Indenture and the Loan Agreement.

“*FHA Loan Documents*” means the documents related to the FHA Insured Mortgage Loan, including the FHA Insurance Commitment, the FHA Note, the FHA Mortgage, the HUD Regulatory Agreement and any and all other documents, agreements, or instruments which evidence or secure the indebtedness evidenced by the FHA Note.

“*FHA Mortgage*” means the first-lien priority Multifamily Mortgage, Security Agreement, Assignment of Rents, and Fixture Filing (Virginia), dated the date of the FHA Note and insured by HUD, from the Borrower for the benefit of the FHA Lender to secure the repayment of the FHA Note.

“*FHA Note*” means the Note (Multistate) in the approximate amount of \$32,060,000, dated as of July 1, 2026, from the Borrower to the FHA Lender to evidence its indebtedness under the FHA Insured Mortgage Loan.

“*Fiscal Year*” means, with respect to a Person, that period beginning on January 1 of each year and ending on December 31 of the same year or such other fiscal year as shall be designated by such Person as its annual accounting period.

“*Force Majeure*” means any of the causes, circumstances or events described as constituting Force Majeure in Section 7.1 of the Loan Agreement or Section 6.02(n) hereof.

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

“*General Partner*” means Stuart Gardens II Housing Management, LLC, a Virginia limited liability company, together with its permitted successors and assigns.

“*GNMA*” means the Government National Mortgage Association, a corporate instrumentality of the United States within the United States Department of Housing and Urban Development organized and existing under the National Housing Act.

“*GNMA Documents*” means the GNMA Guaranty and the documents related to the GNMA Guaranty.

“*GNMA Guaranty*” means the guaranty made by GNMA pursuant to the provisions of Section 306(g) of Title III of the National Housing Act, as amended, and the regulations promulgated under the National Housing Act.

“*GNMA Mortgage-Backed Securities Guide*” means the GNMA Handbook 5500.3, as it may be amended or modified from time to time, which describes and provides instruction to the participants in the GNMA Mortgage-Backed Securities program.

“*GNMA Regulations*” means the GNMA regulations promulgated under the National Housing Act.

“*GNMA Security*” or “*GNMA Securities*” means a fully modified pass through security in the form of a CLC or a PLC issued by an approved FHA lender and guaranteed by GNMA as to timely payment of principal of and interest on a PLC and as to timely payment of interest only until maturity and timely payment of principal at maturity on a CLC, pursuant to Section 306(g) of the National Housing Act of 1934, as amended, and the regulations promulgated thereunder.

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

“*Government Obligations*” means non-callable, non-redeemable direct obligations of the United States of America, including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America.

“*GRRP Loan*” shall mean the Green and Resilient Retrofit Program Loan through HUD’s \$10,000,000 Leading Edge Award Cohort grant/award to the Borrower.

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

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

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

“*HUD Regulatory Agreement*” means the Regulatory Agreement for Multifamily Projects, dated the date of the FHA Note, between the Borrower and HUD, related to the FHA Insured Mortgage Loan, together with any Rider attached to the Regulatory Agreement recorded by the Borrower in the City of Newport News, Virginia land records for the benefit of the Issuer and the Trustee.

“*Indebtedness*” means for any Person (a) all indebtedness or other obligations of such Person for borrowed money or for the deferred purchase price of property or services; (b) all indebtedness or other obligations of any other Person for borrowed money or for the deferred purchase price of property or services, the payment or collection of which such Person has guaranteed (except by reason of endorsement for deposit or collection in the ordinary course of business) or in respect of which such Person is liable, contingently or otherwise, including, without limitation, by way of agreement to purchase, to provide funds for payment, to supply funds to or otherwise to invest in such other Person, or otherwise to assure a creditor against loss; (c) all indebtedness or other obligations of any other Person for borrowed money or for the deferred purchase price of property or services secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien, upon or in property (including, without limitation, accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such indebtedness or other obligations; (d) all direct or contingent obligations of such Person in respect of letters of credit; (e) all lease obligations which have been or should be, in accordance with GAAP, capitalized on the books of such Person as lessee; and (f) guaranties of any of the foregoing; provided that Indebtedness does not include accounts payable and accrued expenses incurred in the ordinary course of business.

“*Indenture*” means this Indenture of Trust, dated as of July 1, 2026, between the Issuer and the Trustee, as amended or supplemented from time to time in accordance with Article VIII hereof.

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

“*Information Services*” means in accordance with then current guidelines of the Securities and Exchange Commission, the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor entity or entities designated by the Securities and Exchange Commission.

“*Initial Deposit*” means the deposit of Available Money in the amount of \$[0], which the Borrower shall cause to be made from the Underwriter’s Advance to the Interest Account of the Bond Fund on the Closing Date.

“*Initial Interest Rate*” means [_____] %.

“*Initial Mandatory Tender Date*” means October 1, 2028.

“Initial Remarketing Date” means the Initial Mandatory Tender Date, but only if the conditions for remarketing the Bonds on such date as provided in Section 4.05 hereof are satisfied.

“Interest Account” means the Interest Account within the Bond Fund created in Section 5.01 hereof.

“Interest Payment Date” or *“Interest Payment Dates”* means (a) each April 1 and October 1, commencing October 1, 2026; (b) any date the Bonds are called for redemption prior to maturity; (c) each Mandatory Tender Date; (d) the Maturity Date; and (e) the date of acceleration of the Bonds.

“Interest Period” means, initially, the period from the Closing Date to and including October 1, 2026, and thereafter, the period commencing on each succeeding Interest Payment Date and ending on the last day of that month preceding the next Interest Payment Date.

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

“Interest Rate for Advances” means the rate of 6% per annum or the rate per annum which is 2% plus that interest rate announced by U.S. Bancorp in its lending capacity as a bank as its “Prime Rate” or its “Base Rate,” whichever is greater and lawfully chargeable, in whole or in part.

“Investor Limited Partners” means collectively, the Federal Investor Limited Partner and the State Historic Tax Credit Equity Investor.

“Issuer” means the Newport News Redevelopment and Housing Authority, a political subdivision of the Commonwealth, duly organized and existing under the laws of the Commonwealth, the issuer of the Bonds hereunder, and its successors and assigns.

“Issuer Portion” shall mean the disclosure information provided by the Issuer in the Preliminary Official Statement and the Official Statement.

“Issuer Revenues” means (a) the Loan Payments; (b) all other money received or to be received by the Issuer or the Trustee in respect of repayment of the Loan, including without limitation all money and investments in the Bond Fund; (c) any money and investments in the Project Fund and the Collateral Fund; and (d) all income and profit from the investment of the foregoing money. The term *“Issuer Revenues”* does not include any money or investments in the Rebate Fund, nor does it include payment of any Additional Payments due from the Borrower to the Issuer under the Loan Agreement, including payment of the Administrative Fee or reimbursement of any expenses incurred by the Issuer.

“Lien” means any mortgage, deed of trust, lien, charge, security interest or encumbrance of any kind upon, or pledge of, any property, whether owned as of or hereafter acquired, and includes the acquisition of, or agreement to acquire, any property subject to any conditional sale agreement or other title retention agreement, including a lease on terms tantamount thereto or on terms otherwise substantially equivalent to a purchase.

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

“Loan Agreement” means the Loan Agreement, dated as of July 1, 2026, between the Issuer and the Borrower and assigned by the Issuer, except for Unassigned Issuer’s Rights, to the Trustee, as amended or supplemented from time to time.

“Loan Payment Cure Period” means a period of four (4) Business Days following any Loan Payment Date.

“Loan Payment Date” means the fifth Business Day preceding each Bond Payment Date.

“Loan Payments” means the amounts required to be paid by the Borrower in repayment of the Loan pursuant to the provisions of the Promissory Note and Section 4.1 of the Loan Agreement.

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

“Majority of the Holders of the Bonds” means the Holders of more than 50% of the principal amount of the then Outstanding Bonds.

“Mandatory Tender” means a tender of Bonds required by Section 4.03 hereof on October 1, 2028.

“Mandatory Tender Date” means either (a) the Initial Mandatory Tender Date; or (b) if the Bonds Outstanding on such date or on any subsequent Mandatory Tender Date are remarketed pursuant to Section 4.05 hereof for a Remarketing Period that does not extend to the final maturity of the Bonds, the day after the last day of the Remarketing Period.

“Maturity Date” means October 1, 2030.

“Maximum Interest Rate” means the interest rate equal to the lesser of (a) 8% per annum or (b) the maximum interest rate per annum permitted by applicable Commonwealth law.

“Minimum Trustee Rating” means a long term rating of the Trustee’s unsecured obligations with maturities in excess of one (1) year of not less than “A” by S&P, or, if the Trustee does not have such a rating from S&P, it must have a minimum rating of its unsecured obligations with maturities of one (1) year or less of “A-1” from S&P.

“Moody’s” means Moody’s Ratings.

“Notice Address” means:

To the Issuer:	Newport News Redevelopment and Housing Authority 227 27 th Street Newport News, VA 23607 Attention: Executive Director Telephone: (757) 928-2620
To the Trustee:	U.S. Bank Trust Company, National Association 2 Concourse Parkway, Suite 800 Atlanta, GA 30328-5588 Attn: Global Corporate Trust
To the Borrower:	Stuart Gardens II Housing Partners, LP c/o Vitus Development III, LLC 2607 2 nd Avenue Suite 300 Seattle, Washington 98121
With a copy to:	Winthrop & Weinstine, P.A. Capella Tower, Suite 3500

225 South Sixth Street
Minneapolis, MN 55402-4629
Attn: Joshua Noah, Esq.

(which copy shall not constitute notice to Borrower)

To Federal Investor Limited Partner
With a copy to:

USA Institutional Stuart Gardens II LLC
c/o JDF LLC
777 West Putnam Avenue
Greenwich, CT 06830
Attention: General Counsel

To State Historic Tax Credit Equity
Investor:

Commonwealth Advisors Capital
309 West Bute Street
Norfolk, VA 23510

With a copy to:

To the Remarketing Agent:

Colliers Securities LLC
90 South Seventh Street, Suite 4300
Minneapolis, MN 55402-4108
Attn: Frank J. Hogan

To the Rating Agency:

Moody's Ratings
7 World Trade Center
250 Greenwich Street, 16th Floor
New York, NY 10007
Attn: Public Finance Group – Housing Team
Electronic notices shall be delivered to:
housing@moodys.com

or such additional or different address, notice of which is given under Section 13.03 hereof.

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

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

“Optional Redemption Date” shall mean April 1, 2028.

“Ordinary Services” and *“Ordinary Expenses”* mean those services normally rendered, and those expenses normally incurred, by a trustee under instruments similar to this Indenture. Without limiting the generality of this definition, Ordinary Services and Ordinary Expenses shall include, without limitation, services provided by the Trustee in connection with the redemption of Bonds as provided in Article IV hereof and in connection with any meetings of Holders of the Bonds as provided in Article XII hereof.

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

(a) Bonds cancelled upon surrender, exchange or transfer, or cancelled because of payment on or prior to that date;

(b) Bonds, or the portion thereof, for the payment or purchase for cancellation of which sufficient money has been deposited and credited with the Trustee or the Paying Agents on or prior to that date for that purpose (whether upon or prior to the maturity of those Bonds);

(c) Bonds, or the portion thereof, which are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of this Indenture; and

(d) Bonds in lieu of which others have been authenticated under Section 3.06 hereof.

“Paying Agent” means the Trustee acting as such, or any other bank or trust company designated as a Paying Agent by or in accordance with this Indenture.

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

“Plans and Specifications” means the plans and specifications describing the Project as now prepared and as they may be changed as herein provided from time to time.

“Predecessor Bond” of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by the particular Bond. For the purposes of this definition, any Bond authenticated and delivered under Section 3.06 hereof in lieu of a lost, stolen or destroyed Bond shall, except as otherwise provided in Section 3.06 hereof, be deemed to evidence the same debt as the lost, stolen or destroyed Bond.

“Program Obligations” shall have the meaning provided in the FHA Mortgage.

“Project” means the financing of a portion of the costs of rehabilitation, renovation, improvement, construction and equipping of the multifamily rental housing facility known as “Stuart Gardens II Apartments,” consisting of approximately 239 rental units and related facilities, located at 1326C Garden Drive, Newport News, Virginia 23607, for occupancy by persons or families of low and moderate income.

“Project Costs” means the costs of the Project specified in Section 3.4 of the Loan Agreement.

“Project Fund” means the Project Fund created pursuant to Section 5.01 hereof.

“Promissory Note” means the Promissory Note, in the original principal amount of \$24,000,000, dated the Closing Date, in the form attached to the Loan Agreement as Exhibit A, evidencing the obligation of the Borrower to make Loan Payments.

“Rating Agency” means S&P, Moody’s, or any other nationally recognized municipal securities rating agency acceptable to the Holders, and initially means Moody’s so long as Moody’s is rating the Bonds.

“Rebate Analyst” shall have the meaning provided in Section 5.09 hereof.

“Rebate Fund” means the Rebate Fund created pursuant to Section 5.01 hereof.

“Register” means the books kept and maintained by the Registrar for registration and transfer of Bonds pursuant to Section 3.05 hereof.

“Registrar” means the Trustee, until a successor Registrar shall have become such pursuant to applicable provisions of this Indenture; each Registrar shall be a transfer agent registered in accordance with Section 17A(c) of the Securities Exchange Act of 1934.

“Regular Record Date” means the fifteenth day of the calendar month next preceding an Interest Payment Date applicable to that Bond.

“Regulatory Agreement” means the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of July 1, 2026, but effective as of the Closing Date, among the Issuer, the Borrower, and the Trustee, relating to the Bonds, as the same may be amended from time to time.

“Remarketing Agent” means Colliers Securities LLC, a Delaware limited liability company, or any successor as Remarketing Agent designated in accordance with Section 6.19 hereof.

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

“Remarketing Agreement” means the Remarketing Agreement, dated as of July 1, 2026, between the Borrower and the Remarketing Agent, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

“Remarketing Date” means the Initial Remarketing Date and, if the Bonds Outstanding on such date or on any subsequent Remarketing Date are remarketed pursuant to Section 4.05 hereof for a Remarketing Period that does not extend to the final maturity of the Bonds, the day after the last day of the Remarketing Period.

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

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

“Remarketing Period” means the period beginning on a Remarketing Date and ending on the last day of the term for which Bonds are remarketed pursuant to Section 4.05 hereof or the final Maturity Date of the Bonds, as applicable.

“Remarketing Proceeds Account” means the Remarketing Proceeds Account of the Bond Fund created in Section 5.01 hereof.

“Remarketing Rate” means the interest rate or rates established pursuant to Section 2.04(c) hereof and borne by the Bonds then Outstanding from and including each Remarketing Date to, but not including, the next succeeding Remarketing Date or the final Maturity Date of the Bonds, as applicable.

“Responsible Officer” means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

“Securities Act” means the United States Securities Act of 1933, as in effect on the Closing Date.

“Securities Depositories” means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax (516) 227 4039 or 4191; Midwest Securities Trust Company, Capital Structures – Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax (312) 663 2343; Pacific Securities Depository Trust Company, Pacific and Company, P.O. Box 7041, San Francisco, California 94120, Fax (415) 393 4128; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax (215) 496-5058; or, in accordance with the then current guidelines of the Securities and Exchange Commission to such other addresses and/or such other securities depositories or, as the Issuer may designate in a request of the Issuer delivered to the Trustee, to no such depositories.

“S&P” means S&P Global Ratings.

“Special Funds” means, collectively, the Bond Fund, the Collateral Fund and the Project Fund, and any accounts therein, all as created in this Indenture.

“Special Record Date” means, with respect to any Bond, the date established by the Trustee in connection with the payment of overdue interest or principal on that Bond.

“State Historic Tax Credit Equity” shall mean tax credit funds that will be used by the Borrower to finance the Project.

“State Historic Tax Credit Equity Investor” means Commonwealth Advisors Capital LLC, a Virginia limited liability company.

“Subordinate Bond Documents” shall have the meaning provided in Section 13.14 hereof and Section 8.11 of the Loan Agreement.

“Supplemental Indenture” means any indenture supplemental to this Indenture entered into between the Issuer and the Trustee in accordance with Article VIII hereof.

“Surplus Cash” shall have the meaning provided in the HUD Regulatory Agreement.

“Tax Certificate” means the Federal Tax Agreement and Non-Arbitrage Certificate of the Issuer and the Borrower, executed and delivered by the Issuer and the Borrower on the Closing Date.

“Tendered Bond” means any Bond which has been tendered for purchase pursuant to a Mandatory Tender.

“Title Company” means Chicago Title Insurance Company, its permitted successors and assigns.

“Trustee” means U.S. Bank Trust Company, National Association, a national banking association, until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter, the term *“Trustee”* shall mean the successor Trustee.

“Unassigned Issuer’s Rights” means all of the rights of the Issuer to enforce compliance with the requirements under Section 2.2 of the Loan Agreement; to receive Additional Payments under Section 4.2 of the Loan Agreement; to inspect books and records under Section 5.1 of the Loan Agreement; to be held harmless and indemnified under Section 5.3 of the Loan Agreement; to be an insured and to receive notice of material litigation under Section 5.5 of the Loan Agreement; to receive notices of default and enforce the limitation of liability related to the Regulatory Agreement under Section 5.8 of the Loan Agreement; to pursue remedies upon default under Section 7.2 of the Loan Agreement to the extent provided therein with respect to Unassigned Issuer’s Rights; to be reimbursed for attorneys’ fees and expenses under Section 7.4 of the Loan Agreement; to receive notices pursuant to Section 8.3 of the Loan Agreement; to give or withhold consent to amendments, changes, modifications, alterations and termination of the Loan Agreement under Section 8.6 of the Loan Agreement; to enforce the limitation of liability under Section 8.12 of the Loan Agreement; and to receive payment of audit expenses under Section 8.15 of the Loan Agreement.

“Undelivered Bond” means any Bond that is required under this Indenture to be delivered to the Remarketing Agent or the Trustee for purchase on a Mandatory Tender Date but that has not been received on the date such Bond is required to be so delivered.

“Underwriter” means Colliers Securities LLC, a Delaware limited liability company, its successors and assigns, which is handling the financing of the Project from its office located at 90 South 7th Street, Suite 4300 Minneapolis, MN 55402-4108.

“Underwriter’s Advance” means an amount equal to the Initial Deposit paid by the Underwriter for deposit to the Interest Account of the Bond Fund in excess of the par public offering price of the Bonds pursuant to the Bond Purchase Agreement.

Section 1.02 Interpretation. Any reference herein to the Issuer or to any member or officer thereof includes entities or officials succeeding to their respective functions, duties or responsibilities pursuant to or by operation of law or lawfully performing their functions.

Any reference to a section or provision of the Act, or to a section, provision or chapter of the Virginia Statutes, or to any statute of the United States of America, includes that section, provision or chapter as amended, modified, revised, supplemented or superseded from time to time; provided, that no amendment, modification, revision, supplement or superseding section, provision or chapter shall be applicable solely by reason of this paragraph, if it constitutes in any way an impairment of the rights or obligations of the Issuer, the Holders, the Trustee, the Registrar, the Paying Agent, any Authenticating Agent or the Borrower under this Indenture, the Bond Resolution, the Bonds, the Loan Agreement, the Promissory Note, the Regulatory Agreement or any other instrument or document entered into in connection with any of the foregoing, including without limitation, any alteration of the obligation to pay Bond Debt Service Charges in the amount and manner, at the times, and from the sources provided in the Bond Resolution and this Indenture, except as permitted herein.

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

Section 1.03 Captions and Headings. The captions and headings in this Indenture are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Articles, Sections, subsections, paragraphs, subparagraphs or clauses hereof.

ARTICLE II

AUTHORIZATION AND TERMS OF BONDS

Section 2.01 Authorized Amount of Bonds. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total authorized principal amount of Bonds which shall be issued under the provisions of this Indenture is \$24,000,000. No additional bonds may be issued hereunder.

Section 2.02 Issuance of Bonds. It is determined to be necessary to, and the Issuer shall, issue, sell and deliver \$24,000,000 in principal amount of Bonds and shall loan the proceeds thereof to the Borrower to finance the Project. The Bonds shall be designated “Multifamily Housing Revenue Bonds (Stuart Gardens II Apartments) Series 2026”; shall be issuable only in fully registered form, substantially as set forth in EXHIBIT A attached hereto; shall be numbered R-1 and upward in order to distinguish each Bond from any other Bond; shall be in Authorized Denominations; shall be dated the Closing Date; and shall bear interest from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from their date of delivery.

Section 2.03 Authorization of Bonds; Sale and Delivery of the Bonds. Upon the execution and delivery hereof, the Issuer shall execute the Bonds and deliver them to the Trustee, and the Trustee shall authenticate or cause the authentication of the Bonds and deliver them to such purchaser or purchasers as shall be directed by the Issuer, provided, that there shall be previous thereto filed with the Trustee the following:

- (a) copies, certified by the Issuer, of all resolutions adopted and proceedings had by the Issuer authorizing the issuance and delivery of the Bonds, including the Bond Resolution;
- (b) a letter of instructions of the Issuer directing the Trustee to authenticate and deliver the Bonds against receipt of the purchase price therefor;
- (c) original executed counterparts of this Indenture, the Loan Agreement, the Regulatory Agreement and the Promissory Note;
- (d) an approving opinion of Bond Counsel in form and content acceptable to the Issuer and the Underwriter;
- (e) an opinion of counsel for the Borrower in form and content acceptable to the Issuer, Bond Counsel, and the Underwriter;

- (f) an executed Tax Certificate;
- (g) written evidence from the Rating Agency confirming that the Bonds have been assigned a rating of [Aa1/VMIG-1];
- (h) payment to the Trustee, for the account of the Issuer, of the purchase price of \$[] for the Bonds; and
- (i) payment to the Trustee, for the account of the Issuer, from the proceeds of the Underwriter's Advance, the Initial Deposit for deposit to the Interest Account of the Bond Fund.

Section 2.04 Maturity and Interest.

(a) General. The Bonds shall bear interest on the principal amount Outstanding from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or provided for, from their date of initial delivery, payable on each Interest Payment Date. The Bonds shall bear interest for each Interest Period at the Interest Rate all as more specifically set forth hereinafter. Interest on the Bonds shall be calculated on the basis of a three hundred sixty (360) day year consisting of twelve (12) 30 day months. The Bonds shall mature on the Maturity Date, subject to prior redemption as set forth in Section 4.01 hereof and subject to Mandatory Tender for purchase as set forth in Section 4.03 hereof.

(b) Initial Interest Rate. From the date of their initial delivery to but not including the Initial Mandatory Tender Date, the interest rate on the Bonds shall be the Initial Interest Rate. On the Initial Mandatory Tender Date, the Bonds shall be subject to Mandatory Tender pursuant to Section 4.03 hereof. If insufficient funds are available to pay the purchase price on the Bonds following such Mandatory Tender on the Initial Mandatory Tender Date, the Bonds shall accrue interest at the Maximum Interest Rate until funds are available for payment of the purchase price, with interest being paid monthly on the first Business Day of each month.

(c) Establishment of Remarketing Rate. The Remarketing Agent shall establish the interest rate on the Bonds Outstanding for each Remarketing Period at the Remarketing Rate in accordance with this Section. Not less than 10 Business Days preceding each Remarketing Date, the Remarketing Agent, taking into consideration prevailing market conditions, shall, using its best professional judgment, determine the minimum rate(s) of interest which, if borne by the Bonds then Outstanding for the Remarketing Period specified by the Remarketing Agent at the direction of the Borrower as provided in Section 4.05 hereof, would permit all such Bonds to be remarketed at a price equal to par. The rate of interest determined in accordance with the previous sentence shall be the Remarketing Rate for the specified Remarketing Period; provided that if the rate of interest so determined for such period would exceed the Maximum Interest Rate, any Bonds Outstanding shall be remarketed for the longest Remarketing Period for which the minimum rate of interest that would enable such Bonds to be remarketed at a price equal to 100% of the principal amount of such Bonds that would not exceed the Maximum Interest Rate. Notwithstanding the foregoing, if the rate of interest so determined for any Remarketing Period would exceed the Maximum Interest Rate, the Bonds Outstanding shall not be remarketed.

(d) Notice of Remarketing Rate. The Remarketing Agent shall, upon determination of the Remarketing Rate and Remarketing Period, immediately (and in no event later than the Business Day following the day on which the Remarketing Agent makes its determination of the Remarketing Rate and the Remarketing Period) give notice of its determination in writing to the Remarketing Notice Parties. The Remarketing Rate and the Remarketing Period shall be conclusive and binding upon the Remarketing Notice Parties and the Holders for the purposes of this Indenture.

Section 2.05 Special Obligations. The Bonds are special, limited obligations of the Issuer payable solely from the Trust Estate and any other revenues, funds and assets pledged under this Indenture and not from any other revenues, funds or assets of the Issuer. The Bonds are not general obligations, debt or bonded indebtedness of the Issuer, the Commonwealth, or any political subdivision thereof (other than of the Issuer to the limited extent set forth in this Indenture) and the Holders of the Bonds do not have the right to have any excises or taxes levied by the Issuer, the Commonwealth or any political subdivision thereof for the payment of the principal of and any premium and interest on the Bonds. None of the Issuer, the Commonwealth, or any political subdivision of the Commonwealth will be obligated to pay the principal of and the interest on the Bonds or other costs incident thereto except from the Issuer Revenues pledged under this Indenture.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE PLEDGED REVENUES (AS DEFINED IN THE INDENTURE) AND FROM OTHER MONEY PLEDGED UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA (THE "COMMONWEALTH") NOR THE FAITH AND CREDIT OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER AND THE CITY OF NEWPORT NEWS, VIRGINIA (THE "CITY")) ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST OR PREMIUM, IF ANY, ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER AND THE CITY) TO LEVY ANY TAXES WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT EXCEPT FROM THE FUNDS PLEDGED THEREFOR. THE ISSUER HAS NO TAXING POWER.

ARTICLE III

TERMS OF BONDS GENERALLY

Section 3.01 Form of Bonds. The Bonds, the certificate of authentication and the form of assignment shall be in the respective forms thereof set forth in EXHIBIT A attached hereto.

All Bonds, unless a Supplemental Indenture has been executed and delivered pursuant to Section 8.02 hereof, shall be in fully registered form, and, except as provided in Section 3.05 hereof, the Holder of a Bond shall be regarded as the absolute owner thereof for all purposes of this Indenture.

The Bonds shall be negotiable instruments in accordance with the Act, and shall express the purpose for which they are issued and any other statements or legends which may be required by law. Each Bond shall be of a single maturity.

Section 3.02 Execution and Authentication of Bonds. Each Bond shall be signed on behalf of the Issuer by the Chairman of the Issuer and attested by the Secretary of the Issuer in their official capacities (provided that signatures may be facsimiles). In case any officer whose signature or a facsimile of whose signature shall appear on any Bond shall cease to be that officer before the issuance of the Bond, his or her signature or the facsimile thereof nevertheless shall be valid and sufficient for all purposes, the same as if such officer had remained in office until that time. Any Bond may be executed on behalf of the Issuer by an officer who, on the date of execution is the proper officer, although on the date of the Bond that person was not the proper officer.

No Bond shall be valid or become obligatory for any purpose or shall be entitled to any security or benefit under this Indenture unless and until a certificate of authentication, substantially in the form set forth in EXHIBIT A attached hereto, has been signed by the Trustee. The authentication by the Trustee upon any Bond shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered hereunder and is entitled to the security and benefit of this Indenture. The certificate of the Trustee may be executed by any person authorized by the Trustee, but it shall not be necessary that the same authorized person sign the certificates of authentication on all of the Bonds.

Section 3.03 Source of Payment of Bonds. To the extent provided in and except as otherwise permitted by this Indenture, (a) the Bonds shall be special, limited obligations of the Issuer, and the Bond Debt Service Charges thereon shall be payable equally and ratably solely from the Issuer Revenues, including but not limited to moneys and investments in the Special Funds; (b) the payment of Bond Debt Service Charges on the Bonds shall be secured by the assignment of Issuer Revenues hereunder and by this Indenture; and (c) payments due on the Bonds also shall be secured by the Promissory Note. Notwithstanding anything to the contrary in the Bond Resolution, the Bonds, or this Indenture, the Bonds do not and shall not represent or constitute a debt or pledge of the full faith and credit or the taxing power of the Issuer, the Commonwealth, or any political subdivision, municipality or other local agency thereof.

Section 3.04 Payment and Ownership of Bonds. Bond Debt Service Charges shall be payable in lawful money of the United States of America without deduction for the services of the Trustee or the Paying Agent. Subject to the provisions of Section 3.09 hereof, (a) the principal of any Bond shall be payable when due to a Holder upon presentation and surrender of such Bond at the designated corporate trust office of the Trustee or at the office, designated by the Trustee, of the Paying Agent; and (b) interest on any Bond shall be paid on the applicable Interest Payment Date by check or draft which the Trustee shall cause to be mailed on that date to the Person in whose name the Bond is registered on the Register at the close of business on the Regular Record Date applicable to that Interest Payment Date, at such Holder's address appearing therein. Notwithstanding anything to the contrary herein or in any of the Borrower Documents, the Trustee is authorized to use funds on deposit in the Special Funds, as and when provided, to pay principal and interest on the Bonds when due. Notwithstanding the foregoing, the Bonds issued under this Indenture are subject to the procedures of the Depository.

If and to the extent, however, that the Issuer shall fail to make payment or provision for payment of interest on any Bond on any Interest Payment Date, that interest shall cease to be payable to the Person who was the Holder of that Bond as of the applicable Regular Record Date. In that event, except as provided below in this Section, when money becomes available for payment of the interest, (1) the Trustee shall, pursuant to Section 7.06(d) hereof, establish a Special Record Date for the payment of that interest which shall be not more than 15 nor fewer than 10 days prior to the date of the proposed payment, and (2) the Trustee shall cause notice of the proposed payment and of the Special Record Date to be mailed by first-class mail, postage prepaid, to each Holder at its address as it appears on the Register not fewer than 10 days prior to the Special Record Date and, thereafter, the interest shall be payable to the Persons who are the Holders of the Bonds at the close of business on the Special Record Date.

Subject to the foregoing, each Bond delivered under this Indenture upon transfer thereof, or in exchange for or in replacement of any other Bond, shall carry the rights to interest accrued and unpaid, and to accrue on that Bond, or which were carried by that Bond.

Except as provided in this Section and the first paragraph of Section 3.06 hereof, (i) the Holder of any Bond shall be deemed and regarded as the absolute owner thereof for all purposes of this Indenture; (ii) payment of or on account of the Bond Debt Service Charges on any Bond shall be made only to or upon the order of that Holder or its duly authorized attorney in the manner permitted by this Indenture; and (iii) none of the Issuer, the Trustee, the Registrar nor the Paying Agent shall, to the extent permitted by law,

be affected by notice to the contrary. All of those payments shall be valid and effective to satisfy and discharge the liability upon that Bond, including without limitation, the interest thereon, to the extent of the amount or amounts so paid.

Section 3.05 Registration, Transfer and Exchange of Bonds. The Trustee shall cause the Register to be kept for the registration of Bonds and the registration of transfers of Bonds. The registration of any Bond may be transferred only upon an assignment duly executed by the registered Holder or his or her duly authorized representative in such form and with guaranty of signature as shall be satisfactory to the Trustee, and upon surrender of such Bond to the Trustee for cancellation. Whenever any Bond or Bonds shall be surrendered for registration of transfer, the Issuer shall execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of the same series and of Authorized Denomination or Denominations and for the amount of such Bond or Bonds so surrendered.

Any Bond may be exchanged at the designated office of the Trustee, for a new Bond or Bonds of an Authorized Denomination and for the aggregate amount of such Bond then remaining Outstanding.

In all cases in which the registration of Bonds shall be transferred or Bonds shall be exchanged hereunder, the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange, and all such taxes, fees or charges shall be Ordinary Expenses payable as scheduled pursuant to Section 6.03 hereof. The Trustee shall not be required to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of and premium and interest on any such Bond shall be made only to or upon the order of the Holder thereof, or its legal representative, and neither the Issuer nor the Trustee shall be affected by any notice to the contrary. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums to be paid.

Transfers are subject to the requirements of the Depository as long as the Bonds are held in Book-Entry Form. Neither the Trustee nor any agent shall have any responsibility or liability for any actions taken or not taken by the Depository.

Section 3.06 Mutilated, Lost, Wrongfully Taken or Destroyed Bonds. If any Bond is mutilated, lost, wrongfully taken or destroyed, in the absence of written notice to the Issuer or the Registrar that a lost, wrongfully taken or destroyed Bond has been acquired by a bona fide purchaser, the Issuer shall execute, and the Registrar shall authenticate and deliver, a new Bond of like date, maturity, and denomination as the Bond mutilated, lost, wrongfully taken or destroyed; provided, that (a) in the case of any mutilated Bond, the mutilated Bond first shall be surrendered to the Registrar; and (b) in the case of any lost, wrongfully taken or destroyed Bond, there first shall be furnished to the Registrar evidence of the loss, wrongful taking or destruction satisfactory to the Registrar, together with indemnity satisfactory to the Registrar for the Trustee, the Registrar and the Issuer.

If any lost, wrongfully taken or destroyed Bond shall have matured, been called for redemption, or be subject to mandatory tender, instead of issuing a new Bond, the Trustee may pay that Bond without surrender thereof upon the furnishing of satisfactory evidence and indemnity as the Registrar may require, as in the case of issuance of a new Bond. The Issuer, the Registrar and the Trustee may charge the Holder of a mutilated, lost, wrongfully taken or destroyed Bond their reasonable fees and expenses in connection with their actions pursuant to this Section.

Every new Bond issued pursuant to this Section by reason of any Bond being mutilated, lost, wrongfully taken or destroyed (1) shall constitute, to the extent of the Outstanding principal amount of the Bond lost, mutilated, taken or destroyed, an additional contractual obligation of the Issuer, regardless of whether the mutilated, lost, wrongfully taken or destroyed Bond shall be enforceable at any time by anyone; and (2) shall be entitled to all of the benefits of this Indenture equally and proportionately with any and all other Bonds issued and Outstanding hereunder.

All Bonds which have been redeemed or surrendered shall be canceled or otherwise destroyed by the Trustee in accordance with the customary practices of the Trustee and applicable record retention requirements.

All Bonds shall be held and owned on the express condition that the foregoing provisions of this Section are exclusive with respect to the replacement or payment of mutilated, lost, wrongfully taken or destroyed Bonds and, to the extent permitted by law, shall preclude any and all other rights and remedies with respect to the replacement or payment of negotiable instruments or other investment securities without their surrender, notwithstanding any law or statute to the contrary now existing or enacted hereafter.

Section 3.07 Cancellation of Bonds. Any Bond surrendered pursuant to this Article for the purpose of payment or retirement or for exchange, replacement or transfer shall be cancelled upon presentation and surrender thereof to the Registrar, the Trustee or the Paying Agent. Any Bond cancelled by the Trustee or the Paying Agent shall be transmitted promptly to the Registrar by the Trustee or Paying Agent.

The Issuer, or the Borrower on behalf of the Issuer, may deliver at any time to the Registrar for cancellation any Bonds previously authenticated and delivered hereunder, which the Issuer or the Borrower may have acquired in any manner whatsoever. All Bonds so delivered shall be cancelled promptly by the Registrar. Certification of the surrender and cancellation shall be made to the Issuer and the Trustee by the Registrar upon written request to the Registrar. All cancelled Bonds shall be destroyed by the Registrar in accordance with the customary practices of the Registrar. The costs of such shredding, incineration and certification shall constitute Ordinary Expenses payable as scheduled pursuant to Section 6.03 hereof.

Section 3.08 Special Agreement with Holders. Notwithstanding any provision of this Indenture or of any Bond to the contrary, with the written approval of the Borrower, the Trustee may enter into an agreement with any Holder providing for making all payments to that Holder of principal of and interest on that Bond or any part thereof (other than any payment of the entire unpaid principal amount thereof) at a place and in a manner other than as provided in this Indenture and in the Bond, without presentation or surrender of the Bond, upon any conditions which shall be satisfactory to the Trustee and the Borrower; provided, that payment in any event shall be made to the Person in whose name a Bond shall be registered on the Register, with respect to payment of principal, on the date such principal is due, and, with respect to the payment of interest, as of the applicable Regular Record Date or Special Record Date, as the case may be.

The Trustee will furnish a copy of each of those agreements, certified to be correct by an officer of the Trustee, to the Registrar, the Issuer, and the Borrower. Any payment of principal or interest pursuant to such an agreement shall constitute payment thereof pursuant to, and for all purposes of, this Indenture.

Notwithstanding the foregoing, the Bonds issued under this Indenture are subject to the procedures of the Depository.

Section 3.09 Book-Entry Only System. Notwithstanding any provision of this Indenture to the contrary, the Issuer may direct that all Bonds issued hereunder shall be initially issued in a Book-Entry

System, registered in the name of a Depository or its nominee as the registered owner of the Bonds, and held in the custody of that Depository. Unless otherwise requested by a Depository, a single certificate will be issued and delivered to the Depository for each maturity of Bonds. Beneficial owners of Bonds in a Book-Entry System will not receive physical delivery of Bond certificates except as provided hereinafter. For so long as a Depository shall continue to serve as securities depository for the Bonds as provided herein, all transfers of beneficial ownership interests will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Bonds is to receive, hold or deliver any Bond certificate; provided; that, if a Depository fails or refuses to act as securities depository for the Bonds, the Issuer and the Trustee shall take the actions necessary to provide for the issuance of Bond certificates to the Holders of such Bonds.

With respect to Bonds registered in the name of a Depository, the Issuer, the Borrower, and the Trustee shall have no responsibility or obligation to any participant therein or to any Person on whose behalf any participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, none of the Issuer, the Borrower, or the Trustee shall have any responsibility or obligation with respect to (a) the accuracy of the records of the Depository or any participant therein or any other Person, other than a registered owner of the Bonds, as shown on the registration books; (b) any notice with respect to the Bonds; or (c) the payment to any participant in the Depository or any other Person, other than a registered owner of the Bonds, as shown in the registration books, of any amount with respect to principal of or interest on or purchase price of the Bonds.

Replacement Bonds may be issued directly to the beneficial owners of the Bonds other than a Depository, or its nominee, but only in the event that (1) the Depository determines not to continue to act as securities depository for the Bonds (which determination shall become effective no less than 90 days after written notice to such effect to the Issuer and the Trustee); (2) the Trustee has, at the direction of the Borrower, advised a Depository of its determination (which determination is conclusive as to the Depository and beneficial owners of the Bonds) that the Depository is incapable of discharging its duties as securities depository for the Bonds; or (3) the Majority of the Holders of the Bonds have determined (which determination is conclusive as to the Depository and the beneficial owners of the Bonds) that the interests of the beneficial owners of the Bonds might be adversely affected if such book-entry only system of transfer is continued. Upon occurrence of any of the foregoing events, the Borrower shall use commercially reasonable efforts to attempt to locate another qualified securities depository. If the Borrower fails to locate another qualified securities depository to replace the Depository, the Trustee and the Issuer, at the Borrower's expense, shall cause to be authenticated and delivered replacement Bonds, in certificate form, to the beneficial owners of the Bonds. In the event that the determination noted in clause (2) or (3) above is made (provided that the Trustee undertakes no obligation to make any investigation to determine the occurrence of any events that would permit the Trustee to make any such determination), and the Trustee has been directed in writing to notify the beneficial owners of the Bonds of such determination by mailing an appropriate notice to the Depository, the Trustee and the Issuer shall cause to be issued replacement Bonds in certificate form to beneficial owners of the Bonds as shown on the records of the Depository provided to the Trustee and the Issuer.

Upon the written consent of 100% of the beneficial owners of the Bonds, the Trustee shall withdraw the Bonds from any Depository and authenticate and deliver Bonds fully registered to the assignees of that Depository or its nominee. If the request for withdrawal is not the result of any Issuer, Borrower or Trustee action or inaction, such withdrawal, authentication and delivery shall be at the cost and expense (including costs of printing, preparing and delivering such Bonds) of the persons requesting such withdrawal, authentication and delivery; otherwise such withdrawal, authentication and delivery shall be at the cost and expense of the Borrower.

Whenever, during the term of the Bonds, the beneficial ownership thereof is determined by a book entry at a Depository, (i) the requirements in this Indenture of holding, delivering or transferring Bonds shall be deemed modified to require the appropriate Person or entity to meet the requirements of the Depository as to registering or transferring the book entry to produce the same effect; and (ii) delivery of the Bonds will be in accordance with arrangements among the Issuer, the Trustee and the Depository notwithstanding any provision of this Indenture to the contrary.

The Issuer shall enter into any letter of representation with a Depository to implement the Book-Entry System of bond registration described above.

Neither the Trustee nor any of its agents shall have any responsibility or liability for any actions taken or not taken by DTC.

ARTICLE IV

REDEMPTION, MANDATORY TENDER AND REMARKETING OF BONDS

Section 4.01 Redemption of Bonds. The Bonds are subject to redemption prior to maturity as provided in this Section.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Bonds shall relate, in the case of any Bond redeemed or to be redeemed only in part, to the portion of the principal of such Bond that has been or is to be redeemed; provided, however, that Bonds shall be redeemed in part only in such amounts that the Bonds remaining Outstanding after a redemption shall in all events be in Authorized Denominations.

On each redemption date the Trustee shall transfer to the Registrar, but only from and to the extent of funds held by the Trustee hereunder available for such purpose, an amount sufficient to pay the redemption price of all Bonds or portions thereof to be redeemed on such redemption date. In the event the Trustee has not received or does not otherwise have available hereunder funds sufficient to pay the redemption price of the Bonds on the date fixed for redemption, no funds shall be transferred to the Registrar, all funds shall remain on deposit in the Special Funds, and the Trustee shall give notice of the cancellation of such redemption in the manner set forth in Section 4.02 hereof.

(a) The Bonds are subject to optional redemption prior to maturity from Available Money, at the direction of the Borrower (with delivery of a Cash Flow Projection, if required pursuant to subsection (c) below), in whole or in part, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest, but without premium, to the date fixed for redemption, (i) prior to the Initial Mandatory Tender Date, on any Business Day on or after April 1, 2028 and (ii) after the Initial Mandatory Tender Date, on any Business Day that is nearest to the date falling at 50% of the subsequent remarketing period between the most recent Mandatory Tender Date and the next Mandatory Tender Date or the Maturity Date, as applicable.

(b) Other than as set forth in subsection (a) above, the Bonds are not subject to optional redemption prior to the Maturity Date.

(c) If, to pay the redemption price, the Trustee is required to sell or otherwise dispose of Eligible Investments shown in the most recent Cash Flow Projection delivered to the Rating Agency before the maturity or mandatory tender date of such Eligible Investments, then a new Cash Flow Projection shall be provided to the Trustee (with a copy to the Rating Agency) with the direction described in subsection (a)

above, and the Trustee shall utilize the amounts and take the actions set forth in such Cash Flow Projection to pay the redemption price of the Bonds called for redemption.

Section 4.02 Notice of Redemption.

(a) Not less than 20 days prior to the redemption date, the Trustee shall give written notice of redemption to the Holders (with a copy to the Borrower, the Investor Limited Partners, and the Remarketing Agent) by first-class mail, postage prepaid, at their respective addresses appearing on the Register. The notice shall state the following:

- (1) the redemption date;
- (2) the redemption price;
- (3) if less than all Outstanding Bonds are to be redeemed, the identification by designation, letters, numbers or other distinguishing marks (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed;
- (4) that on the redemption date the redemption price of each such Bond will become due and payable to the extent of funds on deposit with the Trustee for that purpose, and that interest on the principal amount of each such Bond to be redeemed shall cease to accrue on such date;
- (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the office of the Trustee designated in such notice; and
- (6) such additional information as the Trustee or the Issuer shall deem appropriate.

(b) In addition to the foregoing notice, further notice shall be given by the Trustee as set out below, but no defect in such further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption and in addition (1) the complete official title; including series designation, delivery date, interest rate and maturity date of each Bond being redeemed; (2) the certificate and CUSIP number of each such Bond, and, in the case of a partial redemption, the amount of the principal represented by each such certificate that is being redeemed; (3) the date of mailing of official notice of redemption; and (4) any other descriptive information needed to identify accurately the Bonds being redeemed.

(c) Further notices of redemption shall be sent by first-class mail or overnight delivery service to any Holder owning, on the date such notice is sent, Bonds in the aggregate principal amount of \$1,000,000 or more.

(d) If the Bonds are not then being held under a book-entry system, each further notice of redemption shall be sent at least 30 days before the redemption date by first-class mail or overnight delivery service to the Securities Depositories and to the Information Services. This further notice of redemption sent to the Securities Depositories pursuant to the preceding sentence shall be sent at such time as shall insure that such notice is received at least two (2) Business Days before official notice of such redemption is received.

(e) A second notice of redemption shall be sent by the same means as the first such notice not later than 60 days after the redemption date to any Holder who shall not have presented for payment the Bond or Bonds called for redemption within 30 days after such date.

(f) In the event the Bonds are called for redemption under circumstances resulting in discharge of this Indenture under Section 9.02 hereof more than 90 days before the redemption date, additional official and further notice of redemption satisfying the requirements of this Section shall be given not less than 30 or more than 60 days prior to such redemption date.

(g) Failure to give any official or further notice or any defect therein shall not affect the validity of the proceedings for redemption of any Bond with respect to which no such failure or defect has occurred or exists.

Redemption is conditioned on the Trustee's possession and/or receipt of sufficient Available Money for such redemption on or prior to the redemption date; if sufficient moneys are not available, the redemption of the Bonds for which notice was given shall not be made. Any notice of the redemption of Bonds may state that such notice is conditional and that if the conditions for redemption of such Bonds on the scheduled redemption date are not satisfied (including the availability of funds sufficient to redeem such Bonds), such Bonds will not be redeemed on such date and any Bonds tendered for payment on such date will be returned to the Holders thereof. The cancellation of such redemption shall immediately be confirmed in a subsequent notice given immediately in substantially the same manner as the original notice of redemption.

Notice of redemption having been given as aforesaid, except as provided below, the principal amount of the Bonds so to be redeemed shall become due and payable on the redemption date at the redemption price specified, and on and after such date (unless the Issuer shall default in the payment of the redemption price) such principal amount of the Bonds shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with such notice, such Bond shall be paid at the redemption price thereof to the extent that money is on deposit with the Registrar for that purpose. Neither the failure of a Holder to receive such notice nor any defect in any notice shall affect the sufficiency of the proceedings for such redemption. If any Bond called for redemption shall not be so paid on the redemption date upon proper surrender of the Bond for redemption, the redemption price and, to the extent lawful, interest thereon shall, until paid, bear interest from the redemption date at the rate borne by the Bond immediately before the redemption date.

In the case of a redemption of the Bonds in part, the Trustee shall select the Bonds for redemption from the Outstanding Bonds not previously called for redemption, by lot within a maturity; provided that, notwithstanding any contrary provision hereof, if the Bonds are in Book-Entry Form at the time of such redemption, the Trustee shall redeem such Bonds in accordance with any controlling procedures of the Depository. In no event shall Bonds be redeemed in part in amounts other than whole multiples of Authorized Denominations. For purposes of redeeming Bonds in denominations greater than minimum Authorized Denominations, the Trustee shall assign to such Bonds a distinctive number for each such principal amount and, in selecting Bonds for redemption by lot, shall treat such amounts as separate Bonds.

If any Bond is to be redeemed only in part, it shall be surrendered to the Registrar (with due endorsement by, or a written instrument of transfer in form satisfactory to the Registrar duly executed by, the Holder thereof or its attorney duly authorized in writing) and the appropriate officers of the Issuer shall execute and the Registrar shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds of the same interest rate and of any Authorized Denomination or Denominations, as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond surrendered.

Section 4.03 Mandatory Tender.

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

(b) Mandatory Tender Dates. The Mandatory Tender Dates shall consist of (1) the Initial Mandatory Tender Date; and (2) any subsequent dates for mandatory tender of the Bonds established by the Borrower in consultation with the Remarketing Agent in connection with a remarketing of the Bonds pursuant to Section 4.05 hereof.

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

(d) Effect of Prior Redemption. Notwithstanding anything herein to the contrary, any Bond tendered under this Section will not be purchased if such Bond matures or is redeemed on or prior to the applicable Mandatory Tender Date.

(e) Purchase of Tendered Bonds. The Trustee shall utilize the following sources of payments to pay the tender price of the Bonds not later than 2:30 p.m. Local Time on the Mandatory Tender Date in the following priority: (1) amounts representing proceeds of remarketed Bonds deposited in the Remarketing Proceeds Account to pay the principal amount, plus accrued interest, of Bonds tendered for purchase; (2) amounts on deposit in the Collateral Fund to pay the principal amount of Bonds tendered for purchase; (3) amounts on deposit in the Interest Account of the Bond Fund to pay the accrued interest, if any, on Bonds tendered for purchase; (4) amounts on deposit in the Project Fund to pay the accrued interest, if any, on the Bonds tendered for purchase; and (5) any other Available Money available or made available for such purpose at the written direction of the Borrower.

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

Section 4.04 Mandatory Tender Notice.

(a) Notice to Holders. Not less than 30 days preceding a Mandatory Tender Date, the Trustee shall give written notice of Mandatory Tender to the Holders of the Bonds then Outstanding (with a copy to the Borrower, the Investor Limited Partners, and the Remarketing Agent) in the form set forth in EXHIBIT B attached hereto by e-mail or first-class mail, postage prepaid, at their respective addresses appearing on the Register stating:

(1) the Mandatory Tender Date and that (i) all Outstanding Bonds are subject to Mandatory Tender for purchase on the Mandatory Tender Date; (ii) all Outstanding Bonds must be

tendered for purchase no later than 12:00 Noon Local Time on the Mandatory Tender Date; and
(iii) the Holders will not have the right to elect to retain their Bonds;

(2) the address of the designated office of the Trustee at which the Holders should deliver their Bonds for purchase and the date of the required delivery;

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

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

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

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

Section 4.05 Remarketing of Bonds.

(a) Notice of Mandatory Tender. No later than 11:00 a.m. Local Time on the 35th day prior to each Mandatory Tender Date, the Trustee shall give notice in writing to the Remarketing Notice Parties which states the aggregate principal amount of the Bonds which are to be tendered or deemed to be tendered pursuant to Section 4.03 hereof.

(b) Preliminary Conditions to Remarketing. No later than 11:00 a.m. Local Time on the 30th day prior to the Mandatory Tender Date then in effect, the Borrower may give notice in writing to the Remarketing Notice Parties that the Borrower elects to cause the Bonds to be remarketed. A remarketing of the Bonds shall be permitted only if the following conditions are satisfied no later than the time the foregoing election notice is given:

(1) Notice by the Borrower to the Remarketing Agent of the Remarketing Period pursuant to Section 3.10 of the Loan Agreement;

(2) Delivery to the Trustee, the Remarketing Agent, and the Rating Agency of a preliminary Cash Flow Projection with respect to the proposed Remarketing Period; and

(3) The Borrower shall have notified the Trustee in writing that it has approved as to form and substance any disclosure document or offering materials which, in the discretion of the Remarketing Agent, is necessary to be used in connection with the remarketing of the Outstanding Bonds.

(c) Remarketing. Not less than 10 days before each Remarketing Date, the Remarketing Agent shall offer for sale and use its best efforts to sell the Bonds Outstanding on the Remarketing Date at a price equal to 100% of the principal amount of such Bonds in accordance with Section 2.04(c) hereof plus, if such Remarketing Date is a date other than an Interest Payment Date, accrued interest on such Bonds from the preceding Interest Payment Date to which interest has been paid. Prior to each Remarketing Date, the Remarketing Agent shall give notice, in writing to the Remarketing Notice Parties specifying the principal amount of the Bonds, if any, it has remarketed (including Bonds to be purchased by the Remarketing Agent on the Remarketing Date for its own account, if any), the Remarketing Rate and the Remarketing Period applicable to the Bonds.

The Remarketing Agent shall have the right to remarket any Bond tendered pursuant to Section 4.03 hereof; provided, however, that no such Bond shall be remarketed at a price less than 100% of the principal amount thereof plus accrued interest (if any) without the prior written consent of the Borrower; and provided, further, that the purchase price of any Bond paid to the tendering Holder allocable to such discount shall be paid with Available Money made available by the Borrower therefor and on deposit with the Trustee prior to the remarketing of such Bonds. The Remarketing Agent shall have the right but not the obligation to purchase any Bond tendered or deemed tendered pursuant to Section 4.03 hereof at 100% of the principal amount thereof, and to thereafter sell such Bond. Any such purchase shall constitute a remarketing hereunder.

The Remarketing Agent shall not remarket any Bond to the Issuer, the Borrower, any guarantor of the Bonds or any person which is an “insider” of the Issuer, Borrower, or any such guarantor within the meaning of the Bankruptcy Code.

(d) Final Conditions to Remarketing. If, not later than the Remarketing Date:

(1) the Remarketing Agent shall have notified the Trustee in writing of the remarketing of the Outstanding Bonds and that the proceeds from the remarketing (including proceeds of remarketing of Outstanding Bonds to be purchased by the Remarketing Agent on the Remarketing Date for its own account) or other funds equal to the amount needed to purchase the remarketed Bonds on the Remarketing Date are expected to be available to the Trustee on the Remarketing Date for deposit into the Remarketing Proceeds Account;

(2) the Trustee shall have received written confirmation that the Rating Agency has received and approved a Cash Flow Projection based on the interest rate(s) to be in effect with respect to the Outstanding Bonds on and after the Remarketing Date;

(3) there shall be on deposit with the Trustee, from Available Money provided by the Borrower an amount sufficient to pay the Extension Payment set forth in the Cash Flow Projection for deposit to the Interest Payment Account of the Bond Fund with respect to the payment of Bond Service Charges during the new Remarketing Period;

(4) Bond Counsel is prepared to deliver a Favorable Opinion of Bond Counsel as to the remarketing; and

(5) either (i) there shall be on deposit with the Trustee an amount sufficient to pay the estimated Remarketing Expenses as certified in writing to the Trustee by the Borrower for deposit in the Costs of Issuance Fund; or (ii) the Remarketing Agent shall have certified in writing to the Trustee that provision for the payment of the estimated Remarketing Expenses shall have been made to the satisfaction of the Remarketing Agent;

then the Trustee shall immediately give notice in writing to the Remarketing Notice Parties that (A) all conditions precedent to the remarketing of the Outstanding Bonds have been satisfied and (B) the sale and settlement of the Outstanding Bonds is expected to occur on the Remarketing Date. Following the Trustee's notice, the Outstanding Bonds shall be sold to the purchasers identified by the Remarketing Agent for delivery and settlement on the Remarketing Date, and the Trustee shall apply the funds in the Remarketing Proceeds Account of the Bond Fund on the Remarketing Date to payment of the purchase price of the Outstanding Bonds.

(e) Failure to Satisfy Final Conditions. If, not later than a Remarketing Date, any condition set forth in subsection (d) above has not been satisfied, then, unless the Outstanding Bonds are otherwise purchased on the Remarketing Date the Remarketing Agent shall not sell any of the Outstanding Bonds on the Remarketing Date.

(f) Remarketing Proceeds. No later than 11:00 a.m. Local Time on each Remarketing Date, the Remarketing Agent shall pay to the Trustee, in immediately available funds, the proceeds theretofore received by the Remarketing Agent from the remarketing of Bonds tendered for purchase on such Remarketing Date; provided, that the Remarketing Agent may use its best efforts to cause the purchasers of the remarketed Bonds to pay the purchase price plus accrued interest (if any) to the Trustee in immediately available funds. The proceeds from the remarketing of the Bonds shall be segregated from any funds of the Borrower and the Issuer and shall in no case be considered to be or be assets of the Borrower or the Issuer. Funds representing remarketing proceeds received by the Remarketing Agent after 11:00 a.m. Local Time on each Remarketing Date shall be paid to the Trustee as soon as practicable upon such receipt.

(g) Delivery of Purchased Bonds. On or before the Business Day next preceding each Remarketing Date, the Remarketing Agent shall notify the Trustee in writing of (1) the principal amount of the Bonds to be sold by the Remarketing Agent pursuant to this Section and the purchase price, and, unless the Bonds are then in the Book Entry System, the names, addresses and social security numbers or other tax identification numbers of the proposed purchasers thereof; and (2) the principal amount of the Bonds tendered for purchase on such Remarketing Date which will not be sold by the Remarketing Agent pursuant to this Section.

Bonds purchased by the Trustee on a Mandatory Tender Date that have been remarketed shall be delivered to the purchasers thereof as directed by the Remarketing Agent. Bonds delivered as provided in this Section shall be registered in the manner directed in writing by the recipient thereof.

Section 4.06 Cancellation of Bonds. The Trustee shall immediately cancel Bonds if the tender price of the Bonds is paid from amounts other than proceeds derived from the remarketing of the Bonds.

ARTICLE V

PROVISIONS AS TO FUNDS, PAYMENTS, PROJECT AND AGREEMENT

Section 5.01 Creation of Funds; Allocation of Bond Proceeds.

(a) The funds and accounts described in this Section, designated as indicated, are created by this Section. Each fund is to be maintained in the custody of the Trustee as a separate account. The funds and accounts are as follows:

(1) the Bond Fund designated “Bond Fund,” and therein the “Interest Account” and the “Remarketing Proceeds Account”;

(2) the Project Fund designated “Project Fund”;

(3) the Collateral Fund designated “Collateral Fund”;

(4) the Costs of Issuance Fund designated “Costs of Issuance Fund”;

(5) the Rebate Fund designated “Rebate Fund”; and

(b) On the Closing Date, proceeds of the sale of the Bonds (including without limitation, premium, if any, and interest accrued thereon) in the amount of \$24,000,000 shall be deposited by the Trustee to the Project Fund. In addition, the Trustee shall cause, from proceeds of the Underwriter’s Advance, the Initial Deposit to be deposited to the Interest Account of the Bond Fund.

Section 5.02 Application of Loan Payments. So long as there are any Outstanding Bonds, any payments made by the Borrower pursuant to the Promissory Note and the Loan Agreement shall be paid on each Loan Payment Date directly to the Trustee and deposited into the Bond Fund, to be used to pay the interest and principal (if any) on the Bonds on the next succeeding Interest Payment Date; provided that so long as there are amounts available therefor, for purposes of paying interest on the Loan when due the Trustee shall debit the Interest Account in the amount of interest due on the Bonds on each Interest Payment Date and transfer the same to the Bond Fund to pay interest due on the Bonds on each Interest Payment Date; and provided further that so long as there are amounts available therefor, for purposes of making principal payments on the Loan when due the Trustee shall debit the Collateral Fund and transfer the same to the Bond Fund to pay the principal of the Bonds on the date set for redemption of the Bonds or payment of the Bonds on the Maturity Date.

Section 5.03 Disbursements from the Project Fund.

(a) **Requisitions.** Subject to the provisions of this subsection (a) and subsection (b) below, the Trustee shall make disbursements from the Project Fund to pay Project Costs only upon the receipt of a written request of the Borrower in accordance with the Disbursing Agreement, the Loan Agreement, and this Indenture substantially in the form attached as Exhibit E to the Loan Agreement (a “Disbursement Request”).

(b) **Project Fund.** When the Trustee receives a Disbursement Request for a disbursement from the Project Fund in accordance with the provisions of subsection (a) above, Sections 3.4 and 3.5 of the Loan Agreement, and the Disbursing Agreement, subject to the following paragraph, the Trustee shall confirm that Available Money equal to or greater than the sum of (1) the amount set forth in the Disbursement Request and (2) all prior disbursements made, is on deposit in the Collateral Fund and is at least equal to the then Outstanding principal amount of the Bonds. Upon confirmation of the items above, the Trustee shall thereafter disburse the funds from the Project Fund to pay Project Costs in the requested amount pursuant to the Disbursement Request directly to (i) the FHA Lender, or at the direction of the FHA Lender as provided in Section 3.5(d) of the Loan Agreement, to the extent the corresponding deposit of Available Money to the Collateral Fund was made by or at the direction of the FHA Lender (as confirmed in the Disbursement Request); or (ii) the Borrower (or any other party designated in the Disbursement Request) to the extent the corresponding deposit of Available Money to the Collateral Fund was made by or at the direction of the Borrower or such other party. Any interest earnings on the Project Fund shall be credited to the Interest Account of the Bond Fund.

Pursuant to Section 5.12 hereof, there shall be deposited in the Collateral Fund Available Money in such amounts as may be necessary to allow the Trustee to disburse funds from the Project Fund upon the Trustee's receipt of a Disbursement Request from the Borrower to pay Project Costs.

For purposes of complying with the requirements of this Section, the Trustee may conclusively rely on the Disbursement Request executed by the Borrower and shall be protected in acting or refraining from acting upon the Disbursement Request, which may be submitted by email (pdf). All payments made from the Project Fund shall be presumed by the Trustee to be made for the purposes certified in said written requests, and the Trustee shall not be required to see to the application of any payments made from the Project Fund or to inquire into the purposes for which withdrawals are being made from the Project Fund. The Trustee shall not be bound to make an investigation into the facts or matters stated in any form of Disbursement Request. The Trustee shall not be responsible for determining whether the funds on hand in the Project Fund are sufficient to complete the Project. The Trustee shall not be responsible to collect lien waivers. The Trustee shall have no responsibility whatsoever to disburse or transfer funds absent written instructions from the Borrower. The Trustee shall not be liable or accountable for the use or application by the Borrower of any of the Bonds or the proceeds thereof or for the use or application of any money paid over by the Trustee in accordance with the provisions of this Section.

(c) **Records.** The Trustee shall cause to be kept and maintained adequate records pertaining to the Project Fund and all disbursements therefrom as herein provided. If requested by the Issuer, the Borrower, the Federal Investor Limited Partner, or the State Historic Tax Credit Investor, the Trustee shall file copies of the records pertaining to the Project Fund and disbursements therefrom with the Issuer, the Borrower, and the Investor Limited Partners.

The proceeds of the Bonds shall be used exclusively to pay costs that (i) are (1) capital expenditures (as defined in Section 1.150-1(a) of the Code's regulations) and (2) not made for the acquisition of existing property, to the extent prohibited in Section 147(d) of the Code; and (ii) are made exclusively with respect to a "qualified residential rental project" within the meaning of Section 142(d) of the Code so that the Project and the land on which it is located will have been financed 25% or more by the proceeds of the Bonds for the purpose of complying with Section 42(h)(4)(B) of the Code; provided, however, the foregoing representation, covenant and warranty is made for the benefit of the Borrower and its partners and neither the Trustee nor the Issuer shall have any obligation to enforce this covenant nor shall they incur any liability to any person, including without limitation, the Borrower, the partners of the Borrower, any other affiliate of the Borrower or the Holders of the Bonds for any failure to meet the intent expressed in the foregoing representation, covenant and warranty; and provided further, that failure to comply with this representation, covenant and warranty shall not constitute a default or Event of Default under this Indenture.

Upon the occurrence and continuance of an Event of Default hereunder because of which the principal amount of the Bonds has been declared to be due and immediately payable pursuant to Section 7.03 hereof, any money remaining in the Project Fund shall be promptly transferred by the Trustee to the Bond Fund.

Section 5.04 Bond Fund. There shall be deposited in the Bond Fund (a) interest earnings on the Project Fund and the Collateral Fund; and (b) amounts set forth under this Section.

The Bond Fund (and the Interest Account and the Remarketing Proceeds Account therein) and the money and Eligible Investments therein shall be used solely and exclusively for the payment of Bond Debt Service Charges as they become due and at the stated maturity, or upon redemption, Mandatory Tender, or acceleration, all as provided herein and in the Loan Agreement. Any Extension Payment received by the Trustee in connection with an extension of the Mandatory Tender Date pursuant to Section 4.05 hereof shall be deposited in the Interest Account of the Bond Fund.

The Trustee shall transmit to the Paying Agent, as appropriate, from money on deposit in the Bond Fund, amounts sufficient to make timely payments of Bond Debt Service Charges on the Bonds. The Issuer authorizes and directs the Trustee to cause withdrawal of money from the Bond Fund, which is available for the purpose of paying, and is sufficient to pay, Bond Debt Service Charges on the Bonds as they become due and payable, for the purposes of paying or transferring money to the Paying Agent which is necessary to pay such Bond Debt Service Charges. Amounts credited to or on deposit in the Interest Account shall be transferred to the Bond Fund on each Loan Payment Date in order to provide for the payment of Bond Debt Service Charges on the next succeeding Bond Payment Date. To the extent available, the Trustee shall transfer money on deposit in the Remarketing Proceeds Account to the Bond Fund on the Mandatory Tender Date for the purpose of paying the purchase price of the Bonds.

In the event that amounts on deposit in the Bond Fund on any Loan Payment Date are insufficient to make the payment of Bond Debt Service Charges due on the next succeeding Bond Payment Date, the Trustee shall transfer funds in the following order to the Bond Fund and use such funds, together with amounts then on deposit in the Bond Fund, to pay the Bond Debt Service Charges due on the next succeeding Bond Payment Date:

- (1) first, from amounts on deposit in the Interest Account or the Remarketing Proceeds Account of the Bond Fund, as applicable;
- (2) second, from amounts on deposit in the Collateral Fund; and
- (3) third, from amounts on deposit in the Project Fund.

Section 5.05 Investment of Special Funds.

(a) On the Closing Date, money on deposit in the Project Fund will be held by the Trustee uninvested until disbursed to the Borrower on the Closing Date in accordance with an approved Disbursement Request.

(b) Any amounts deposited in the Special Funds (including amounts, if any, remaining on deposit in the Project Fund after the Closing Date) shall be invested at all times in Eligible Investments as directed in subsection (c) below or otherwise in writing by the Authorized Borrower Representative; provided, however, in the absence of written instructions from the Authorized Borrower Representative to the Trustee, amounts in the Special Funds shall be invested in money market funds described in clause (b) of the definition of Eligible Investments.

(c) The Trustee is hereby directed to purchase, on the Closing Date, a portfolio of Eligible Investments in amounts and maturing on such dates as will provide sufficient money to pay interest on the Bonds when due and the purchase price of the Bonds on the Mandatory Tender Date, in accordance with a Cash Flow Projection or verification report, as applicable, in connection with the initial issuance and delivery of the Bonds, with respect to amounts on deposit in the Interest Account of the Bond Fund, the Collateral Fund, and the Project Fund. The Trustee shall not sell or otherwise dispose of such Eligible Investments unless the Trustee and the Rating Agency have received a new Cash Flow Projection and written directions from the Borrower. The Trustee is permitted to purchase, sell or exchange Eligible Investments only in accordance with such Cash Flow Projection and may release from the Interest Account of the Bond Fund the amount, if any, set forth in such Cash Flow Projection to or at the written direction of the Borrower.

(d) After the Initial Mandatory Tender Date, the Trustee shall invest such amounts in obligations specified in clause (b) of the definition of Eligible Investments or in an Eligible Investment, as directed in writing by the Borrower.

(e) Any investment hereunder shall not bear a yield which is in excess of the yield on the Bonds; provided that the Trustee has no duty to monitor the yield on any investment or any obligation to limit the yield on any investment the Borrower directs the Trustee to make or that the Trustee otherwise makes pursuant to this Indenture. Investments permitted under this Section may be purchased from the Trustee or from any of its affiliates and they may charge their customary fees. The Trustee shall have no liability whatsoever for any loss, fee, tax or other charge incurred in connection with any investment, reinvestment, sale or liquidation of an investment hereunder. The Trustee shall be entitled to rely on any written direction of the Borrower as to the suitability and legality of the directed investments and such written direction shall be deemed to be a certification that such directed investments constitute Eligible Investments. Ratings of Eligible Investments shall be determined at the time of initial purchase of such Eligible Investments and without regard to ratings subcategories and the Trustee shall have no responsibility to monitor the ratings of Eligible Investments including at the time of reinvestment of earnings thereof. The Trustee shall have no responsibility whatsoever to determine whether any investments made pursuant to this Indenture are or continue to be Eligible Investments. Any deposit or investment directed by the Borrower shall constitute a certification by the Borrower to the Trustee that the assets so deposited or to be purchased pursuant to such directions are Eligible Investments. In no event shall the Trustee be deemed an investment manager or adviser in respect of any selection of investments hereunder.

(f) As long as no Event of Default shall have occurred and be continuing, the Borrower shall have the right to designate the investments to be sold and to otherwise direct the Trustee in the sale or purchase of the investments made with the money in the Special Funds provided that the Trustee shall be entitled to conclusively assume the absence of any such Event of Default unless the Responsible Officer of the Trustee has notice thereof as described in Section 6.02(f); if there has been an Event of Default, the Trustee shall have the right to direct the sale of investments. In the absence of such directions from the Authorized Borrower Representative, the Trustee shall invest the proceeds of maturing investments in the Special Funds in Eligible Investments having a maturity date not longer than the earlier of 30 days from the date of purchase, the next Mandatory Tender Date or the Maturity Date, as applicable; provided that if applicable, the Trustee shall invest in United States Treasury Obligations–State and Local Government Series (“SLGS”) that are “Time Deposit” SLGS (and not in “Demand Deposit” SLGS).

(g) The investments described in this Section shall be made by the Trustee pursuant to the direction provided hereby and in accordance with the written direction of the Borrower to be provided on the Closing Date, which shall remain in effect unless and until further written direction is provided by the Borrower.

(h) Amounts, if any, on deposit in the Costs of Issuance Fund shall be invested at the written direction of the Borrower in Eligible Investments until disbursed or returned to the Borrower pursuant to the provisions described under Section 5.13 hereof.

(i) The Borrower acknowledges that to the extent that regulations of the Comptroller of the Currency grant the Borrower the right to receive brokerage confirmations of security transactions as they occur, the Borrower specifically waives such right to notification to the extent permitted by law and acknowledges that it will receive periodic transaction statements that will detail all investment transactions.

Section 5.06 Money to Be Held in Trust. Except where money has been deposited with or paid to the Trustee pursuant to an instrument restricting their application to particular Bonds, all money required or permitted to be deposited with or paid to the Trustee or the Paying Agent under any provision

of this Indenture or the Promissory Note, and any investments thereof, shall be held by the Trustee or the Paying Agent in trust. Except for money held by the Trustee pursuant to Section 5.09 hereof, all money described in the preceding sentence held by the Trustee or the Paying Agent shall be subject to the lien hereof while so held.

Section 5.07 Nonpresentment of Bonds. In the event that any Bond shall not be presented for payment when the principal thereof becomes due, or a check or draft for interest is uncashed, if money sufficient to pay the principal then due of that Bond or of such check or draft shall have been made available to the Trustee for the benefit of its Holder, all liability of the Issuer to that Holder for such payment of the principal then due of such Bond or of such check or draft thereupon shall cease and be discharged completely. Thereupon, it shall be the duty of the Trustee to hold such money, without liability for interest thereon, in a separate account in the Bond Fund for the exclusive benefit of the Holder, who shall be restricted thereafter exclusively to such money for any claim of whatever nature on its part under this Indenture or on, or with respect to, the principal then due of that Bond or of such check or draft. The Trustee shall notify the Borrower in writing of any Bond that has not been presented for payment when the principal thereof becomes due.

Any of such money which shall be so held by the Trustee, and which remains unclaimed by the Holder of a Bond not presented for payment or check or draft not cashed for a period of two (2) years after the due date thereof, shall be paid to the Borrower free of any trust or lien, upon a request of the Borrower in writing executed by an Authorized Borrower Representative. Thereafter, the Holder of that Bond shall look only to the Borrower for payment and then only to the amounts so received by the Borrower without any interest thereon, and the Trustee shall not have any responsibility with respect to such money.

Section 5.08 Repayment to the Borrower from the Bond Fund. Except as provided in Section 5.09 hereof, any amounts remaining in the Bond Fund (a) after all of the Outstanding Bonds shall be deemed paid and discharged under the provisions of this Indenture and (b) after payment of all fees, charges and expenses of the Trustee, the Registrar, the Paying Agents and the Issuer, and of all other amounts required to be paid under this Indenture, the Loan Agreement, the Regulatory Agreement and the Promissory Note shall be paid to the Borrower to the extent that those amounts are in excess of those necessary to effect the payment and discharge of the Outstanding Bonds.

Section 5.09 Rebate Fund. Any provision hereof to the contrary notwithstanding, amounts credited to the Rebate Fund shall be free and clear of any lien hereunder.

The Trustee shall furnish to the Borrower all information reasonably requested by the Borrower or its Rebate Analyst with respect to the Bonds and investments of the funds and accounts maintained by the Trustee hereunder. The Trustee shall make deposits to and disbursements from the Rebate Fund (including rebate payments to the United States of America required to be made by the Tax Certificate), as well as investments of the amounts therein, in accordance with the written directions received from the Borrower pursuant to the Tax Certificate.

All amounts on deposit at any time in the Rebate Fund shall be held by the Trustee in trust to the extent required to pay rebatable arbitrage to the United States of America. A firm of lawyers, accountants or consultants selected by the Borrower (the "Rebate Analyst") will calculate the rebate amount as provided in the Tax Certificate within 60 days after the end of each Bond Year during which any Bonds remain Outstanding (or any other date specified by the Rebate Analyst), and within 60 days after the date of redemption of the last maturity constituting a portion of the Bonds, the Rebate Analyst shall calculate the rebate amount for the immediately preceding Bond Year. A copy of each rebate amount calculation shall be provided to the Trustee. The Trustee may conclusively rely upon the calculation made by the Rebate Analyst and shall not be liable or responsible therefor. All amounts in the Rebate Fund shall be used and

withdrawn by the Trustee at the written instruction of the Rebate Analyst or the Borrower as required above solely for the purposes set forth in this Section. The Trustee shall withdraw money from the Rebate Fund and remit all required rebate installments and a final rebate payment to the United States of America at the written instruction of the Rebate Analyst or the Borrower. Neither the Trustee nor the Issuer shall have any obligation to pay any amounts required to be rebated pursuant to this Section and the Tax Certificate, other than from money held in the Rebate Fund as provided in this Indenture or from other moneys provided to it by the Issuer.

Money in the Rebate Fund shall be invested and reinvested by the Trustee in Eligible Investments at the written direction of the Authorized Borrower Representative. The Trustee shall be entitled to rely on any written direction of the Borrower as to the suitability and legality of the directed investments and such written direction shall be deemed to be a certification that such directed investments constitute Eligible Investments. In the absence of instructions from the Authorized Borrower Representative, money in the Rebate Fund shall be invested in Eligible Investments described in clause (b) of the definition of Eligible Investments. At no time shall the Borrower direct that any funds constituting gross proceeds of the Bonds be used in any manner as would constitute failure of compliance with Section 148 of the Code.

The Trustee shall not be responsible for any determination or calculation concerning arbitrage rebate with respect to the Bonds, or for determining whether the yield on any investments made in accordance with this Indenture would cause, or whether any other facts exist which would cause, any of the Bonds to become arbitrage bonds under Section 148 of the Code. Further the Trustee shall have no other obligation or responsibility whatsoever in connection with any federal or state tax-exempt status of the Bonds or the interest thereon.

Section 5.10 Valuation. For the purpose of determining the amount on deposit to the credit of any fund or account, the value of obligations in which money in such fund or account shall have been invested shall be computed at the then market value thereof.

The Eligible Investments shall be valued by the Trustee at any time requested by the Borrower on reasonable notice to the Trustee (which period of notice may be waived or reduced by the Trustee); provided, however, that the Trustee shall not be required to value the Eligible Investments more than once in any calendar month.

Pursuant to Section 3.8 of the Loan Agreement, values shall be determined in accordance with the price provided by pricing services and sources relied upon by the Trustee, and the Trustee does not have any duty to independently value any asset or an obligation other than the price provided by pricing services and sources relied upon by the Trustee.

Section 5.11 Completion of the Project. The completion of the Project and payment of all costs and expenses incident thereto shall be evidenced by the filing with the Trustee of the Completion Certificate required by Section 3.7 of the Loan Agreement. As soon as practicable after the filing with the Trustee of the Completion Certificate, any balance remaining in the Project Fund (other than the amounts retained by the Trustee as described in the Completion Certificate) shall be deposited or applied in accordance with the written direction of the Borrower executed by an Authorized Borrower Representative pursuant to Section 3.4 of the Loan Agreement.

Section 5.12 Collateral Fund. Pursuant to Section 5.03 hereof, there shall be deposited in the Collateral Fund Available Money in such amounts as may be necessary to allow the Trustee to transfer funds from the Project Fund, subject to reallocation as provided in Section 5.14 hereof, upon the Trustee's receipt of a Disbursement Request from the Borrower. Money in the Collateral Fund shall be invested as directed in writing by the Borrower in Eligible Investments.

The Collateral Fund shall only be used and applied for, and irrevocably committed to, the payment of (a) the Bond Debt Service Charges on the Bonds which are due and payable on any Interest Payment Date, Maturity Date, Mandatory Tender Date with respect to Bonds that are not remarketed, or any date the Bonds are called for redemption prior to maturity; (b) the Bond Debt Service Charges on the Bonds as and when due at any other Bond Payment Date; and (c) the purchase price of the Bonds on the Mandatory Tender Date, to the extent amounts on deposit in the Remarketing Proceeds Account and the Interest Account of the Bond Fund are insufficient therefor. Any interest earnings on the Collateral Fund shall be credited to the Interest Account of the Bond Fund.

Section 5.13 Costs of Issuance Fund. The Trustee shall use money on deposit to the credit of the Costs of Issuance Fund to pay the costs of issuance of the Bonds on the Closing Date or as soon as practicable thereafter in accordance with written instructions to be given to the Trustee by the Issuer based on certifications of the Borrower, as set forth in a certificate of the Borrower delivered to the Trustee on the Closing Date or as otherwise directed by the Borrower, upon delivery to the Trustee of appropriate invoices for such expenses. Amounts on deposit in the Costs of Issuance Fund shall also be used by the Trustee to pay the Remarketing Expenses, as directed in writing by the Borrower on the Remarketing Date. Investment earnings on amounts on deposit in the Costs of Issuance Fund shall be retained in such fund. Amounts remaining on deposit in the Costs of Issuance Fund 60 days after the Closing Date, other than amounts deposited pursuant to Section 4.05(d)(5) hereof, shall be deposited to the Bond Fund. Amounts deposited in the Costs of Issuance Fund pursuant to Section 4.05(d)(5) hereof and remaining on deposit therein 30 days after the Remarketing Date shall be deposited to the Bond Fund. Upon such final disbursement, the Trustee shall close the Costs of Issuance Fund.

Section 5.14 Allocation and Reallocation of Eligible Investments Deposited to the Collateral Fund and the Project Fund. On the Closing Date and from time to time thereafter, the Trustee shall allocate ownership of the Eligible Investments acquired pursuant to Section 5.05 hereof and deposited for the benefit of the Project Fund and the Collateral Fund as follows: The Trustee shall allocate to the Collateral Fund a percentage of such Eligible Investments equal to the amount of Available Money presented to the Trustee for deposit to the Collateral Fund on the Closing Date divided by the aggregate Outstanding principal amount of the Bonds and multiplied by one hundred (100) (the “Initial Collateral Fund Percentage”) and the remainder (i.e., 100% minus the Initial Collateral Fund Percentage, referred to as the “Initial Project Fund Percentage”) shall be allocated to the Project Fund. On each subsequent month when additional Available Money is presented to the Trustee for deposit to the Collateral Fund (the “Subsequent Allocation Date”), the dollar amount of such Available Money shall be added to all prior Available Money so deposited, and the percentage of such Eligible Investments allocated to the Collateral Fund shall be adjusted to that percentage equal to the aggregate Available Money so deposited through such date divided by the aggregate Outstanding principal amount of the Bonds and multiplied by one hundred (100) (the “Collateral Fund Percentage”) and the remainder (i.e., 100% minus the Collateral Fund Percentage, referred to as the “Project Fund Percentage”) shall be allocated to the Project Fund. On each Subsequent Allocation Date, the Trustee shall be deemed to have liquidated that portion of the Eligible Investments allocated to the Project Fund and purchased equivalent Eligible Investments to be allocated to the Collateral Fund.

ARTICLE VI THE TRUSTEE, REGISTRAR, PAYING AGENTS AND AUTHENTICATING AGENTS

Section 6.01 Trustee’s Acceptance and Responsibilities. The Trustee accepts the trusts imposed upon it by this Indenture, and agrees to observe and perform those trusts, but only upon and subject to the terms and conditions set forth in this Article, to all of which the parties hereto and the Holders agree.

(a) Prior to the occurrence of a default or an Event of Default of which the Responsible Officer has been notified, as provided in Section 6.02(f) hereof, or of which by that paragraph the Trustee is deemed to have notice, and after the cure or waiver of all defaults or Events of Default which may have occurred,

(1) the Trustee undertakes to perform such duties and only such duties and obligations which are set forth specifically in this Indenture, and no duties or obligations shall be implied to the Trustee; and

(2) in the absence of bad faith, willful misconduct, or gross negligence on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, and shall be protected in acting upon any resolution, order, notice, request, consent, waiver, statement, affidavit, requisition, bond, certificates or opinions or other documents furnished to the Trustee and conforming to the requirements of this Indenture.

(b) In case a default or an Event of Default has occurred and is continuing hereunder (of which the Responsible Officer has been notified, or is deemed to have notice as described in Section 6.02(f) hereof), the Trustee shall exercise those rights and powers vested in it by this Indenture and shall use the same degree of care and skill in their exercise, as a prudent person would ordinarily exercise or use under the circumstances in the conduct of such person's own affairs. The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties hereunder except for its own negligence or willful misconduct.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this subsection shall not be construed to affect the limitation of the Trustee's duties and obligations provided in subsection (a)(1) above or the Trustee's right to rely on the truth of statements and the correctness of opinions as provided in subsection (a)(2) above;

(2) the Trustee shall not be liable for any error of judgment made in good faith by any one of its officers, unless it shall be established that the Trustee was grossly negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Majority of the Holders of the Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture;

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it; and

(5) in no event shall the Trustee be liable for incidental, special, indirect, consequential or punitive damages or penalties (including but not limited to lost profits), even if the Trustee has been advised of the likelihood of such damages or penalty regardless of the form of action.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 6.02 Certain Rights and Obligations of the Trustee. Except as otherwise provided in Section 6.01 hereof:

(a) The Trustee (1) may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees (but shall not be answerable for the conduct of such attorneys, agents, or receivers if appointed with due care); (2) shall be entitled to the advice of counsel concerning all matters of trusts hereof and duties hereunder; and (3) may pay reasonable compensation in all cases to all of those attorneys, agents, receivers and employees reasonably employed by it in connection with the trusts hereof (at its own expense or, if such attorneys, agents, and receivers are reasonably employed by the Trustee to perform Extraordinary Services, at the expense of the Borrower as provided in Section 6.03 hereof). The Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the Issuer or the Borrower) and shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in good faith in reliance upon that opinion or advice of counsel.

(b) The Trustee shall not be responsible for:

(1) the validity, priority, recording, re-recording, filing or re-filing of this Indenture or any Supplemental Indenture or the Regulatory Agreement;

(2) any instrument or document of further assurance or collateral assignment;

(3) insurance of the Project;

(4) the validity of the execution by the Issuer of this Indenture, any Supplemental Indenture, or instruments or documents of further assurance;

(5) the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby; or

(6) the value of or title to the Project;

except that, in the event that the Trustee enters into possession of a part or all of the Project pursuant to any provision of the Regulatory Agreement or any other instrument or document collateral thereto, the Trustee shall use due diligence in preserving that property. The Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, agreements or obligations on the part of the Issuer or the Borrower under the Loan Agreement except as set forth hereinafter, but the Trustee may require of the Issuer or the Borrower full information and advice as to the observance or performance of those covenants, agreements and obligations. Except as otherwise provided in Section 7.04 hereof, the Trustee shall have no obligation to observe or perform any of the duties of the Issuer under the Loan Agreement.

(c) The Trustee shall not be accountable for the application by the Borrower or any other Person of the proceeds of any Bonds authenticated or delivered hereunder.

(d) The Trustee shall be protected, in the absence of bad faith on its part, in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons.

Any action taken by the Trustee pursuant to this Indenture upon the request, authority or consent of any Person who is the Holder of any Bonds at the time of making the request or giving the authority or consent, shall be conclusive and binding upon all future Holders of the same Bond and of Bonds issued in exchange therefor or in place thereof.

(e) As to the existence or nonexistence of any fact for which the Issuer or the Borrower may be responsible or as to the sufficiency or validity of any instrument, document, report, paper or proceeding, the Trustee, in the absence of bad faith on its part, shall be entitled to rely upon a certificate signed on behalf of the Issuer or Borrower, as appropriate, by an Authorized Official or an Authorized Borrower Representative as sufficient evidence of the facts recited therein. Prior to the occurrence of a default or Event of Default hereunder of which the Responsible Officer has been notified, as provided in subsection (f) below, or of which by that paragraph the Responsible Officer is deemed to have notice, the Trustee may accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient; provided, that the Trustee may require and obtain any further evidence which it deems to be necessary or advisable; and, provided further, that the Trustee shall not be bound to secure any such further evidence.

(f) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default hereunder, except Events of Default described in Section 7.01(a), (b) and (d) (but only with respect to Section 7.1(a) of the Loan Agreement) hereof, unless the Responsible Officer shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the Issuer or by the Holders of at least 10% of the aggregate principal amount of the Bonds then Outstanding and such notice contains a reference to this Indenture and the Bonds. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no default or Event of Default, except as noted above.

(g) The Trustee shall not be required to give any bond or surety with respect to the execution of these trusts and powers or otherwise in respect of the premises.

(h) Notwithstanding anything contained elsewhere in this Indenture, the Trustee may demand any showings, certificates, reports, opinions, appraisals and other information, and any corporate action and evidence thereof, in addition to that required by the terms hereof, as a condition to the authentication of any Bonds or the taking of or omitting to take any action whatsoever within the purview of this Indenture, if the Trustee deems it to be desirable for the purpose of establishing the right of any Person to the taking of or omitting to take any other action by the Trustee; provided, that the Trustee shall not be required to make that demand.

(i) Before taking action hereunder pursuant to Section 6.04 or Article VII hereof (with the exception of any action required to be taken under Section 7.02 hereof), the Trustee may require that a satisfactory indemnity bond be furnished to it for the reimbursement of all expenses which it may incur and to protect it against all liability by reason of any action so taken, except liability which is adjudicated to have resulted from its negligence or willful misconduct. The Trustee may take action without that indemnity, and in that case, the Borrower shall reimburse the Trustee for all of the Trustee's expenses pursuant to Section 6.03 hereof.

(j) Unless otherwise provided herein, all money received by the Trustee under this Indenture shall be held in trust for the purposes for which such money was received, until such money is used, applied or invested as provided herein; provided, that such money need not be segregated from other money, except to the extent required by this Indenture or by law. Absent written direction provided to the Trustee pursuant to Section 5.05 hereof, the Trustee shall not be responsible or liable for keeping money held by it hereunder

invested in any particular investment, and the Trustee shall not have any liability for interest on any money received hereunder, except to the extent expressly provided herein.

(k) Any resolution of the Issuer, and any opinions, certificates and other instruments and documents for which provision is made in this Indenture, may be accepted by the Trustee, in the absence of bad faith on its part, as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for its actions taken or omitted to be taken hereunder.

(l) The Trustee shall be entitled to file proofs of claim in bankruptcy at the direction of the Holders of at least 25% in aggregate principal amount of Bonds Outstanding. Trustee fees and expenses are intended to constitute administrative expenses in bankruptcy.

(m) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty. The duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture. No implied covenants or obligations shall be read into this Indenture against the Trustee. Notwithstanding any provision herein, the Trustee shall have no duty or obligation to the Borrower except as may be expressly set forth in this Indenture.

(n) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising or caused, directly or indirectly by circumstances beyond its reasonable control including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions; loss or malfunctions of utilities, communications services; failures; computer viruses or failures; power failures; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under any such circumstances.

(o) The Trustee shall not be obligated to acquire possession of or take any action with respect to the Project, if as a result of such action, the Trustee would be considered to hold title to, to be a "mortgagee in possession of," or to be an "owner" or "operator" of the Project within the meaning of the Comprehensive Environmental Responsibility Cleanup and Liability Act of 1980, as amended from time to time, unless the Trustee has previously determined, based upon a report prepared by a person who regularly conducts environmental audits, that (i) the Project is in compliance with applicable environmental laws or, if not, that it would be in the best interest of the Holders to take such actions as are necessary for the Project to comply therewith and (ii) there are not circumstances present at the Project relating to the use, management or disposal of any hazardous wastes for which investigation, testing, monitoring, containment, clean-up or remediation could be required under any federal, state or local law or regulation or that if any such materials are present for which such action could be required, that it would be in the best economic interest of the Holders to take such actions with respect to the Project. Notwithstanding anything contained herein to the contrary, upon the occurrence and continuance of an Event of Default, before taking any action which may subject the Trustee to liability under any environmental law, statute, regulation or similar requirement relating to the environment, the Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all costs and expenses to which it may be put (including reasonable attorneys' fees, costs and expenses) and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and costs and expenses which may result from such foreclosure or other action (including reasonable attorneys' fees, costs and expenses).

(p) The Trustee may consult with counsel and the advice of such counsel (which counsel may be counsel for the Issuer or the Borrower) or any opinion given by such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(q) The Trustee shall have the right to accept and act upon instructions or directions from an Authorized Official of the Issuer or the Borrower sent in the form of a manually signed document by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods. If the Issuer or the Borrower elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding that such instructions conflict or are inconsistent with a subsequent written instruction. The Issuer or the Borrower, as the case may be, agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including, without limitation, the risk of the Trustee acting on unauthorized instructions and the risk of interception and misuse by third parties.

(r) The Trustee shall have no duty to inspect or oversee the construction or completion of the Improvements, to review or approve the Plans and Specifications or amendments thereto, or to verify the truthfulness or accuracy of the certifications made by the Borrower or any contractor or architect in any requisition or other written request for disbursement delivered pursuant to the Financing Documents or in any other certificate delivered to the Trustee under the Loan Agreement or other Financing Document. The Trustee is not required to obtain completion bonds or lien releases. The Trustee shall be under no responsibility to approve, evaluate or determine the independence of any expert or other skilled person selected by any party for any of the purposes expressed in the Financing Documents.

(s) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder. The Trustee's immunities, rights, privileges, benefits and protections from liability and its rights to indemnification in connection with the performance of its duties under this Indenture shall likewise extend to and be enforceable by the Trustee's officers, directors, agents, attorneys and employees in each of its capacities hereunder. Such immunities and protections and rights to indemnification, together with the Trustee's rights to compensation, shall survive the Trustee's resignation or removal, the discharge of this Indenture and the final payment of the Bonds.

(t) In acting, suffering or omitting to act pursuant to the Bond Documents or any other documents executed in connection herewith or therewith, the Trustee shall be entitled to all of the rights, privileges, protections, benefits, immunities, powers and indemnities accorded to it under this Indenture and the Loan Agreement, including, but not limited to, this Article VI.

(u) Delivery of any reports, information and documents to the Trustee under the Financing Documents is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's or Borrower's compliance with any of its covenants under the Financing Documents (as to which the Trustee is entitled to rely exclusively on certificates of officers of the Issuer or the Borrower). The Trustee shall have no duty to review or make independent investigation with respect to any of the foregoing received by the Trustee and shall hold the same solely as a repository.

Section 6.03 Fees, Charges and Expenses of Trustee, Registrar, Paying Agents and Authenticating Agents. The Trustee, Registrar, Paying Agents and Authenticating Agents shall be entitled

to payment or reimbursement by the Borrower, as provided in the Loan Agreement, for customary fees for their respective Ordinary Services rendered hereunder and for all advances, counsel fees and other Ordinary Expenses reasonably and necessarily paid or incurred by them in connection with the provision of Ordinary Services. For purposes hereof, fees for Ordinary Services provided for by their respective standard fee schedule shall be considered customary. Notwithstanding anything in this Indenture or the other Loan documents to the contrary, fees of the Trustee, Registrar, Paying Agents and Authenticating Agents for Ordinary Services and any fees for services of the Dissemination Agent under the Continuing Disclosure Agreement shall be paid directly by the Borrower to the Trustee as provided in Section 4.2(b) of the Loan Agreement. In the event that it should become necessary for any of them to perform Extraordinary Services, they shall be entitled to customary extra compensation therefor and to reimbursement for reasonable and necessary Extraordinary Expenses incurred in connection therewith. Unless and until such time as the Trustee resigns or is replaced, and a successor Trustee is appointed pursuant to Section 6.09 hereof, the Trustee shall continue to perform its duties hereunder notwithstanding the Borrower's failure to timely pay such fees. The right of the Trustee to receive payment and the Borrower's obligation to make payment shall survive the termination of this Indenture or the resignation or removal of the Trustee.

Without creating a default or an Event of Default hereunder, however, the Borrower may contest in good faith the necessity for any Extraordinary Service and Extraordinary Expense and the amount of any fee, charge or expense except Ordinary Expenses.

The Trustee, Registrar, Paying Agents and Authenticating Agents shall not be entitled to compensation or reimbursement for Extraordinary Services or Extraordinary Expenses directly resulting from their negligence or willful misconduct. The customary fees for their respective Ordinary Services and charges of the foregoing shall be entitled to payment and reimbursement only from (a) the Additional Payments made by the Borrower pursuant to the Loan Agreement or (b) from other money available therefor. Any amounts payable to the Trustee, the Registrar, the Paying Agents or the Authenticating Agents pursuant to this Section 6.03 shall be payable upon receipt of a detailed invoice from the Trustee, Registrar, Paying Agents or Authenticating Agents, as applicable.

Section 6.04 Intervention by Trustee. The Trustee may intervene on behalf of the Holders, and shall intervene if requested to do so in writing by the Holders of at least 25% of the aggregate principal amount of the Bonds then Outstanding, in any judicial proceeding to which the Issuer or the Borrower is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of the Holders. The rights and obligations of the Trustee under this Section are subject to the approval of that intervention by a court of competent jurisdiction. The Trustee shall be entitled to and may require that a satisfactory indemnity bond be provided to it in accordance with Sections 6.01 and 6.02 hereof before it takes action hereunder.

Section 6.05 Successor Trustee. Anything herein to the contrary notwithstanding,

(a) any entity (1) into which the Trustee may be converted or merged, (2) with which the Trustee or any successor to it may be consolidated, or (3) to which it may sell or transfer its corporate trust assets and corporate trust business as a whole or substantially as a whole, or any entity resulting from any such conversion, merger, consolidation, sale or transfer, ipso facto, shall be and become successor Trustee hereunder and shall be vested with all of the title to the whole property or Trust Estate hereunder; and

(b) that entity shall be vested further, as was its predecessor, with each and every trust, property, remedy, power, right, duty, obligation, discretion, privilege, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by, vested in or conveyed to the Trustee, without the execution or filing of any instrument or document or any further act on the part of any of the parties hereto.

Any successor Trustee, however, (i) shall be a trust company or a bank having the powers of a trust company; (ii) shall be in good standing within the Commonwealth; (iii) shall be duly authorized to exercise trust powers within the Commonwealth; (iv) shall have a reported capital, surplus and retained earnings of not less than \$100,000,000; and (v) shall have at least a Minimum Trustee Rating.

Section 6.06 Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including without limitation the laws of the Commonwealth) denying or restricting the right of banks or trust companies to transact business as trustees in that jurisdiction. It is recognized that (a) if there is litigation under this Indenture or other instruments or documents relating to the Bonds and the Project, and in particular, in case of the enforcement hereof or thereof upon a default or an Event of Default, or (b) if the Trustee should deem that, by reason of any present or future law of any jurisdiction, it may not (1) exercise any of the powers, rights or remedies granted herein to the Trustee, (2) hold title to the properties, in trust, as granted herein, or (3) take any action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an individual or additional institution as a co-Trustee. The following provisions of this Section are adapted to these ends.

In the event that the Trustee appoints an individual or additional institution as a co-Trustee, each and every trust, property, remedy, power, right, duty, obligation, discretion, privilege, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by, vested in or conveyed to the Trustee shall be exercisable by, vest in and be conveyed to that co-Trustee, but only to the extent necessary for it to be so vested and conveyed and to enable that co-Trustee to exercise it. Every covenant, agreement and obligation necessary to the exercise thereof by that co-Trustee shall run to and be enforceable by it.

Should any instrument or document in writing from the Issuer reasonably be required by the co-Trustee so appointed by the Trustee for vesting and conveying more fully and certainly in and to that co-Trustee those trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens, that instrument or document shall be executed, acknowledged and delivered, but not prepared, by the Issuer. In case any co-Trustee or a successor to it shall die, become incapable of acting, resign or be removed, all of the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens of the co-Trustee shall be exercised by, vest in and be conveyed to the Trustee, to the extent permitted by law, until the appointment of a successor to the co-Trustee.

The total compensation of the Trustee and any co-Trustee or separate trustee shall be as, and may not exceed the amounts, provided in Section 6.03 hereof.

Section 6.07 Resignation by the Trustee. The Trustee may resign at any time from the trusts created hereby by giving written notice of the resignation to the Issuer, the Borrower, the Investor Limited Partners, the Registrar, the Paying Agents and Authenticating Agents, and by mailing written notice of the resignation to the Holders as their names and addresses appear on the Register at the close of business 15 days prior to the mailing. Notwithstanding the foregoing, if the Trustee no longer has a Minimum Trustee Rating, it shall resign within 60 calendar days of the withdrawal or suspension of a former Minimum Trustee Rating or other event giving rise to its failure to maintain a Minimum Trustee Rating. The resignation shall take effect upon the appointment of a successor Trustee as provided for in Section 6.09 hereof or an order of a court of competent jurisdiction allowing the Trustee to resign.

The resigning trustee shall not be liable for the actions of the successor Trustee.

Section 6.08 Removal of the Trustee. The Trustee may be removed at any time upon 30 days' written notice by an instrument or document or concurrent instruments or documents in writing delivered to the Trustee, with copies thereof mailed to the Issuer, the Registrar, the Paying Agents and Authenticating Agents and the Borrower, and signed by or on behalf of the Majority of the Holders of the Bonds.

The Trustee also may be removed at any time upon 30 days' written notice for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Issuer or the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding under this Indenture.

The removal of the Trustee under this Section shall take effect upon the appointment of a successor Trustee as provided for in Section 6.09 hereof.

Section 6.09 Appointment of Successor Trustee. If (a) the Trustee shall resign, shall be removed, shall be dissolved, or shall become otherwise incapable of acting hereunder, (b) the Trustee shall be taken under the control of any public officer or officers, or (c) a receiver shall be appointed for the Trustee by a court, then a successor Trustee shall be appointed by the Issuer; provided, that if a successor Trustee is not so appointed within 30 days after (1) a notice of resignation or an instrument or document of removal is received by the Issuer, as provided in Sections 6.07 and 6.08 hereof, respectively, or (2) the Trustee is dissolved, taken under control, becomes otherwise incapable of acting or a receiver is appointed, in each case, as provided above, then, but only so long as the Issuer shall not have appointed a successor Trustee, the Majority of the Holders of the Bonds may designate a successor Trustee by an instrument or document or concurrent instruments or documents in writing signed by or on behalf of those Holders. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section, the Holder of any Bond Outstanding hereunder or any retiring Trustee, at the Borrower's expense, may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Every successor Trustee appointed pursuant to this Section shall (i) be a trust company or a bank having the powers of a trust company; (ii) be in good standing within the Commonwealth; (iii) be duly authorized to exercise trust powers within the Commonwealth; (iv) have a reported capital, surplus and retained earnings of not less than \$100,000,000; (v) be willing to accept the trusteeship under the terms and conditions of this Indenture; and (vi) have a Minimum Trustee Rating.

Every successor Trustee appointed hereunder shall execute and acknowledge, and shall deliver to its predecessor, the Issuer and the Borrower an instrument or document in writing accepting the appointment. Thereupon, without any further act, the successor shall become vested with all of the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens of its predecessor. Upon the written request of its successor, the Issuer or the Borrower, and payment of all fees and expenses owed to it, the predecessor Trustee shall (A) execute and deliver an instrument or document transferring to its successor all of the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens of the predecessor Trustee hereunder; and (B) take any other action necessary to duly assign, transfer and deliver to its successor all property (including without limitation, all securities and money) held by it as Trustee. Should any instrument or document in writing from the Issuer be requested by any successor Trustee for vesting and conveying more fully and certainly in and to that successor the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens vested or conveyed or intended to be vested or conveyed hereby in or to the predecessor Trustee, the Issuer shall execute, acknowledge and deliver that instrument or document.

In the event of a change in the Trustee, the predecessor Trustee shall cease to be custodian of any money which it may hold pursuant to this Indenture and shall cease to be Registrar, Authenticating Agent and a Paying Agent for any of the Bonds, to the extent it served in any of those capacities.

Section 6.10 Adoption of Authentication. In case any of the Bonds shall have been authenticated, but shall not have been delivered, any successor Trustee, Registrar or Authenticating Agent may adopt the certificate of authentication of any predecessor Trustee, Registrar or Authenticating Agent and may deliver those Bonds so authenticated as provided herein. In case any Bonds shall not have been authenticated, any successor Trustee, Registrar or Authenticating Agent may authenticate those Bonds in its own name as successor Trustee. In all cases, the certificate of authentication shall have the same force and effect as provided in the Bonds or in this Indenture with respect to the certificate of authentication of the predecessor Trustee, Registrar or Authenticating Agent.

Section 6.11 Registrars.

(a) Succession. Anything herein to the contrary notwithstanding, any corporation or association (1) into which a Registrar may be converted or merged, (2) with which a Registrar or any successor to it may be consolidated, or (3) to which it may sell or transfer its assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, merger, consolidation, sale or transfer, ipso facto, shall be and become successor Registrar to that Registrar hereunder and shall be vested with each and every power, right, duty, obligation, discretion and privilege expressed or intended by this Indenture to be exercised by or vested in the predecessor Registrar, without the execution or filing of any instrument or document or any further act on the part of any of the parties hereto.

(b) Resignation. A Registrar may resign at any time by giving written notice of its resignation to the Issuer, the Borrower, the Trustee and to each Paying Agent and Authenticating Agent for the Bonds, at least 30 days before the resignation is to take effect. The resignation shall take effect immediately, however, upon the appointment of a successor Registrar, if the successor Registrar is appointed and accepts that appointment before the time stated in the notice.

(c) Removal. The Registrar may be removed at any time upon 30 days' written notice by an instrument or document or concurrent instruments or documents in writing delivered to the Registrar, with copies thereof mailed to the Issuer, the Trustee and the Borrower, and signed by or on behalf at least the Majority of the Holders of the Bonds.

(d) Appointment of Successors. If (1) a Registrar shall resign, shall be removed, shall be dissolved, or shall become otherwise completely incapable of acting hereunder, (2) a Registrar shall be taken under the control of any public officer or officers, (3) a receiver shall be appointed for a Registrar by a court, or (4) a Registrar shall have an order for relief entered in any case commenced by or against it under the federal bankruptcy laws or commence a proceeding under any federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for 90 days, then a successor Registrar shall be appointed by the Trustee, with the written consent of the Borrower; provided, that if a successor Registrar is not so appointed within 10 days after (i) a notice of resignation or an instrument or document of removal is received by the Trustee, as provided above, or (ii) the Registrar is dissolved, taken under control, becomes otherwise incapable of acting or a receiver is appointed, in each case, as provided above, then, if the Trustee shall not have appointed a successor Registrar, the Trustee shall be and become the Registrar.

Every successor Registrar appointed hereunder shall execute and acknowledge, and shall deliver to its predecessor, the Issuer, the Trustee and the Borrower, an instrument or document in writing accepting the appointment. Thereupon, without any further act, the successor shall become vested with all of the properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, titles and interests of its predecessor. Upon the written request of its successor, the Issuer or the Borrower, a predecessor Registrar (A) shall execute and deliver an instrument or document transferring to its successor all of the properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, titles and interests of it as predecessor Registrar hereunder, and (B) shall take any other action necessary to duly assign, transfer and deliver to its successor all property and records (including without limitation, the Register and any cancelled Bonds) held by it as Registrar. Should any instrument or document in writing from the Issuer be requested by any successor Registrar for vesting and conveying more fully and certainly in and to that successor the properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, titles and interests vested or conveyed or intended to be vested or conveyed hereby in or to a predecessor Registrar, the Issuer shall execute, acknowledge and deliver that instrument or document.

The Trustee shall cause the Borrower to pay pursuant to Section 4.2 of the Loan Agreement, to any Registrar customary compensation for its services from time to time, as authorized, but subject to the limitations set forth, in Section 6.03 hereof. The provisions of Sections 3.05, 3.06, 3.07, and 6.02(d) hereof shall be applicable to the Registrar.

Section 6.12 Designation and Succession of Paying Agents. The Trustee shall be a Paying Agent for the Bonds, and, with the consent of the Issuer, the Trustee may appoint a Paying Agent or Agents with power to act on its behalf and subject to its direction in the payment of Bond Debt Service Charges on the Bonds. It is the responsibility of the Trustee to establish the duties and responsibilities of the Paying Agent for the purposes of this Indenture, to the extent not specified herein.

Any corporation or association with or into which the Paying Agent may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, consolidation or conversion to which the Paying Agent shall be a party, or any corporation or association succeeding to the trust business of the Paying Agent, shall be the successor of that Paying Agent hereunder, if that successor corporation or association is otherwise eligible hereunder, without the execution or filing of any paper or any further act on the part of the parties hereto or the Paying Agent or that successor corporation or association.

The Paying Agent may at any time resign by giving written notice of resignation to the Trustee, to the Registrar and to the Borrower. The Trustee may at any time terminate the agency of the Paying Agent by giving written notice of termination to such Paying Agent, to the Registrar and to the Borrower. Upon receiving such a notice of resignation or upon such a termination, or in case at any time the Paying Agent shall cease to be eligible under this Section, the Trustee may appoint a successor Paying Agent. The Trustee shall give written notice of appointment of a successor Paying Agent to the Borrower, the Issuer and the Registrar and shall mail, within 10 days after that appointment, notice thereof to all Holders as their names and addresses appear on the Register on the date of that appointment.

The Trustee shall cause the Borrower to pay pursuant to Section 4.2 of the Loan Agreement, to the Paying Agent from time to time customary compensation as authorized, but subject to the limitations set forth, in Section 6.03 hereof for its services.

The provisions of Section 3.05, 3.07, and 6.02(d) shall be applicable to the Paying Agent.

Section 6.13 Designation and Succession of Authenticating Agents. The Trustee may appoint an authenticating agent or agents (each referred to herein as an “Authenticating Agent”), in addition to the Registrar, with power to act on its behalf and subject to its direction in the authentication and delivery of Bonds in connection with transfers and exchanges under Sections 3.06 and 4.02 hereof. For all purposes of this Indenture, the authentication and delivery of Bonds by an Authenticating Agent pursuant to this Section shall be deemed to be authentication and delivery of those Bonds “by the Trustee.”

Any corporation or association with or into which any Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, consolidation or conversion to which any Authenticating Agent shall be a party, or any corporation or association succeeding to the trust business of any Authenticating Agent, shall be the successor of that Authenticating Agent hereunder, if that successor corporation or association is otherwise eligible hereunder, without the execution or filing of any paper or any further act on the part of the parties hereto or the Authenticating Agent or such successor corporation.

Any Authenticating Agent may at any time resign by giving written notice of resignation to the Trustee, to the Registrar and to the Borrower. The Trustee may at any time terminate the agency of any Authenticating Agent by giving written notice of termination to such Authenticating Agent, to the Registrar and to the Borrower. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any Authenticating Agent shall cease to be eligible under this Section, the Trustee may appoint a successor Authenticating Agent. The Trustee shall give written notice of appointment of a successor Authenticating Agent to the Borrower, the Issuer and the Registrar and shall mail, within 10 days after that appointment, notice thereof to all Holders as their names and addresses appear on the Register on the date of that appointment.

The Trustee shall cause the Borrower to pay pursuant to Section 4.2 of the Loan Agreement, to any Authenticating Agent from time to time customary compensation for its services.

The provisions of Sections 3.05 and 6.02(b), (c), (d), (h) and (i) hereof shall be applicable to any Authenticating Agent.

Section 6.14 Dealing in Bonds. The Trustee, a Registrar, a Paying Agent and an Authenticating Agent, their Affiliates, and any directors, officers, employees or agents thereof, in good faith, may become the owners of Bonds secured hereby with the same rights which it or they would have hereunder if the Trustee, the Registrar, Paying Agents and Authenticating Agents did not serve in those capacities.

Section 6.15 Representations, Agreement and Covenants of Trustee. The Trustee hereby represents that it is a national banking association duly organized and validly existing under the laws of the United States of America, in good standing and duly authorized to exercise corporate trust powers in the Commonwealth, and that it has an unimpaired reported capital, surplus and retained earnings of not less than \$100,000,000. The Trustee covenants that it will take such action, if any, as is necessary to remain in good standing and duly authorized to exercise corporate trust powers in the Commonwealth, and that it will maintain an unimpaired reported capital, surplus and retained earnings of not less than \$100,000,000. The Trustee accepts and agrees to observe and perform the duties and obligations of the Trustee to which reference is made in any other instrument or document providing security for any of the Bonds.

Section 6.16 [Reserved].

Section 6.17 Interpleader. In the event of a dispute between any of the parties hereto with respect to the disposition of any funds held by the Trustee hereunder, or the Trustee receives conflicting demands made upon the Trustee with respect to the Trustee’s duties hereunder or any other document

related to the Bonds, the Trustee shall be entitled to file a suit in interpleader in a court of competent jurisdiction seeking to require the parties to interplead and litigate in such court their several claims and rights among themselves. Upon the filing of such a suit and the deposit of the applicable funds to such court, the Trustee will ipso facto be fully released and discharged from all obligations to further perform any and all duties imposed hereunder or any other document related to the Bonds regarding such matter and/or such funds that are the subject of such interpleader suit. In the event that the Trustee remains as Trustee under this Indenture and receives a court order, directive or other request regarding the interpleader suit, the Trustee shall be entitled to rely upon such instruction without incurring any obligation or liability and the parties hereto release, hold harmless and indemnify the Trustee for any obligation or liability for so relying on such court instruction.

Section 6.18 Survival of Certain Provisions. The provisions of Sections 6.01 through 6.17 hereof shall survive the release, discharge and satisfaction of this Indenture.

Section 6.19 Concerning the Remarketing Agent. The Remarketing Agent identified in Section 1.01 hereof shall serve as the Remarketing Agent for the Bonds. The Remarketing Agent shall designate to the Trustee its designated office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer, the Borrower and the Trustee. In addition, the Remarketing Agent will agree particularly to:

(a) keep such records relating to its computations of interest rates for the Bonds as shall be consistent with prudent industry practice and to make such records available for inspection by the Issuer, the Trustee and the Borrower at all reasonable times; and

(b) perform all of its functions and duties under this Indenture.

The Remarketing Agent shall be entitled to advice of legal counsel on any matter relating to the Remarketing Agent's obligations hereunder and shall be entitled to act upon the opinion of such counsel in the exercise of reasonable care in fulfilling such obligations.

The Remarketing Agent shall be entitled to appoint additional co-Remarketing Agents to assist in the performance of the Remarketing Agent's obligations under this Indenture, and any such appointment shall be effective without any action by the Issuer or the Borrower being necessary; provided that any such co-Remarketing Agent, shall have a capitalization of at least \$5,000,000, or shall have a line of credit with a commercial bank in the amount of at least \$5,000,000, shall be in conformity with all standards and requirements of the Municipal Securities Rulemaking Board and the Securities and Exchange Commission, and shall be authorized by law to perform all the duties imposed upon it by this Indenture. The Remarketing Agent shall take responsibility for any co-Remarketing Agent it appoints.

Section 6.20 Qualification of Remarketing Agent. The Remarketing Agent shall be a member in good standing of the Financial Industry Regulatory Authority having a capitalization of at least \$5,000,000, or shall have a line of credit with a commercial bank in the amount of at least \$5,000,000, and shall be authorized by law to perform all the duties imposed upon it by this Indenture. Subject to the terms of the Remarketing Agreement, the Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 30 days' notice of such resignation to the Issuer, the Borrower, the Investor Limited Partners, and the Trustee. The Remarketing Agent may be removed, with prior notice to the Issuer, at any time by the Borrower, with at least 30 days' notice of such removal to the Remarketing Agent.

Upon any resignation or removal of the Remarketing Agent, the departing Remarketing Agent shall pay over, assign and deliver any money and Bonds held by it in such capacity to its successor.

The Trustee, within 30 days of the resignation or removal of the Remarketing Agent or the appointment of a successor Remarketing Agent pursuant to the Remarketing Agreement, shall give notice thereof by registered or certified mail to the Rating Agency (if the Bonds are then rated) and to the Holders of the Bonds. The Trustee shall not, however, be subject to any liability to any Holder or any party to the transaction by reason of its failure to mail any such notice, and any such failure shall not affect the validity of actions which are the subject of such notice.

Section 6.21 Notices to Rating Agency and Remarketing Notice Parties. The Trustee shall notify the Rating Agency and the Remarketing Notice Parties in writing of (a) the occurrence of an Event of Default of which the Trustee has actual notice; (b) the occurrence of any monetary or other material default under the Loan of which the Trustee has actual notice; (c) any change in the identity of the Trustee; (d) any amendments, modifications, supplements or changes to this Indenture, the Loan Agreement, the Promissory Note or the Bonds, including any extension of principal or modification of interest or redemption premium due on any of the Bonds, in each case only in the event the Trustee has actual notice; (e) any change or proposed change in the structure or identity of the Borrower of which the Trustee has actual knowledge; (f) any change or notification of proposed change of the Mandatory Tender Date or Remarketing Date of which the Trustee has actual notice; (g) any partial prepayment of the Loan or the giving of notice of the call for redemption of any Bonds; (h) any change in the investment of funds subject to the lien of this Indenture other than in Eligible Investments of which the Trustee has actual notice; (i) any defeasance or acceleration of the Bonds hereunder; or (j) any change in the Remarketing Agent of which the Trustee has actual knowledge.

The Trustee shall not, however, be subject to any liability to any Holder or any party to the transaction by reason of its failure to give any such notice, and any such failure shall not affect the validity of actions which are the subject of such notice.

Section 6.22 Requests from Rating Agency. The Trustee shall promptly respond in writing, or in such other manner as may be reasonably requested, to requests from the Rating Agency for information deemed necessary by the Rating Agency in order to maintain the rating assigned thereby to the Bonds. The Trustee shall promptly furnish any such requested information in its possession to the Rating Agency and shall, as may be reasonably requested by the Rating Agency.

ARTICLE VII DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND HOLDERS

Section 7.01 Defaults; Events of Default. The occurrence of any of the following events is defined as and declared to be and to constitute an Event of Default hereunder:

(a) Payment of any interest on any Bond shall not be made when and as that interest shall become due and payable;

(b) Payment of the principal of any Bond shall not be made when and as that principal shall become due and payable, whether at stated maturity, upon acceleration or otherwise;

(c) Failure by the Issuer to observe or perform any other covenant, agreement or obligation on its part to be observed or performed contained in this Indenture or in the Bonds, which failure shall have continued for a period of 30 days after written notice, by registered or certified mail, to the Issuer and the Borrower specifying the failure and requiring that it be remedied, which notice may be given by the Trustee and shall be given by the Trustee at the written request of the Holders of not less than 25% in aggregate

principal amount of the Bonds then Outstanding; provided that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, that failure shall not constitute an Event of Default so long as the Issuer or the Borrower institutes curative action within the applicable period and diligently pursues that action to completion, which must be resolved within 180 days after the aforementioned notice and provides the Trustee certification to that effect; and

(d) The occurrence and continuance of an Event of Default as defined in Section 7.1 of the Loan Agreement.

The term “default” or “failure” as used in this Article means (1) a default or failure by the Issuer in the observance or performance of any of the covenants, agreements or obligations on its part to be observed or performed contained in this Indenture or in the Bonds; or (2) a default or failure by the Borrower under the Loan Agreement, exclusive of any period of grace or notice required to constitute an Event of Default, as provided above or in the Loan Agreement.

Section 7.02 Notice of Default. If an Event of Default shall occur, the Trustee shall give written notice of the Event of Default, by registered or certified mail, to the Issuer, the Borrower, the Investor Limited Partners, the Registrar or the Paying Agent, and the Authenticating Agent, within five (5) days after the Trustee has actual notice of the Event of Default pursuant to Section 6.02(f) hereof. If an Event of Default occurs of which the Trustee has notice pursuant to this Indenture, the Trustee shall give written notice thereof, within 30 days after the Trustee’s receipt of notice of its occurrence, to the Holders of all Bonds then Outstanding as shown by the Register at the close of business 15 days prior to the mailing of that notice.

The Federal Investor Limited Partner and the State Investor Limited Partner shall be entitled to cure any Event of Default hereunder within the time frame provided to the Borrower hereunder. The Issuer and the Trustee agree that cure of any default or Event of Default made or tendered by either the Federal Investor Limited Partner or the State Investor Limited Partner shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Section 7.03 Acceleration. Upon the occurrence of an Event of Default described in Section 7.01(a) and (b) hereof, the Trustee may declare, and upon the written request of the Holders of not less than 25% in aggregate principal amount of Bonds then Outstanding the Trustee shall declare, by a notice in writing delivered to the Issuer and the Borrower, the principal of all Bonds then Outstanding (if not then due and payable), and the interest accrued thereon, to be due and payable immediately. Upon the occurrence of any Event of Default other than those described in Section 7.01(a) and (b) hereof, the Trustee, with the written consent of all Holders of Bonds then Outstanding, may declare by a notice in writing delivered to the Issuer and Borrower, the principal of all Bonds then Outstanding (if not then due and payable), and the interest accrued thereon, to be due and payable immediately. Upon such declaration, the principal of and interest on the Bonds shall become and be due and payable immediately. Interest on the Bonds shall accrue to the date determined by the Trustee for the tender of payment to the Holders pursuant to that declaration; provided, that interest on any unpaid principal of Bonds Outstanding shall continue to accrue from the date determined by the Trustee for the tender of payment to the Holders of those Bonds.

The provisions of the preceding paragraph are subject, however, to the condition that if, at any time after declaration of acceleration and prior to the entry of a judgment in a court for enforcement hereunder (after an opportunity for hearing by the Issuer and the Borrower):

(a) all sums payable hereunder (except the principal of and interest on Bonds which have not reached their stated Maturity Date but which are due and payable solely by reason of that declaration of acceleration), plus interest to the extent permitted by law on any overdue installments of interest at the rate

borne by the Bonds in respect of which the default shall have occurred, shall have been duly paid or provision shall have been duly made therefor by deposit with the Trustee or Paying Agents; and

(b) all existing Events of Default shall have been cured, then and in every case, the Trustee shall waive the Event of Default and its consequences and shall rescind and annul that declaration. No waiver or rescission and annulment shall extend to or affect any subsequent Event of Default or shall impair any rights consequent thereon.

Section 7.04 Other Remedies; Rights of Holders. With or without taking action under Section 7.03 hereof, upon the occurrence and continuance of an Event of Default, the Trustee may pursue any available remedy, including without limitation actions at law or equity to enforce the payment of Bond Debt Service Charges or the observance and performance of any other covenant, agreement or obligation under this Indenture, the Loan Agreement, the Regulatory Agreement, the Promissory Note or any other instrument providing security, directly or indirectly, for the Bonds.

If, upon the occurrence and continuance of an Event of Default, the Trustee is requested to do so by the Holders of at least 25% in aggregate principal amount of Bonds Outstanding, the Trustee (subject to the provisions of Sections 6.01 and 6.02 hereof and particularly Sections 6.01(c)(4) and 6.02(i)) shall exercise any rights and powers conferred by this Section and by Section 7.03 hereof as so directed; provided, however, that the Trustee may refuse to follow any direction that it believes conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any Holder (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not any action or forbearance is unduly prejudicial to such Holders) or that would involve the Trustee in personal liability; provided, however, that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such discretion. Prior to taking any action under the Indenture, the Trustee shall be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses cause by taking or not taking such action.

No remedy conferred upon or reserved to the Trustee (or to the Holders) by this Indenture is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to every other remedy given hereunder or otherwise to the Trustee or to the Holders now or hereafter existing.

No delay in exercising or omission to exercise any remedy, right or power accruing upon any default or Event of Default shall impair that remedy, right or power or shall be construed to be a waiver of any default or Event of Default or acquiescence therein. Every remedy, right and power may be exercised from time to time and as often as may be deemed to be expedient.

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any remedy, right or power consequent thereon.

As the assignee of all right, title and interest of the Issuer in and to the Loan Agreement (except for the Unassigned Issuer's Rights), the Trustee is empowered to enforce each remedy, right and power granted to the Issuer under the Loan Agreement. In exercising any remedy, right or power thereunder or hereunder, the Trustee shall take such action as may be directed by the requisite percentage of the Holders of the Bonds then Outstanding, applying the standards described in Sections 6.01 and 6.02 hereof.

Section 7.05 Right of Holders to Direct Proceedings. Anything to the contrary in this Indenture notwithstanding, the Majority of the Holders of the Bonds shall have the right at any time to direct, by an instrument or document in writing executed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions

of this Indenture or any other proceedings hereunder; provided that (a) any direction shall not be other than in accordance with the provisions of law and of this Indenture and (b) the Trustee shall be indemnified as provided in Sections 6.01 and 6.02 hereof.

Section 7.06 Application of Money. After payment of any costs, expenses, liabilities and advances paid, incurred or made by the Trustee in the collection of money and to all fees of the Trustee for Ordinary and Extraordinary Expenses pursuant to any right given or action taken under the provisions of this Article or the provisions of the Loan Agreement, the Regulatory Agreement, or the Promissory Note (including without limitation, reasonable attorneys' fees and expenses, except as limited by law or judicial order or decision entered in any action taken under this Article), all money received by the Trustee following an Event of Default, shall be applied as follows, subject to Section 3.04 hereof:

(a) Unless the principal of all of the Bonds shall have become, or shall have been declared to be, due and payable, all of such money shall be deposited in the Bond Fund and shall be applied:

First – To the payment to the Holders entitled thereto of all installments of interest then due on the Bonds, in the order of the dates of maturity of the installments of that interest, beginning with the earliest date of maturity and, if the amount available is not sufficient to pay in full any particular installment, then to the payment thereof ratably, according to the amounts due on that installment, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds; and

Second – To the payment to the Holders entitled thereto of the unpaid principal of any of the Bonds which shall have become due, in the order of their due dates, beginning with the earliest due date, with interest on those Bonds from the respective dates upon which they became due at the rates specified in those Bonds, and if the amount available is not sufficient to pay in full all Bonds due on any particular date, together with that interest, then to the payment thereof ratably, according to the amounts of principal due on that date, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

(b) If the principal of all of the Bonds shall have become due or shall have been declared to be due and payable pursuant to this Article, all such money shall be deposited into the Bond Fund and shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest, of interest over principal, of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

(c) If the principal of all of the Bonds shall have been declared to be due and payable pursuant to this Article, and if that declaration thereafter shall have been rescinded and annulled under the provisions of Section 7.03 or 7.10 hereof, subject to the provisions of subsection (b) above in the event that the principal of all of the Bonds shall become due and payable later, the money shall be deposited in the Bond Fund and shall be applied in accordance with the provisions of Article III hereof.

(d) Whenever money is to be applied pursuant to the provisions of this Section, such money shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of money available for application and the likelihood of additional money becoming available for application in the future. Whenever the Trustee shall direct the application of such money, it shall fix the date upon which the application is to be made, and upon that date, interest shall cease to accrue on the amounts of principal, if any, to be paid on that date, provided the money is available therefor. The Trustee

shall give notice of the deposit with it of any money and of the fixing of that date, all consistent with the requirements of Section 3.04 hereof for the establishment of, and for giving notice with respect to, a Special Record Date for the payment of overdue interest. The Trustee shall not be required to make payment of principal of a Bond to the Holder thereof, until the Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if it is paid fully.

Section 7.07 Remedies Vested in Trustee. All rights of action (including without limitation, the right to appear on behalf of the Issuer and the Holders of the Bonds in any bankruptcy or insolvency proceeding and to file proof of claims in any such proceeding) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto. Any suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining any Holders as plaintiffs or defendants. Any recovery of judgment shall be for the benefit of the Holders of the Outstanding Bonds, subject to the provisions of this Indenture.

Section 7.08 Rights and Remedies of Holders. A Holder shall not have any right to institute any suit, action or proceeding for the enforcement of this Indenture, for the execution of any trust hereof, or for the exercise of any other remedy hereunder, unless:

(a) there has occurred and is continuing an Event of Default of which the Trustee has been notified, as provided in Section 6.02(f) hereof, or of which it is deemed to have notice under that paragraph;

(b) the Holders of at least 25% in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee and shall have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers granted herein or to institute the suit, action or proceeding in its own name, and shall have offered indemnity satisfactory to the Trustee as provided in Sections 6.01 and 6.02 hereof; and

(c) the Trustee thereafter shall have failed or refused to exercise the remedies, rights and powers granted herein or to institute the suit, action or proceeding in its own name.

Notification (or notice), request, opportunity and offer of indemnity (as set forth above) are conditions precedent in every case, to the institution of any suit, action or proceeding described above.

No one (1) or more Holders of the Bonds shall have any right to affect, disturb or prejudice in any manner whatsoever the security or benefit of this Indenture by its or their action, or to enforce, except in the manner provided herein, any remedy, right or power hereunder. Any suit, action or proceedings shall be instituted, had and maintained in the manner provided herein for the benefit of the Holders of all Bonds then Outstanding. Nothing in this Indenture shall affect or impair, however, the right of any Holder to enforce the payment of the Bond Debt Service Charges on any Bond owned by that Holder at and after the maturity thereof, at the place, from the sources and in the manner expressed in that Bond.

Section 7.09 Termination of Proceedings. In case the Trustee shall have proceeded to enforce any remedy, right or power under this Indenture in any suit, action or proceedings, and the suit, action or proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, the Issuer, the Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as if no suit, action or proceedings had been taken.

Section 7.10 Waivers of Events of Default. The Trustee shall waive any Event of Default hereunder and its consequences and may rescind and annul any declaration of maturity of principal of or interest on, the Bonds upon the written request of:

(a) the Majority of the Holders of the Bonds in respect of which an Event of Default in the payment of Bond Debt Service Charges exists; or

(b) the Holders of at least 25% in aggregate principal amount of all Bonds then Outstanding, in the case of any other Event of Default.

There shall not be so waived, however, any Event of Default described in Section 7.01(a) or (b) hereof, nor shall any declaration of acceleration in connection therewith be rescinded or annulled, unless, at the time of that waiver or rescission and annulment, payments of the amounts provided in Section 7.03 hereof for waiver and rescission and annulment in connection with acceleration of maturity have been made or provision has been made therefor. In the case of the waiver or rescission and annulment, or in case any suit, action or proceedings taken by the Trustee on account of any Event of Default shall have been discontinued, abandoned or determined adversely to it, the Issuer, the Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively. No waiver or rescission shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

ARTICLE VIII

SUPPLEMENTAL INDENTURES

Section 8.01 Supplemental Indentures Generally. The Issuer and the Trustee may enter into indentures supplemental to this Indenture, as provided in this Article and pursuant to the other provisions therefor in this Indenture. The Trustee shall deliver copies of all Supplemental Indentures to the Borrower, the Federal Investor Limited Partner, and the State Investor Limited Partner. Any subsequent amendment to this Indenture or the Loan Agreement is subject to prior written approval of HUD (so long as the Project is subject to a mortgage insured or held by HUD). No amendment to this Indenture or the Loan Agreement shall conflict with the provisions of the Program Obligations.

Section 8.02 Supplemental Indentures Not Requiring Consent of Holders. Without the written consent of, or notice to, any of the Holders, the Issuer and the Trustee may enter into indentures supplemental to this Indenture for any one or more of the following purposes:

- (a) To cure any ambiguity, inconsistency or formal defect or omission in this Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that lawfully may be granted to or conferred upon the Holders or the Trustee;
- (c) To assign additional revenues under this Indenture;
- (d) To accept additional security and instruments and documents of further assurance with respect to the Project;
- (e) To add to the covenants, agreements and obligations of the Issuer under this Indenture, other covenants, agreements and obligations to be observed for the protection of the Holders, or to surrender or limit any right, power or authority reserved to or conferred upon the Issuer in this Indenture;

(f) To evidence any succession to the Issuer and the assumption by its successor of the covenants, agreements and obligations of the Issuer under this Indenture, the Loan Agreement and the Bonds;

(g) To permit the Trustee to comply with any obligations imposed upon it by law;

(h) To specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Registrar and any Authenticating Agents or Paying Agents;

(i) To achieve compliance of this Indenture with any applicable federal securities or tax law;

(j) To make amendments to the provisions hereof relating to arbitrage matters under Section 148 of the Code, if, in the Opinion of Bond Counsel, those amendments would not cause the interest on the Bonds Outstanding to be included in gross income of the Holders for federal income tax purposes, which amendments may, among other things, change the responsibility for making the relevant calculations, provided that in no event shall such amendment delegate to the Trustee, without its consent, the obligation to make or perform the calculations required under Section 148 of the Code;

(k) To maintain the rating then assigned to the Bonds; and

(l) To permit any other amendment which is not materially adverse to the Trustee or the Holders. However, the Trustee shall not be responsible for determining if an amendment has an adverse effect on Holders.

The provisions of subsections (h) and (j) above shall not be deemed to constitute a waiver by the Trustee, the Registrar, the Issuer or any Holder of any right which it may have in the absence of those provisions to contest the application of any change in law to this Indenture or the Bonds.

Section 8.03 Supplemental Indentures Requiring Consent of Holders. Exclusive of Supplemental Indentures to which reference is made in Section 8.02 hereof and subject to the terms, provisions and limitations contained in this Section, and not otherwise, with the written consent of the Majority of the Holders of the Bonds, evidenced as provided in this Indenture, and with the consent of the Borrower if required by Section 8.04 hereof, the Issuer and the Trustee may execute and deliver Supplemental Indentures adding any provisions to, changing in any manner or eliminating any of the provisions of this Indenture or any Supplemental Indenture or restricting in any manner the rights of the Holders. Nothing in this Section or in Section 8.02 hereof shall permit, however, or be construed as permitting:

(a) without the consent of the Holder of each Bond so affected, (1) an extension of the maturity of the principal of or the interest on any Bond or (2) a reduction in the principal amount of any Bond or the rate of interest thereon; or

(b) without the consent of the Holders of all Bonds then Outstanding, (1) the creation of a privilege or priority of any Bond or Bonds over any other Bond or Bonds or (2) a reduction in the aggregate principal amount of the Bonds required for consent to a Supplemental Indenture.

If the Issuer shall request that the Trustee execute and deliver any Supplemental Indenture for any of the purposes of this Section, upon (i) being satisfactorily indemnified with respect to its expenses in connection therewith, and (ii) if required by Section 8.04 hereof, receipt of the Borrower's consent to the proposed execution and delivery of the Supplemental Indenture, the Trustee shall cause notice of the proposed execution and delivery of the Supplemental Indenture to be mailed by first-class mail, postage

prepaid, to all Holders of Bonds then Outstanding at their addresses as they appear on the Register at the close of business on the fifteenth day preceding that mailing.

The Trustee shall not be subject to any liability to any Holder by reason of the Trustee's failure to mail, or the failure of any Holder to receive, the notice required by this Section. Any failure of that nature shall not affect the validity of the Supplemental Indenture when there has been consent thereto as provided in this Section. The notice shall set forth briefly the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Holders.

If the Trustee shall receive, within a period prescribed by the Borrower, of not less than 60 days, but not exceeding one year, following the mailing of the notice, an instrument or document or instruments or documents, in form to which the Trustee does not reasonably object, purporting to be executed by at least the Majority of the Holders of the Bonds (which instrument or document or instruments or documents shall refer to the proposed Supplemental Indenture in the form described in the notice and specifically shall consent to the Supplemental Indenture in substantially that form), the Trustee shall, but shall not otherwise, execute and deliver the Supplemental Indenture in substantially the form to which reference is made in the notice as being on file with the Trustee, without liability or responsibility to any Holder, regardless of whether that Holder shall have consented thereto.

Any consent shall be binding upon the Holder of the Bond giving the consent and, anything herein to the contrary notwithstanding, upon any subsequent Holder of that Bond and of any Bond issued in exchange therefor (regardless of whether the subsequent Holder has notice of the consent to the Supplemental Indenture). At any time after the Holders of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the Issuer a written statement that the Holders of the required percentage of Bonds have filed those consents. That written statement shall be conclusive evidence that the consents have been so filed.

If the Holders of the required percentage in aggregate principal amount of Bonds Outstanding shall have consented to the Supplemental Indenture, as provided in this Section, no Holder shall have any right (a) to object to (1) the execution or delivery of the Supplemental Indenture, (2) any of the terms and provisions contained therein, or (3) the operation thereof; (b) to question the propriety of the execution and delivery thereof; or (c) to enjoin or restrain the Trustee or the Issuer from that execution or delivery or from taking any action pursuant to the provisions thereof.

Section 8.04 Consent of Borrower and Remarketing Agent. Anything contained herein to the contrary notwithstanding, a Supplemental Indenture executed and delivered in accordance with this Article which affects any rights or obligations of the Borrower shall not become effective unless and until the Borrower shall have consented in writing to the execution and delivery of that Supplemental Indenture. The Trustee shall cause notice of the proposed execution and delivery of any Supplemental Indenture and a copy of the proposed Supplemental Indenture to be mailed to the Borrower, as provided in Section 13.03 hereof, (a) at least 30 days (unless waived by the Borrower) before the date of the proposed execution and delivery in the case of a Supplemental Indenture to which reference is made in Section 8.02 hereof; and (b) at least 30 days (unless waived by the Borrower) before the giving of the notice of the proposed execution and delivery in the case of a Supplemental Indenture for which provision is made in Section 8.03 hereof.

Anything contained herein to the contrary notwithstanding, a Supplemental Indenture executed and delivered in accordance with this Article which affects any rights or obligations of the Remarketing Agent shall not become effective unless and until the Remarketing Agent shall have consented in writing to the execution and delivery of that Supplemental Indenture. The Trustee shall cause notice of the proposed execution and delivery of any Supplemental Indenture and a copy of the proposed Supplemental Indenture

to be given to the Remarketing Agent (1) at least 30 days (unless waived by the Remarketing Agent) before the date of the proposed execution and delivery in the case of a Supplemental Indenture to which reference is made in Section 8.02 hereof; and (2) at least 30 days (unless waived by the Remarketing Agent) before the giving of the notice of the proposed execution and delivery in the case of a Supplemental Indenture for which provision is made in Section 8.03 hereof.

Section 8.05 Authorization to Trustee; Effect of Supplement. The Trustee is authorized to join with the Issuer in the execution and delivery of any Supplemental Indenture in accordance with this Article and to make the further agreements and stipulations which may be contained therein. Thereafter,

- (a) that Supplemental Indenture shall form a part of this Indenture;
- (b) all terms and conditions contained in that Supplemental Indenture as to any provision authorized to be contained therein shall be deemed to be a part of the terms and conditions of this Indenture for any and all purposes;
- (c) this Indenture shall be deemed to be modified and amended in accordance with the Supplemental Indenture; and
- (d) the respective rights, duties and obligations under this Indenture of the Issuer, the Borrower, the Trustee, the Remarketing Agent, the Registrar, the Paying Agents, the Authenticating Agents and all Holders of Bonds then Outstanding shall be determined, exercised and enforced hereunder in a manner which is subject in all respects to those modifications and amendments made by the Supplemental Indenture.

Express reference to any executed and delivered Supplemental Indenture may be made in the text of any Bonds issued thereafter, if that reference is deemed necessary or desirable by the Trustee or the Issuer. A copy of any Supplemental Indenture for which provision is made in this Article, except a Supplemental Indenture described in Section 8.02(g) hereof, shall be mailed by the Trustee to the Registrar, each Authenticating Agent and Paying Agent. The Trustee may but shall not be obligated to enter into any such Supplemental Indenture which affects the Trustee's own rights, duties, or immunities under this Indenture or otherwise.

Section 8.06 Opinion of Counsel. The Trustee shall receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it as conclusive evidence that (a) any proposed Supplemental Indenture or amendment complies with the provisions of this Indenture; and (b) it is proper for the Trustee to join in the execution of that Supplemental Indenture under the provisions of this Article. That counsel may be counsel for the Issuer or the Borrower and shall be an expense of the Borrower.

Section 8.07 Modification by Unanimous Consent. Notwithstanding anything contained elsewhere in this Indenture, with the exception of Section 13.14 hereof, the rights and obligations of the Issuer and of the Holders, and the terms and provisions of the Bonds and this Indenture or any Supplemental Indenture, may be modified or altered in any respect with the consent of (a) the Issuer; (b) the Holders of all of the Bonds then Outstanding; (c) the Borrower; and (d) if such modification or alteration contains provisions adverse to the Trustee, the Trustee.

ARTICLE IX

DEFEASANCE

Section 9.01 Release of Indenture. If (a) the Issuer shall pay all of the Outstanding Bonds, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Holders of the Outstanding Bonds, all Bond Debt Service Charges due or to become due thereon, and (b) provision also shall be made for the payment of all other sums payable hereunder or under the Loan Agreement, the Regulatory Agreement and the Promissory Note, then this Indenture shall cease, determine and become null and void (except for those provisions surviving by reason of Section 9.03 hereof in the event the Bonds are deemed paid and discharged pursuant to Section 9.02 hereof), and the covenants, agreements and obligations of the Issuer hereunder shall be released, discharged and satisfied.

Thereupon, and subject to the provisions of Section 9.03 hereof if applicable,

(1) the Trustee shall release this Indenture (except for those provisions surviving by reason of Section 9.03 hereof in the event the Bonds are deemed paid and discharged pursuant to Section 9.02 hereof), and shall execute and deliver to the Issuer any instruments or documents in writing as shall be requisite to evidence that release and discharge or as reasonably may be requested by the Issuer; and

(2) the Trustee and any other Paying Agents shall assign and deliver to the Issuer any property subject at the time to the lien of this Indenture which then may be in their possession, except amounts in the Bond Fund required (i) to be paid to the Borrower under Section 5.08 hereof or (ii) to be held by the Trustee and the Paying Agents under Section 5.09 hereof or otherwise for the payment of Bond Debt Service Charges.

Section 9.02 Payment and Discharge of Bonds. All or any part of the Bonds shall be deemed to have been paid and discharged within the meaning of this Indenture, including without limitation Section 9.01 hereof, if:

(a) the Trustee, as paying agent, and the Paying Agents shall have received, in trust for and irrevocably committed thereto, sufficient money, or

(b) the Trustee shall have received, in trust for and irrevocably committed thereto, noncallable direct obligations of or obligations guaranteed as to full and timely payment by the United States of America which are certified by an Independent public accounting firm or such other firm experienced with such certifications of national reputation to be of such maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient together with any money to which reference is made in subsection (a) above, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so irrevocably committed, except as provided herein), for the payment of all Bond Debt Service Charges on those Bonds at their maturity.

Any money held by the Trustee in accordance with the provisions of this Section may be invested by the Trustee only in noncallable direct obligations of or obligations guaranteed as to full and timely payment by the United States of America having maturity dates, or having redemption dates which, at the option of the holder of those obligations, shall be not later than the date or dates at which money will be required for the purposes described above. To the extent that any income or interest earned by, or increment to, the investments held under this Section is determined from time to time by the Trustee to be in excess of the amount required to be held by the Trustee for the purposes of this Section, that income, interest or increment shall be transferred at the time of that determination in the manner provided in Section 5.08 hereof for transfers of amounts remaining in the Bond Fund.

If any Bonds shall be deemed paid and discharged pursuant to this Section, then within 15 days after such Bonds are so deemed paid and discharged the Trustee shall cause a written notice to be given to

each Holder as shown on the Register on the date on which such Bonds are deemed paid and discharged. Such notice shall state the numbers of the Bonds deemed paid and discharged or state that all Bonds are deemed paid and discharged and shall set forth a description of the obligations held pursuant to subsection (b) above.

Section 9.03 Survival of Certain Provisions. Notwithstanding the foregoing, any provisions of the Bond Resolution and this Indenture which relate to the maturity of the Bonds, interest payments and dates thereof, exchange, transfer and registration of the Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of the Bonds, the storage and shredding of cancelled Bonds, non-presentment of the Bonds, the holding of money in trust, and repayments to the Borrower from the Bond Fund, the rebate of money to the United States in accordance with Section 5.09 hereof, and the rights and duties of the Trustee and the Registrar in connection with all of the foregoing, shall remain in effect and be binding upon the Trustee, the Registrar, the Authenticating Agents, the Paying Agents and the Holders notwithstanding the release and discharge of this Indenture. The provisions of this Article shall survive the release, discharge and satisfaction of this Indenture. The obligations of the Borrower to pay the Trustee its fees and expenses hereunder shall survive the release, discharge and satisfaction of this Indenture.

ARTICLE X
COVENANTS AND AGREEMENTS
OF THE ISSUER

Section 10.01 Covenants and Agreements of the Issuer. In addition to any other covenants and agreements of the Issuer contained in the Loan Agreement, this Indenture or the Bond Resolution, the Issuer further covenants and agrees with the Holders and the Trustee as follows:

(a) Payment of Bond Debt Service Charges. The Issuer will pay all Bond Debt Service Charges, or cause them to be paid, solely from the sources provided herein, on the dates, at the places and in the manner provided in this Indenture.

(b) Issuer Revenues and Assignment of Issuer Revenues. The Issuer will not assign the Issuer Revenues or create or authorize to be created any debt, lien or charge thereon, other than the assignment thereof under this Indenture.

(c) Issuer Not to Adversely Affect Exclusion from Gross Income of Interest on Bonds. The Issuer covenants that it (1) will take, or require to be taken, at the written direction of any Holder or the Trustee, and at the expense of the Borrower, all reasonably required actions that may be required of the Issuer for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes; and (2) will not take or authorize to be taken any actions that would, to its actual knowledge, adversely affect that exclusion under the provisions of the Code.

(d) Patriot Act. The Issuer covenants and agrees to provide documentation as reasonably requested or required by the Trustee to enable the Trustee to satisfy the requirements of the USA Patriot Act as described in Section 13.13 hereof.

Section 10.02 Observance and Performance of Covenants, Agreements, Authority and Actions. The Issuer will observe and perform faithfully at all times all covenants, agreements, authority, actions, undertakings, stipulations and provisions to be observed or performed on its part under the Loan Agreement, this Indenture, the Bond Resolution, the Regulatory Agreement and the Bonds which are executed, authenticated and delivered under this Indenture, and under all proceedings of the Issuer pertaining thereto.

The Issuer represents and warrants that:

(a) It is duly authorized under the Constitution and laws of the Commonwealth, including particularly and without limitation the Act, to issue the Bonds, to execute and deliver this Indenture, the Loan Agreement, and the Regulatory Agreement and to provide the security for payment of the Bond Debt Service Charges in the manner and to the extent set forth in this Indenture.

(b) All actions required on its part to be performed for the issuance, sale and delivery of the Bonds and for the execution and delivery of this Indenture and the Loan Agreement have been taken duly and effectively.

(c) The Bonds will be valid and enforceable special, limited obligations of the Issuer according to their terms.

Section 10.03 Trustee May Enforce Issuer's Rights. The Trustee may enforce, in its name or in the name of the Issuer, all rights of the Issuer for and on behalf of the Holders, except for Unassigned Issuer's Rights, and may enforce all covenants, agreements and obligations of the Borrower under and pursuant to the Loan Agreement, regardless of whether the Issuer is in default in the pursuit or enforcement of those rights, covenants, agreements or obligations. The Issuer, however, will do all things and take all actions on its part necessary to comply with covenants, agreements, obligations, duties and responsibilities on its part to be observed or performed under the Loan Agreement, and will take all actions within its authority to keep the Loan Agreement in effect in accordance with the terms thereof.

ARTICLE XI

AMENDMENTS TO LOAN AGREEMENT, REGULATORY AGREEMENT AND PROMISSORY NOTE

Section 11.01 Amendments Not Requiring Consent of Holders. Without the consent of or notice to the Holders, the Issuer, the Borrower, and the Trustee may consent to any amendment, change or modification of the Loan Agreement, the Regulatory Agreement or the Promissory Note as may be required (a) by the provisions of the Loan Agreement, the Regulatory Agreement, or this Indenture; (b) for the purpose of curing any ambiguity, inconsistency or formal defect or omission in the Loan Agreement, the Regulatory Agreement, or the Promissory Note; (c) in connection with an amendment or to effect any purpose for which there could be an amendment of this Indenture pursuant to Section 8.02 hereof; or (d) in connection with any other change therein which is not materially adverse to the Trustee or the Holders of the Bonds, applying the standards described in Sections 6.01 and 6.02 hereof. The Trustee shall not be responsible for determining if an amendment has an adverse effect on the Holders.

Any subsequent amendment to this Indenture or the Loan Agreement is subject to prior written approval of HUD (so long as the Project is subject to a mortgage insured or held by HUD). No amendment to this Indenture or the Loan Agreement shall conflict with the provisions of the Program Obligations.

Section 11.02 Amendments Requiring Consent of Holders. Except for the amendments, changes or modifications contemplated in Section 11.01 hereof, neither the Issuer nor the Trustee shall consent to:

(a) any amendment, change or modification of the Loan Agreement or the Promissory Note which would change the amount or time as of which Loan Payments are required to be paid, without the giving of notice as provided in this Section of the proposed amendment, change or modification and receipt of the written consent thereto of the Holders of all of the then Outstanding Bonds affected by such amendment, change or modification; or

(b) any other amendment, change or modification of the Loan Agreement, the Regulatory Agreement, or the Promissory Note without the giving of notice as provided in this Section of the proposed amendment, change or modification and receipt of the written consent thereto of at least the Majority of the Holders of the Bonds affected by such amendment, change or modification.

The consent of the Holders shall be obtained as provided in Section 8.03 hereof with respect to Supplemental Indentures.

If the Issuer or the Authorized Borrower Representative shall request at any time the consent of the Trustee to any proposed amendment, change or modification of the Loan Agreement, the Regulatory

Agreement, or the Promissory Note contemplated in subsection (a) or (b) above, upon being indemnified satisfactorily with respect to expenses, the Trustee shall cause notice of the proposed amendment, change or modification to be provided in the manner which is required by Section 8.03 hereof with respect to notice of Supplemental Indentures. The notice shall set forth briefly the nature of the proposed amendment, change or modification and shall state that copies of the instrument or document embodying it are on file at the designated corporate trust office of the Trustee for inspection by all Holders.

ARTICLE XII

MEETINGS OF HOLDERS

Section 12.01 Purposes of Meetings. A meeting of the Holders may be called at any time and from time to time pursuant to the provisions of this Article, to take any action (a) authorized to be taken by or on behalf of the Holders of any specified aggregate principal amount of the Bonds; (b) under any provision of this Indenture; or (c) authorized or permitted by law.

Section 12.02 Call of Meetings. The Trustee may (but shall not be obligated to) call at any time a meeting of Holders pursuant to Section 12.01 hereof to be held at any reasonable time and place the Trustee shall determine. Notice of such meeting, setting forth the time, place and generally the subject thereof, shall be mailed by first-class mail, postage prepaid, not fewer than 15 or more than 90 days prior to the date of the meeting to the Holders at their addresses as they appear on the Register on the fifteenth day preceding such mailing, which fifteenth day, preceding the mailing, shall be the record date for the meeting.

At any time the Issuer or the Borrower, or the Holders of at least 25% in aggregate principal amount of the Bonds then Outstanding, shall have requested the Trustee to call a meeting of the Holders, by written request setting forth the purpose of the meeting, and the Trustee shall not have mailed the notice of the meeting within 20 days after receipt of the request, then the Issuer, the Borrower, the Federal Investor Limited Partner, the State Investor Limited Partner, or the Holders of Bonds in the amount above specified may determine the time and the place of the meeting and may call the meeting to take any action authorized in Section 12.01 hereof, by mailing notice thereof as provided above.

Any meetings of the Holders shall be valid without notice, if the Holders of all Bonds then Outstanding are present in person or by proxy, or if notice is waived before or after the meeting by the Holders of all Bonds Outstanding who were not so present at the meeting, and if the Issuer, the Borrower, and the Trustee are either present by duly authorized representatives or have waived notice, before or after the meeting.

Section 12.03 Voting. To be entitled to vote at any meeting of the Holders, a Person shall (a) be a Holder of one (1) or more Outstanding Bonds as of the record date for the meeting as determined above; or (b) be a person appointed by an instrument or document in writing as proxy by a Person who is a Holder as of the record date for the meeting of one (1) or more Outstanding Bonds. Each Holder or proxy shall be entitled to one vote for each \$100,000 principal amount of Bonds held or represented by it.

The vote upon any resolution submitted to any meeting of the Holders shall be by written ballots on which shall be subscribed the signatures of the Holders of Bonds or of their representatives by proxy and the identifying number or numbers of the Bonds held or represented by them.

Section 12.04 Meetings. Notwithstanding any other provisions of this Indenture, the Trustee may make any reasonable regulations which it may deem to be advisable for meetings of the Holders, with regard to the following:

- (a) proof of the holding of the Bonds and of the appointment of proxies;
- (b) the appointment and duties of inspectors of votes;
- (c) recordation of the proceedings of those meetings;
- (d) the execution, submission and examination of proxies and other evidence of the right to vote; and
- (e) any other matters concerning the conduct, adjournment or reconvening of meetings which the Trustee may think fit.

The Trustee shall appoint a temporary chair of the meeting by an instrument or document in writing, unless the meeting shall have been called by the Issuer, the Borrower, or by the Holders, as provided in Section 12.02 hereof, in which case the Issuer, the Borrower, or the Holders calling the meeting, as the case may be, shall appoint a temporary chair in like manner. A permanent chair and a permanent secretary of the meeting shall be elected by vote of the Majority of the Holders of the Bonds represented at the meeting and entitled to vote.

The only Persons who shall be entitled to be present or to speak at any meeting of the Holders shall be the Persons entitled to vote at the meeting and their counsel, any representatives of the Trustee or the Registrar and their counsel, any representatives of the Issuer and its counsel and any representatives of the Borrower and its counsel.

Section 12.05 Miscellaneous. Nothing contained in this Article shall be deemed or construed to authorize or permit any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Holders under any of the provisions of this Indenture or of the Bonds by reason of any call of a meeting of Holders or any rights conferred expressly or impliedly hereunder to make a call.

ARTICLE XIII

MISCELLANEOUS

Section 13.01 Limitation of Rights. With the exception of rights conferred expressly in this Indenture, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto, the Registrar, the Authenticating Agents, the Paying Agents, the Borrower, the Investor Limited Partners, and the Holders of the Bonds any legal or equitable right, remedy, power or claim under or with respect to this Indenture or any covenants, agreements, conditions and provisions contained herein. This Indenture and all of those covenants, agreements, conditions and provisions are intended to be, and are, for the sole and exclusive benefit of the parties hereto, the Registrar, the Paying Agent, the Authenticating Agent, the Borrower, the Investor Limited Partners, and the Holders of the Bonds, as provided herein.

Section 13.02 Severability. In case any section or provision of this Indenture, or any covenant, agreement, stipulation, obligation, act or action, or part thereof, made, assumed, entered into or taken under this Indenture, or any application thereof, is held to be illegal or invalid for any reason, or is inoperable at

any time, that illegality, invalidity or inoperability shall not affect the remainder thereof or any other section or provision of this Indenture or any other covenant, agreement, stipulation, obligation, act or action, or part thereof, made, assumed, entered into or taken under this Indenture, all of which shall be construed and enforced at the time as if the illegal, invalid or inoperable portion were not contained therein.

Any illegality, invalidity or inoperability shall not affect any legal, valid and operable section, provision, covenant, agreement, stipulation, obligation, act, action, part or application, all of which shall be deemed to be effective, operative, made, assumed, entered into or taken in the manner and to the full extent permitted by law from time to time.

Section 13.03 Notices. It shall be sufficient service or giving of any notice, request, complaint, demand or other instrument or document, if mailed by registered or certified mail, postage prepaid, or forwarded by overnight courier service, delivery charges prepaid (receipt of which to be evidenced by a signed receipt from such overnight delivery service), or sent by facsimile or by electronic means which produces evidence of transmission, addressed to the appropriate party at its Notice Address.

Such notice or other communication shall be deemed given on (a) the third Business Day following deposit thereof in the mail when mailed by registered or certified mail; (b) the Business Day immediately following deposit thereof with the overnight courier service when forwarded by an overnight courier service; and (c) the Business Day immediately following the date specified in the written evidence of electronic transmission. The Issuer, the Trustee, the Borrower, the Federal Investor Limited Partner, or the State Investor Limited Partner may, by notice given as provided in this paragraph, designate any further or different address to which subsequent notices or other communication shall be sent.

Any notice given pursuant to Sections 6.09, 6.13, 7.02, 7.03, 8.02, 8.03, 9.02, and 11.02 hereof shall be simultaneously given to the Rating Agency, if and so long as the Bonds are rated. The foregoing parties may designate, by written notice given hereunder, any further or different addresses to which any subsequent notice, request, complaint, demand or other instrument or document shall be sent. The Trustee shall designate, by written notice to the Issuer, the Borrower, the Federal Investor Limited Partner, and the State Investor Limited Partner, the addresses to which notices or copies thereof shall be sent to the Registrar, the Authenticating Agents and the Paying Agents. In addition to the foregoing, the Trustee hereby agrees to send written notice to the Rating Agency, if and so long as the Bonds are rated, upon the occurrence of any of the following events: (1) any change in the Trustee; (2) any amendment to the documents; (3) a payment of all principal and interest on all of the Bonds; or (4) any defeasance or acceleration of the Bonds. The Trustee shall not, however, be subject to any liability to any Holder or any party to the transaction by reason of its failure to mail any such notice and any such failure shall not affect the validity of actions which are the subject of such notice.

In connection with any notice mailed pursuant to the provisions of this Indenture, a certificate of the Trustee, the Issuer, the Registrar, the Authenticating Agents, the Borrower, the Federal Investor Limited Partner, the State Investor Limited Partner, or the Holders of the Bonds, whichever or whoever mailed that notice, that the notice was so mailed shall be conclusive evidence of the proper mailing of the notice.

Section 13.04 Suspension of Mail and Courier Service. If because of the suspension of delivery of registered or certified mail or delivery by overnight courier services, the Trustee shall be unable to mail by registered or certified mail or forward by overnight courier service any notice required to be given by the provisions of this Indenture, the Trustee shall use its best efforts to give such notice in such other manner as in the judgment of the Trustee shall most effectively approximate the required mailing or forwarding thereof, and the giving of that notice in that manner for all purposes of this Indenture shall be deemed to be in compliance with the requirements of Section 13.03 hereof. Except as otherwise provided herein, the mailing of any notice by first-class mail, postage prepaid, shall be deemed given on the third

Business Day after upon deposit of that notice in the mail and the giving of any notice by any other means of delivery shall be deemed complete upon receipt of the notice by the delivery service.

Section 13.05 Payments Due on Saturdays, Sundays and Holidays. If any Interest Payment Date or a date of maturity of the principal of any Bonds is a Saturday, Sunday or a day on which (a) the Trustee is required, or authorized or not prohibited, by law (including without limitation, executive orders) to close and is closed, then payment of interest and principal need not be made by the Trustee or the Paying Agent on that date, but that payment may be made on the next succeeding Business Day on which the Trustee and the Paying Agent are open for business with the same force and effect as if that payment were made on the Interest Payment Date or date of maturity, and no interest shall accrue for the period after that date; or (b) a Paying Agent is required, or authorized or not prohibited, by law (including without limitation, executive orders) to close and is closed, then payment of interest and principal need not be made by that Paying Agent on that date, but that payment may be made on the next succeeding Business Day on which that Paying Agent is open for business with the same force and effect as if that payment were made on the Interest Payment Date or date of maturity and no interest shall accrue for the period after that date; provided, that if the Trustee is open for business on the applicable Interest Payment Date or date of maturity, it shall make any payment required hereunder with respect to payment of interest on the Outstanding Bonds and payment of principal of the Bonds presented to it for payment, regardless of whether the Paying Agent shall be open for business or closed on the applicable Interest Payment Date or date of maturity.

Section 13.06 Instruments of Holders. Any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, required under this Indenture to be executed by any Holder may be in any number of concurrent writings of similar tenor and may be executed by that Holder in person or by an agent or attorney appointed in writing. Proof of (a) the execution of any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, (b) the execution of any writing appointing any agent or attorney, and (c) the ownership of the Bonds shall be sufficient for any of the purposes of this Indenture, if made in the following manner, and if so made, shall be conclusive in favor of the Trustee with regard to any action taken thereunder, namely:

(1) The fact and date of the execution by any person of any writing may be proved by the certificate of any officer in any jurisdiction, who has power by law to take acknowledgments within that jurisdiction, that the person signing the writing acknowledged that execution before that officer, or by affidavit of any witness to that execution; and

(2) The fact of ownership of Bonds shall be proved by the Register maintained by the Registrar.

Nothing contained herein shall be construed to limit the Trustee to the foregoing proof, and the Trustee may accept any other evidence of the matters stated therein which it deems to be sufficient. Any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, of the Holder of any Bond shall bind every future Holder of the same Bond, with respect to anything done or suffered to be done by the Issuer, the Borrower, the Trustee, the Registrar or the Paying Agent, or the Authenticating Agent pursuant to that writing.

Section 13.07 Priority of This Indenture. This Indenture shall be superior to any liens which may be placed upon the Issuer Revenues or any other funds or accounts created pursuant to this Indenture.

Section 13.08 Extent of Covenants; No Personal Liability. All covenants, stipulations, obligations and agreements of the Issuer contained in this Indenture are and shall be deemed to be covenants, stipulations, obligations and agreements of the Issuer to the full extent authorized by the Act

and the laws of the Commonwealth. No covenant, stipulation, obligation or agreement of the Issuer contained in this Indenture shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Issuer in other than that person's official capacity. Neither the members of the Issuer nor any official executing the Bonds, this Indenture, the Loan Agreement or any amendment or supplement hereto or thereto shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance or execution hereof or thereof.

Section 13.09 Binding Effect. This Indenture shall inure to the benefit of and shall be binding upon the Issuer and the Trustee and their respective successors and assigns, subject, however, to the limitations contained herein.

Section 13.10 Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument. The exchange of copies of this Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture and signature pages for all purposes.

Section 13.11 Governing Law. This Indenture and the Bonds shall be deemed to be contracts made under the laws of the Commonwealth and for all purposes shall be governed by and construed in accordance with the laws of the Commonwealth.

Section 13.12 Security Advice Waiver. The Issuer acknowledges that regulations of the Comptroller of the Currency grant the Borrower the right to receive brokerage confirmations of the security transactions as they occur. Pursuant to Section 3.8 of the Loan Agreement, the Borrower has specifically waived such notification to the extent permitted by law and will receive periodic cash transaction statements that will detail all investment transactions.

Section 13.13 Patriot Act. To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account or establishes a relationship with such institutions. For a non-individual person such as a business entity, a charity, a trust or other legal entity the Trustee will request documentation to verify its formation and existence as a legal entity. Furthermore, if required by the Patriot Act, the Trustee may request financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

Section 13.14 FHA Federal Laws and Requirements Control. Notwithstanding anything in this Indenture or the Loan Agreement to the contrary:

(a) The Borrower, the Trustee, and the Issuer acknowledge that this Indenture and the Loan Agreement, and any obligations of the Borrower under the Loan Agreement, are subject and subordinate to the FHA Loan Documents and the Program Obligations. Notwithstanding any provision in this Indenture or the Loan Agreement to the contrary, no obligations of the Borrower under the Loan Agreement shall be payable except from (1) Surplus Cash; (2) funds that are not derived from (i) revenues of the Project (as defined in the FHA Mortgage), (ii) the proceeds of the FHA Note, or (iii) any reserve or deposit made with the FHA Lender or any other party as required by HUD in connection with the FHA Loan Documents; or (3) FHA Lender Funds which have been deposited into the Collateral Fund by or at the direction of the FHA Lender (collectively, "Non-Project Sources"). No claims or actions shall be made (or payable) under this Indenture against the Project, the FHA Lender, the proceeds of the FHA Note, or the assets of the Borrower, except from Non-Project Sources. In addition, the rights and obligations of the parties under this Indenture and all other documents evidencing, implementing, or securing this Indenture (collectively, the "Subordinate Bond Documents") are and shall be subordinated in all respects to the rights and obligations

of the parties to and under the FHA Loan Documents. In the event of any conflict between the provisions of (A) this Indenture or the Subordinate Bond Documents and (B) the provisions of the FHA Loan Documents or the Program Obligations, the provisions of the FHA Loan Documents or the Program Obligations shall control. The provisions of this Section 13.14 shall control over any inconsistent provisions in this Indenture or the Subordinate Bond Documents.

(b) Any subsequent amendment to this Indenture or the Loan Agreement is subject to prior written approval of HUD (so long as the Project is subject to a mortgage insured or held by HUD). No amendment to this Indenture or the Loan Agreement shall conflict with the provisions of the Program Obligations.

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

(d) There is no pledge hereunder or under the Loan Agreement of the gross revenues or any of the assets of the Project.

(e) Neither a default under this Indenture nor under the Loan Agreement shall constitute a default under the FHA Loan Documents related to the Project.

(f) Nothing contained herein or in the Loan Agreement shall inhibit or impair the right of FHA to require or agree to any amendment, change or modification of any FHA Loan Documents related to the Project for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provision contained therein, or in regard to matters or questions arising under said FHA Loan Documents so long as any such amendment, change or modification shall not adversely affect the payment terms of the Bonds.

(g) Neither the Issuer, the Trustee, nor any of the Holders has or shall be entitled to assert any claim against the Project, any reserves or deposits required by HUD in connection with the Project, or the rents or deposits or other income of the Project.

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

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

(j) HUD requires the following to be inserted into this Indenture:

"In the event of an assignment or conveyance of the mortgage to the Commissioner, as such individual is described in the paragraph below, subsequent to the issuance of the bonds, all money remaining in all funds and accounts other than the rebate fund, and any other funds remaining under the trust indenture after payment or provision for payment of debt service on the bonds and the fees and expenses of the credit enhancer, issuer, trustee, and other such parties unrelated to the mortgagor (other than funds originally

deposited by the mortgagor or related parties on or before the date of issuance of the bonds) shall be returned to the mortgagee.”

It is understood that “mortgage” means the FHA Mortgage, “Commissioner” is defined in the FHA Loan Documents, “bonds” means the Bonds, “rebate fund” means the Rebate Fund, “the trust indenture” means this Indenture, there is no credit enhancer, “issuer” means the Issuer, “trustee” means Trustee, and “mortgagor” means the Borrower.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the Issuer has caused this Indenture to be executed in its name and on its behalf by its Chairman, and attested by its Secretary/Executive Director, under the Seal of the Issuer impressed or reproduced hereon, and the Trustee to evidence its acceptance of the trusts created hereunder, has caused this Indenture to be executed in its name by its duly authorized officer, all as of the day and year first above written.

(SEAL)

**NEWPORT NEWS REDEVELOPMENT AND
HOUSING AUTHORITY**

By: _____
Title: Chairman

ATTEST:

By: _____
Title: Secretary/Executive Director

Execution page of the Trustee to the Indenture of Trust, dated as of the date and year first written above.

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION**

By _____
Its Vice President

EXHIBIT A
FORM OF BOND

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
MULTIFAMILY HOUSING REVENUE BOND
(STUART GARDENS II APARTMENTS)
SERIES 2026

No. R-1 \$24,000,000

<u>Initial Interest Rate</u>	<u>Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP Number</u>	<u>Initial Mandatory Tender Date</u>
[_ _ %]	October 1, 2030	[July _], 2026		October 1, 2028

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWENTY-FOUR MILLION AND NO/100 (\$24,000,000) DOLLARS

Newport News Redevelopment and Housing Authority (together with its successors and assigns, the “Issuer”), a political subdivision of the Commonwealth of Virginia, for value received, promises to pay to the Registered Owner specified above or registered assigns, but solely from the sources and in the manner referred to herein, the principal amount on the maturity date specified above (subject to optional redemption as set forth herein), which shall be equal to \$24,000,000 and to pay from those sources interest thereon at the aforesaid interest rate on (a) each April 1 and October 1, commencing October 1, 2026; (b) any date the Bonds (hereinafter defined) are called for redemption prior to maturity; (c) each Mandatory Tender Date; (d) the Maturity Date; and (e) the date of acceleration of the Bonds (each an “Interest Payment Date”) until the principal amount is paid or duly provided for. This Bond will bear interest from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from its date of delivery. Any capitalized terms not defined herein shall have the meanings given to them in the Indenture (hereinafter defined).

This Bond shall bear interest during each Interest Period at a rate per annum equal to the Interest Rate. Interest on the Bonds shall be calculated on the basis of a three hundred sixty (360) day year consisting of twelve (12) 30-day months.

For purposes of calculating such interest:

“Interest Period” means, initially, the period from the Closing Date to and including October 1, 2026, and thereafter, the period commencing on each succeeding Interest Payment Date and ending on the last day of that month preceding the next Interest Payment Date.

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

The principal of this Bond is payable upon presentation and surrender hereof at the designated corporate trust office of the trustee, presently U.S. Bank Trust Company, National Association, a national banking association in Atlanta, Georgia (the “Trustee”). Interest is payable on each Interest Payment Date by check or draft mailed to the person in whose name this Bond (or one or more predecessor bonds) is registered (the “Holder”) at the close of business on the fifteenth day of the calendar month next preceding that Interest Payment Date (the “Regular Record Date”) on the registration books for this issue maintained by the Trustee, as Registrar, at the address appearing therein. Any interest which is not timely paid or duly provided for shall cease to be payable to the Holder hereof (or of one or more predecessor bonds) as of the Regular Record Date, and shall be payable to the Holder hereof (or of one or more predecessor bonds) at the close of business on a Special Record Date to be fixed by the Trustee for the payment of that overdue interest. Notice of the Special Record Date shall be mailed to Holders not less than 10 days prior thereto. The principal of and interest on this Bond are payable in lawful money of the United States of America, without deduction for the services of the paying agent. While the Bonds are held in a book-entry system and in certain other circumstances, all as provided in the Indenture, principal of and interest on this Bond is required to be paid by wire transfer or other arrangement, other than any payment of the entire unpaid principal amount hereof.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE PLEDGED REVENUES (AS DEFINED IN THE INDENTURE) AND FROM OTHER MONEY PLEDGED UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA (THE “COMMONWEALTH”) NOR THE FAITH AND CREDIT OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER AND THE CITY OF NEWPORT NEWS, VIRGINIA (THE “CITY”)) ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST OR PREMIUM, IF ANY, ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER AND THE CITY) TO LEVY ANY TAXES WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT EXCEPT FROM THE FUNDS PLEDGED THEREFOR. THE ISSUER HAS NO TAXING POWER.

This Bond is designated as the Multifamily Housing Revenue Bonds (Stuart Gardens II Apartments) Series 2026 (the “Bonds”), issuable under the Indenture of Trust, dated as of July 1, 2026 (the “Indenture”), between the Issuer and the Trustee, in the original aggregate principal amount of \$24,000,000 and issued for the purpose of making a loan (the “Loan”) to the Borrower described therein (the “Borrower”) to finance a portion of the costs of rehabilitating, renovating, improving, constructing and equipping of the Project, as described in the Indenture and the Loan Agreement, dated as of July 1, 2026 (the “Loan Agreement”), between the Issuer and the Borrower. The Bonds are special, limited obligations of the Issuer, issued or to be issued under and are to be secured and entitled equally and ratably to the protection given by the Indenture. The Bonds are issued pursuant to, under the authority of, and in

compliance with, the laws of the Commonwealth of Virginia, including but not limited to the Act and a Bond Resolution duly adopted by the Issuer.

The Bonds are subject to optional redemption commencing on the Optional Redemption Date on April 1, 2028 prior to maturity from Available Money, at the direction of the Borrower (with delivery of a Cash Flow Projection, if required pursuant to the Indenture), in whole or in part, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest, but without premium, to the date fixed for redemption, (i) prior to the Initial Mandatory Tender Date, on any Business Day on or after April 1, 2028, and (ii) after the Initial Mandatory Tender Date, on any Business Day that is nearest to the date falling at 50% of the subsequent remarketing period between the most recent Mandatory Tender Date and the next Mandatory Tender Date or the Maturity Date, as applicable.

Other than as described above, the Bonds are not subject to optional redemption prior to the Maturity Date.

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

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

Pursuant to the Loan Agreement, the Borrower has executed and delivered to the Trustee the Borrower's promissory note of even date herewith (the "Promissory Note") in the principal amount up to \$24,000,000. The Borrower is required by the Loan Agreement and the Promissory Note to make payments to the Trustee in the amounts and at the times necessary to pay the principal of and interest (the "Bond Debt Service Charges") on the Bonds. In the Indenture, the Issuer has assigned to the Trustee, to provide for the payment of the Bond Debt Service Charges on the Bonds, the Issuer's right, title and interest in and to the Loan Agreement, except for Unassigned Issuer's Rights. To secure its compliance with certain covenants in the Loan Agreement, the Borrower has executed and delivered the Regulatory Agreement and Declaration as to Restrictive Covenants, dated as of July 1, 2026 (the "Regulatory Agreement"), between the Issuer, the Borrower, and the Trustee.

Copies of the Indenture, the Loan Agreement, the Regulatory Agreement and the Promissory Note are on file in the principal corporate trust office of the Trustee.

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

The Bonds are issuable only as fully registered bonds and, except as hereinafter provided, in printed or typewritten form, registered in the name of Cede & Co. as nominee of The Depository Trust Company, Brooklyn, New York ("DTC"), which shall be considered to be the Holder for all purposes of the Indenture, including, without limitation, payment by the Issuer of Bond Debt Service Charges, and receipt of notices

to, giving of consents by and exercise of rights of, the Holders. There shall be a single Bond representing each maturity, and all Bonds shall be immobilized in the custody of DTC with the owners of beneficial interests in those Bonds (the “book-entry interests”) having no right to receive from the Issuer Bonds in the form of physical securities or certificates. Ownership of book-entry interests in the Bonds shall be shown by book entry on the system maintained and operated by DTC, its participants (the “Participants”) and certain persons acting through the Participants, and transfers of ownership of book-entry interests shall be made only by that book-entry system, the Issuer and the Trustee having no responsibility therefor. DTC is to maintain records of the positions of Participants in the Bonds, and the Participants and persons acting through Participants are to maintain records of the purchasers and owners of book-entry interests in the Bonds. The Bonds as such shall not be transferable or exchangeable, except for transfer to another Depository or to another nominee of a Depository, without further action by the Issuer and otherwise at the expense of the Borrower.

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

The Indenture permits certain amendments or supplements to the Indenture, the Loan Agreement, the Regulatory Agreement, and the Promissory Note not prejudicial to the Holders to be made without the consent of or notice to the Holders, and certain other amendments or supplements thereto to be made with the consent of the Majority of the Holders of the Bonds.

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

The Bonds shall not constitute the personal obligation, either jointly or severally, of the members of the Issuer or of any other officer of the Issuer. No recourse shall be had for the payment of the Bonds against any elected or appointed officer, employee or agent of the Issuer, and no elected or appointed officer, employee or monetary liability arising out the Issuer’s obligations under the Bonds, or in connection with any covenant, representation or warranty made by the Issuer.

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

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

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

IN WITNESS WHEREOF, the Newport News Redevelopment and Housing Authority has caused this Bond to be executed on its behalf by the manual or facsimile signature of its Chairman, and attested to by the manual or facsimile signature of its Secretary/Executive Director, and has caused the official seal of the Issuer to be affixed hereto or impressed hereon as of the day and year first written above.

**NEWPORT NEWS REDEVELOPMENT AND
HOUSING AUTHORITY**

(SEAL)

By: _____
Title: Chairman

ATTEST:

By: _____
Title: Secretary/Executive Director

CERTIFICATE OF AUTHENTICATION

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

Date of Registration and Authentication: _____, 20__.

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION**

By: _____
Authorized Officer

ASSIGNMENT

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

Dated: _____

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

Signature Guaranteed:

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

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

Unless this certificate is presented by an authorized representative of The Depository Trust Company (140 58th Street, Brooklyn, New York) to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

EXHIBIT B

NOTICE OF MANDATORY TENDER

**Notice of Mandatory Tender
to the Holders of**

\$24,000,000

**Newport News Redevelopment and Housing Authority
Multifamily Housing Revenue Bonds
(Stuart Gardens II Apartments)
Series 2026**

CUSIP Number:

Interest Rate:

Maturity Date:

Mandatory Tender Date:

Principal Amount: \$[_____]

NOTICE IS HEREBY GIVEN that all bonds referenced above that are outstanding (the “Bonds”) are subject to mandatory tender for purchase on October 1, 2028 (the “Mandatory Tender Date”) pursuant to the terms of the Indenture of Trust, dated as of July 1, 2026 (the “Indenture”), between the Newport News Redevelopment and Housing Authority (the “Issuer”) and U.S. Bank Trust Company, National Association, a national banking association (the “Trustee”).

In accordance with Section 4.03 of the Indenture, the Bonds are subject to mandatory tender in whole and not in part on the Mandatory Tender Date and shall be purchased at a price equal to 100% of the principal amount of such Bonds, plus accrued interest to the Mandatory Tender Date.

No later than 12:00 Noon, Local Time, on the Mandatory Tender Date, the Holders shall deliver the Bonds to the Trustee. **The Holders do not have the right to elect to retain their Bonds and any Bonds not tendered will nevertheless be deemed to have been tendered and will cease to bear interest from and after the Mandatory Tender Date.**

Any capitalized terms not defined herein shall have the meanings given to them in the Indenture.

Payment of the Bonds will be made on and after the Mandatory Tender Date upon presentation to:

[VERIFY	U.S. Bank Trust Company, National Association
PAYMENT	111 Fillmore Avenue East
INSTRUCTIONS]	EP-MN-WS3C
	St. Paul, MN 55107

You are hereby advised that the above bonds are no longer eligible for reregistration or transfer to another owner.

Mail Date: _____

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

cc: Remarketing Agent

EXHIBIT B

**Draft Loan Agreement dated as of July 1, 2026 between the Issuer and the Borrower and
with the Borrower Promissory Note Attached**

LOAN AGREEMENT

between

**NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY,
as Issuer**

and

**STUART GARDENS II HOUSING PARTNERS, LP,
as Borrower**

Dated as of July 1, 2026

Relating to:

**\$24,000,000
Newport News Redevelopment and Housing Authority
Multifamily Housing Revenue Bonds
(Stuart Gardens II Apartments)
Series 2026**

With the exception of certain reserved rights, the interest of the Newport News Redevelopment and Housing Authority in this Loan Agreement, dated as of July 1, 2026, has been assigned to U.S. Bank Trust Company, National Association, as trustee for the above-referenced bonds.

This instrument was drafted by:

Williams Mullen
200 South 10th Street, Suite 1600
Richmond, VA 23219

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

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LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of July 1, 2026 (the “Loan Agreement”), is between the **NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY**, (together with its successors and assigns, the “Issuer”), a political subdivision of the Commonwealth of Virginia (the “**Issuer**”), and **STUART GARDENS II HOUSING PARTNERS, LP**, a Virginia limited partnership (the “**Borrower**”), under the following circumstances summarized in the following recitals.

RECITALS

Reference is hereby made to the Indenture of Trust, dated as of July 1, 2026 (the “Indenture”), between the Issuer and U.S. Bank Trust Company, National Association, a national banking association (the “**Trustee**”), for the recitals and the definitions of various terms used herein.

In consideration of the premises, the respective representations and agreements contained herein, and for other good and valuable consideration, the receipt whereof is hereby acknowledged, and in order to secure the payments to be made by the Borrower pursuant to Article IV hereof and the performance of all the covenants of the Borrower contained herein, the parties hereto agree as follows (provided that any obligation of the Issuer created by or arising out of this Loan Agreement shall never constitute a general debt of the Issuer or give rise to any pecuniary liability of the Issuer but shall be payable solely out of Issuer Revenues).

ARTICLE I

DEFINITIONS

Section 1.1 Use of Defined Terms. In addition to the words and terms defined elsewhere in this Loan Agreement, the words and terms in this Loan Agreement shall have the meanings set forth in the Indenture.

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

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

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

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

ARTICLE II

REPRESENTATIONS AND COVENANTS

Section 2.1 Representations of the Issuer.

(a) The Issuer is validly existing as a political subdivision of the Commonwealth of Virginia and is authorized to issue the Bonds to finance the Project pursuant to the Act.

(b) To the undersigned's actual knowledge, without inquiry or investigation, there is no pending or threatened suit, action, or proceeding against the Issuer before any court, arbitrator, administrative agency, or other governmental authority that challenges the Issuer's execution and delivery of the Bonds, the Indenture, the Regulatory Agreement, or the Loan Agreement.

(c) To the actual knowledge of the undersigned, without inquiry or investigation, the execution and delivery of the Bonds, the Indenture, the Regulatory Agreement and the Loan Agreement will not constitute a breach of or default under any existing (1) provision of any legislative act relating to the establishment of the Issuer; or (2) agreement, indenture, mortgage, lease, or other instrument to which the Issuer is a party or by which it is bound.

(d) No proceeding of the Issuer for the issuance, execution, or delivery of the Bonds, the Indenture, the Regulatory Agreement, or the Loan Agreement has been repealed, rescinded, amended or revoked.

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

(a) The Borrower is a Virginia limited partnership duly organized under the laws of the Commonwealth and is authorized to conduct its business in the Commonwealth.

(b) The Borrower has full power and authority to execute, deliver and perform the Borrower Documents and to enter into and carry out the transactions on its part contemplated by those documents. The execution, delivery and performance by it of the Borrower Documents do not, and will not, violate any provision of law applicable to the Borrower and do not, and will not, conflict with or result in a default under any agreement or instrument to which the Borrower is a party or by which it is bound. The Borrower Documents have, by proper action, been duly authorized, executed and delivered by the Borrower and all steps necessary have been taken to constitute the Borrower Documents valid and binding obligations of the Borrower.

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

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

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

(f) [Reserved.]

(g) At least 95% of the net proceeds (as defined in Section 150 of the Code) of the Bonds will be used to provide a “qualified residential rental project” (as defined in Section 142(d) of the Code), and the Borrower will not request or authorize any disbursement from the Project Fund pursuant to Section 3.4 hereof, which, if paid, would result in less than 95% of the net proceeds of the Bonds being so used.

(h) The costs of issuance financed by the Bonds will not exceed 2% of the proceeds (within the meaning of Section 147(g) of the Code) of the Bonds, and the Borrower will not request or authorize any disbursement from the Project Fund pursuant to Section 3.4 hereof or otherwise, which, if paid, would result in more than 2% of the proceeds of the Bonds being so used. Except as permitted by Section 1.148-6(d)(3)(ii) of the Treasury Regulations, none of the proceeds of the Bonds will be used for working capital purposes.

(i) Except for proceeds of the Bonds used for costs of issuance in accordance with subsection (h) above, the proceeds of the Bonds shall be used exclusively to pay costs that (1) are (i) capital expenditures (as defined in Section 1.150-1(a) of the Code’s regulations) and (ii) not made for the acquisition of existing property, to the extent prohibited in Section 147(d) of the Code, and (2) are made exclusively with respect to the requirements of a “qualified residential rental project” within the meaning of Section 142(d) of the Code so that the Project and the land on which it is located will have been financed 25% or more by the proceeds of the Bonds for the purpose of complying with Section 42(h)(4)(B) of the Code.

(j) Upon the execution and delivery thereof by the other parties thereto, each of the Borrower Documents will constitute valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws or judicial decisions affecting creditors’ rights generally and by judicial discretion in the exercise of equitable remedies.

(k) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the Project, that it is familiar with the provisions of all of the documents and instruments relating to the financing of the Project to which it is a party, that it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project, and that it has not relied on the Issuer for any guidance or expertise in analyzing the financial or other consequences of such financing transactions or otherwise relied on the Issuer in any manner except to issue the Bonds in order to provide funds for the Loan.

(l) The Borrower intends to hold the Project for its own account, has no current plans to sell and has not entered into any agreement to sell any of the units that comprise the Project. It is hereby acknowledged, however, that the Borrower’s partnership agreement may provide for certain rights of the General Partner or an Affiliate to acquire the Project, and for the possible acquisition of the Project following the 15-year tax credit compliance period as identified in the Borrower’s partnership agreement, and those provisions shall not result in a breach of this subsection (l).

(m) The Borrower shall use its best efforts to cause there to be deposited from time to time in the Collateral Fund Available Money in such amount and at such times as may be necessary to allow the Trustee to disburse funds from the Project Fund pursuant to Section 5.03 of the Indenture upon the Trustee's receipt of a Disbursement Request from the Borrower to pay Project Costs.

(n) In the event the proceeds of the Bonds are not sufficient to complete the rehabilitation, renovation, equipping and improvements of the Project and the payment of all costs of issuance of the Bonds, the Borrower will furnish any additional money from any source determined by the Borrower as necessary to complete the acquisition, rehabilitation, and equipping of the Project and pay all costs of issuance of the Bonds.

(o) None of the Bond proceeds has been or will be used to purchase the property upon which the real estate and buildings are located, therefore less than 25% of the proceeds of the Bonds will be used to pay or reimburse the Borrower for the cost of land or any interest therein.

(p) The rehabilitation expenditures, within the meaning of Section 147(d) of the Code, with respect to the Project equal or exceed 15% of the cost of rehabilitating the Project financed with proceeds of the Bonds.

(q) The Borrower has not knowingly taken or permitted to be taken and will not knowingly take or permit to be taken any action which would have the effect, directly or indirectly, of causing interest on any of the Bonds to be included in the gross income of the owners thereof for purposes of federal income taxation.

(r) The Borrower shall not take, or knowingly permit or suffer to be taken by the Trustee or any party acting on its behalf, any action with respect to the proceeds of the Bonds which if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Bonds would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code.

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

ARTICLE III

COMPLETION OF THE PROJECT; ISSUANCE OF THE BONDS

Section 3.1 Rehabilitation, Renovation, Improvements, Construction and Equipping the Project. The Borrower (a) has acquired the Project site and shall rehabilitate and equip the Project with all reasonable dispatch and in substantial accordance with the Plans and Specifications; (b) shall pay when due all fees, costs and expenses incurred in connection with that acquisition, rehabilitation, and equipping from funds made available therefor in accordance with this Loan Agreement or otherwise, except to the extent being contested in good faith; (c) shall ask, demand, sue for, levy, recover and receive all those sums of money, debts and other demands whatsoever which may be due, owing and payable under the terms of any contract, order, receipt, writing and instruction in connection with the acquisition, rehabilitation, and equipping of the Project; and (d) shall enforce the provisions of any contract, agreement, obligation, bond or other performance security with respect thereto. It is understood that the Project is that of the Borrower and any contracts made by the Borrower with respect thereto, whether acquisition contracts, construction contracts or otherwise, or any work to be done by the Borrower on the Project are made or done by the

Borrower in its own behalf and not as agent or contractor for the Issuer. The Borrower agrees that it will compensate all workers employed in the rehabilitation and improvement of the Project as required by law.

Section 3.2 Plans and Specifications. The Borrower may revise the Plans and Specifications from time to time, provided that no revision shall be made which would change the Project Purposes to purposes other than those permitted by the Act and the Regulatory Agreement.

Section 3.3 Issuance of the Bonds; Application of Proceeds. To provide funds to make the Loan for purposes of assisting in paying the Project Costs, the Issuer will issue, sell and deliver the Bonds to the Underwriter. The Bonds will be issued pursuant to the Indenture in the aggregate principal amount, will bear interest, will mature and will be subject to redemption, mandatory tender and remarketing as set forth therein. The Borrower hereby approves the terms and conditions of the Indenture and the Bonds, and of the terms and conditions under which the Bonds will be issued, sold and delivered.

The proceeds from the sale of the Bonds in the amount of \$24,000,000 shall be loaned to the Borrower and paid over to the Trustee for the benefit of the Borrower and the Holders of the Bonds. The proceeds of the sale of the Bonds (including without limitation, premium, if any, and interest accrued thereon) in the amount of \$24,000,000 shall be deposited by the Trustee on the Closing Date to the Project Fund. Pending disbursement pursuant to Section 3.4 hereof, the proceeds of the Bonds deposited in the Project Fund, together with any investment earnings thereon, shall constitute a part of the Issuer Revenues assigned by the Issuer to the Trustee as security for the payment of Bond Debt Service Charges as provided in the Indenture.

Section 3.4 Disbursements from the Project Fund. Subject to the provisions below and so long as no Event of Default hereunder has occurred and is continuing for which the Loan Payments and principal amount of the Bonds has been declared to be immediately due and payable pursuant to Section 7.2 hereof and Section 7.03 of the Indenture, respectively, disbursements from the Project Fund shall be made only to pay any of the following Project Costs:

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

(b) premiums attributable to any surety bonds and insurance required to be taken out and maintained during the Construction Period with respect to the Project;

(c) taxes, assessments and other governmental charges in respect of the Project that may become due and payable during the Construction Period;

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

(e) any other costs, expenses, fees and charges properly chargeable to the cost of acquisition, rehabilitation, renovation, construction and equipping of the Project;

(f) payment of interest on the Bonds during the Construction Period; and

(g) payments to the Rebate Fund.

Any disbursements from the Project Fund shall be made by the Trustee only as permitted pursuant to Section 5.03 of the Indenture and upon the written request of the Borrower in a Disbursement Request in substantially the form attached hereto as EXHIBIT E in compliance with the provisions hereof and of the Disbursing Agreement. No disbursement shall be made by the Trustee upon the basis of any such Disbursement Request except upon satisfaction of the following conditions and pursuant to the following procedures:

(1) An executed certificate of the FHA Lender substantially in the form attached hereto as EXHIBIT C, or an executed certificate of the Borrower substantially in the form attached hereto as EXHIBIT D, related to the deposit of Available Money into the Collateral Fund for the applicable Disbursement Request.

(2) All Loan Payments that are then due shall have been paid.

Each Disbursement Request for a disbursement of funds from the Project Fund shall be made in accordance with the Disbursing Agreement and shall be deemed a representation by the Borrower that:

(i) All items for which disbursement is requested thereunder either (A) are presently due and payable, constitute Project Costs properly incurred by the Borrower in connection with the Project being financed with the proceeds of the Loan, or are reimbursable Project Costs properly chargeable against the Loan; or (B) are to be deposited to an escrow fund to be disbursed therefrom solely for Project Costs properly incurred by the Borrower in connection with the Project; and in each case none of the items for which disbursement is requested has formed the basis for any disbursement heretofore made from the Project Fund.

(ii) Each such item is or was necessary in connection with the rehabilitation of the Dwelling Units (as defined in the Regulatory Agreement) of the Project.

(iii) The costs specified in the Disbursement Request, when added to all previous disbursements under the Loan, will result in at least 95% of the aggregate amount of all disbursements having been used to pay costs properly chargeable to the capital account of a qualified residential rental project within the meaning of Section 142(d) of the Code and functionally related and subordinate property thereto.

(iv) The costs specified in the Disbursement Request, when added to all previous and all proposed future disbursements under the Loan, will result in the rehabilitation expenditures, within the meaning of Section 147(d) of the Code, with respect to the Project [equaling or exceeding 15% of the portion of the cost of acquiring the Project] financed with proceeds of the Bonds.

(v) To the knowledge of the Borrower, there is no current or existing event of default pursuant to the terms of this Loan Agreement or the Regulatory Agreement and no event exists which by notice or passage of time or both would constitute an event of default under any of the foregoing documents.

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

(vii) Each expense for which disbursement is requested was or will be paid on or after the date of issuance of the Bonds. Notwithstanding the foregoing, the Borrower may be reimbursed for Project Costs incurred prior to the Closing Date of the Bonds in accordance with Section 1.150-2 of the Code.

Any money in the Project Fund remaining after the Completion Date and payment, or provision for payment, in full of the Project Costs, at the direction of the Authorized Borrower Representative, promptly shall be paid into the Bond Fund for payment of Bond Debt Service Charges.

All payments made from the Project Fund shall be presumed by the Trustee to be made for the purposes certified in said written requests, and the Trustee shall not be required to see to the application of any payments made from the Project Fund or to inquire into the purposes for which withdrawals are being made from the Project Fund. The Trustee shall not be bound to make an investigation into the facts or matters stated in any written request. The Trustee shall not be responsible for determining whether the funds on hand in the Project Fund are sufficient to complete the Project. The Trustee shall have no responsibility whatsoever to disburse or transfer funds absent written instructions from the Borrower.

Section 3.5 FHA Lender Funds and the Bridge Loan.

(a) The Borrower hereby acknowledges that the FHA Lender has determined to fund the FHA Insured Mortgage Loan, on the condition that the FHA Lender originate and service the FHA Insured Mortgage Loan in accordance with the FHA Loan Documents, the FHA Insurance Regulations and the GNMA Regulations, and the FHA Lender has further agreed pursuant to the related FHA Loan Documents issue the GNMA Securities in accordance with the GNMA Regulations, based on and backed by the FHA Insured Mortgage Loan.

(b) The Borrower hereby acknowledges that the Bridge Lender has determined to fund the Bridge Loan, on the condition that the Bridge Lender originate and service the Bridge Loan in accordance with the Bridge Loan Documents

(c) The Borrower will direct the Bridge Lender to deliver or cause to be delivered to the Trustee proceeds of the Bridge Loan upon the Bridge Lender's receipt and approval of a requisition from the Borrower requesting an advance under the Bridge Loan Documents for payments of Project Costs up to an amount equal to the proceeds of the Bonds to be disbursed from the Project Fund.

(d) The Borrower will direct the FHA Lender to deliver or cause to be delivered to the Trustee the FHA Lender Funds upon the FHA Lender's receipt and approval of a requisition from the Borrower requesting an advance under the FHA Insured Mortgage Loan for payments of Project Costs up to an amount equal to the proceeds of the Bonds to be disbursed from the Project Fund.

(e) The Borrower agrees to pay to the FHA Lender all amounts when due under the FHA Note and to abide by the provisions of the FHA Loan Documents and the GNMA Documents.

(f) The Borrower agrees to pay to the Bridge Lender all amounts when due under the Bridge Loan Documents and to abide by the provisions of the Bridge Loan Documents.

(g) Pursuant to the Disbursing Agreement, the Trustee shall, upon receipt from the FHA Lender of (i) the FHA Lender Funds and (ii) an approved requisition, disburse amounts from the Project Fund, in the exact same amount of the FHA Lender Funds received by the Trustee from the FHA Lender, to the Borrower, or to the Title Company by or at the direction of the FHA Lender for application to the payment of the Project Costs set forth in the approved requisition.

(h) The Borrower acknowledges that, to the extent that an advance of FHA Lender Funds as requested by the Borrower is approved by FHA Lender, the Borrower has directed the FHA Lender that all funds be wired by the FHA Lender directly to the Trustee and that such funds shall be disbursed and invested and applied by the Trustee in accordance with the provisions of Section 5.03 of the Indenture.

Section 3.6 Borrower Required to Pay Costs in Event Project Fund Insufficient. If money in the Project Fund is not sufficient to pay all Project Costs, the Borrower, nonetheless, will complete the Project in substantial accordance with the Plans and Specifications and shall pay all such additional Project Costs from its own funds (or from other public or private financing sources available to the Borrower). The Borrower shall pay all costs of issuing the Bonds. The Borrower shall not be entitled to any reimbursement for any such additional Project Costs or payment of issuance costs from the Issuer, the Trustee or any Holder, nor shall it be entitled to any abatement, diminution or postponement of the Loan Payments.

Section 3.7 Completion Date. The Borrower shall notify the Issuer and the Trustee of the Completion Date by the delivery of a Completion Certificate signed by the Authorized Borrower Representative substantially in the form attached hereto as EXHIBIT B. The Completion Certificate shall be delivered as promptly as practicable after the occurrence of the events and conditions referred to in paragraphs (a) through (d) of the Completion Certificate.

Section 3.8 Investment of Fund Money. At the written direction of the Borrower, any money held as part of the Bond Fund, the Project Fund, the Collateral Fund, and the Rebate Fund shall be invested or reinvested by the Trustee in Eligible Investments as provided in Sections 5.05 and 5.09 of the Indenture. The Borrower covenants that it will restrict that investment and reinvestment and the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time of delivery of and payment for the Bonds or subsequent intentional acts, so that the Bonds will not constitute arbitrage bonds under Section 148 of the Code. No provision of this Loan Agreement shall be construed to impose upon the Trustee any obligation or responsibility for compliance with arbitrage regulations.

The Borrower acknowledges that regulations of the Comptroller of the Currency grant the Borrower the right to receive brokerage confirmations of security transactions as they occur. The Borrower specifically waives such right to notification to the extent permitted by law and acknowledges that it will receive periodic transaction statements that will detail all investment transactions.

The Borrower further acknowledges that values shall be determined in accordance with the price provided by pricing services and sources relied upon by the Trustee, and the Trustee does not have any duty to independently value any asset or an obligation other than the price provided by pricing services and sources relied upon by the Trustee.

Section 3.9 Rebate Fund. The Borrower agrees to make such payments to the Trustee as are required of it under Section 5.09 of the Indenture as well as the expenses of any Independent certified public accounting firm or qualified rebate analyst engaged in accordance with said Section. The obligation of the Borrower to make such payments shall remain in effect and be binding upon the Borrower notwithstanding the release and discharge of the Indenture.

Section 3.10 Remarketing of Bonds. The Borrower is hereby granted the right to (a) request a remarketing of the Bonds in the manner and to the extent set forth in Section 4.05 of the Indenture and (b) in consultation with the Remarketing Agent, designate the length of the Remarketing Period and the related Mandatory Tender Date in the manner and to the extent set forth in Sections 4.03 and 4.05 of the Indenture.

ARTICLE IV

LOAN BY ISSUER; REPAYMENT OF THE LOAN; LOAN PAYMENTS AND ADDITIONAL PAYMENTS

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

The Borrower shall be entitled to a credit against the Loan Payments required to be made hereunder, on any date, equal to the amounts, if any, transferred by the Trustee from the Interest Account of the Bond Fund, the Project Fund or the Collateral Fund on such date for the payment of Bond Debt Service Charges.

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

Upon payment in full of the Bond Debt Service Charges on any or all of the Bonds, in accordance with the Indenture, whether at maturity, upon acceleration or otherwise, or upon provision for the payment of all other obligations herein and therein having been made in accordance with the provisions of the Indenture, (a) if with respect to less than all of the Bonds then Outstanding, an appropriate notation shall be endorsed on the Promissory Note evidencing the date and amount of the principal payment (or prepayment) equal to the Bonds so paid, or with respect to which provision for payment has been made; and (b) with respect to all of the Bonds then Outstanding, the Promissory Note shall be deemed fully paid, the obligations of the Borrower shall be terminated, and the Promissory Note shall be surrendered by the Trustee to the Borrower for cancellation. Unless the Borrower is entitled to a credit under express terms of this Loan Agreement or the Promissory Note, all payments on the Promissory Note shall be in the full amount required thereunder.

The Borrower and the Issuer each acknowledge that neither the Borrower nor the Issuer has any interest in the Bond Fund or the Collateral Fund and any money deposited therein shall be in the custody of and held by the Trustee in trust for the benefit of the Holders.

Section 4.2 Additional Payments. The Borrower shall pay to the Issuer or the Trustee, as the case may be, as Additional Payments hereunder the following:

(a) To the Issuer or the Trustee, as the case may be, whether or not an Event of Default has occurred hereunder, as payment for or reimbursement or prepayment of any and all costs, expenses, and liabilities (1) incurred or paid by the Issuer or the Trustee, as the case may be, in satisfaction of any obligations of the Borrower hereunder not performed by the Borrower in accordance with the provisions hereof; (2) incurred as a result of a request by the Borrower or of a requirement of any Borrower Document or the Indenture and not otherwise required to be paid by the Borrower under this Loan Agreement; (3) incurred in the defense of any action or proceeding with respect to the Project or any Borrower Document, or in enforcing any Borrower Document, or arising out of or based upon any other document related to the issuance of the Bonds; or (4) any rebate amount required with respect to the Bonds as required by the Indenture or the Tax Certificate.

(b) To the applicable party, as payment for or reimbursement or prepayment of any Ordinary Services and Ordinary Expenses and Extraordinary Services and Extraordinary Expenses of the Trustee as trustee, registrar, authenticating agent and paying agent, and of any other paying agent, authenticating agent, and registrar on the Bonds under the Indenture, all as provided in the Indenture, as and when the same become due; provided that the Borrower may, without creating an Event of Default hereunder, contest in

good faith the necessity for any Extraordinary Services and Extraordinary Expenses and the amount of any such Ordinary Services, Ordinary Expenses, Extraordinary Services or Extraordinary Expenses; provided that fees for Ordinary Services provided for by the respective letter agreements agreed to by the Borrower and the Trustee, the Registrar, and any Paying Agents and Authenticating Agents, respectively, shall be considered to be customary.

(c) All Extension Payments and other sums required under Section 4.05 of the Indenture in order to revise or extend the Mandatory Tender Date or remarket the Bonds, and the Borrower further agrees to execute any and all certificates required by the Issuer, the Trustee or the Remarketing Agent in order to effectuate such revision, extension or remarketing.

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

(e) To the Issuer in immediately available funds, upon demand, for all costs and expenses, including without limitation reasonable attorneys' fees, paid or incurred by the Issuer in connection with (1) the discussion, negotiation, preparation, approval, execution and delivery of the Bonds, the Indenture, the Regulatory Agreement, this Loan Agreement, and the documents and instruments related hereto or thereto; (2) any amendments or modifications to any of the foregoing documents, instruments or agreements and the discussion, negotiation, preparation, approval, execution and delivery of any and all documents necessary or desirable to effect such amendments or modifications; (3) the servicing and administration of the Loan during the term hereof or thereafter; and (4) the enforcement by the Issuer during the term hereof or thereafter of any of the rights or remedies of the Issuer hereunder or under the foregoing documents, or any document, instrument or agreement related hereto or thereto, including, without limitation, costs and expenses of collection in the Event of Default, whether or not suit is filed with respect thereto.

(f) To the Issuer, the administrative fee (the "Administrative Fee") payable on a one-time basis on the Closing Date in an amount equal to one half of one percent of the initial maximum principal amount of the Bonds (\$24,000,000). The Administrative Fee is not pledged to payment of the Bonds and may be used by the Issuer for any proper purpose. The Administrative Fee is required by the Issuer for the purpose of partially compensating the Issuer for services to be performed by it prior to and during the term of this Loan Agreement but the Issuer is not required to provide an accounting to the Borrower of such services or the Administrative Fee applied to such services.

Upon the payment, prepayment, or incurrence of any such cost, expense, or liability described in this Section by any such party, the Additional Payments in respect thereof shall be payable upon written demand to the Borrower, which demand shall be accompanied by invoices or other appropriate documentation concerning the nature, amount and incurrence of such cost, expense or liability. If the Additional Payments payable under this Section are not paid by the Borrower within 30 days of the Borrower's receipt of such demand, such Additional Payments shall bear interest from such thirtieth day at the Interest Rate for Advances until the amount due shall have been fully paid.

Section 4.3 Place of Payments. The Borrower shall make all Loan Payments directly to the Trustee at its designated corporate trust office. Additional Payments shall be made directly to the person or entity to whom or to which they are due.

Section 4.4 Obligations Unconditional. The obligations of the Borrower to make Loan Payments, Additional Payments, and any payments required of the Borrower under Sections 5.09 and 6.03 of the Indenture shall be absolute and unconditional, and the Borrower shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim which the Borrower may have or assert against the Issuer, the Trustee or any other Person; provided that the Borrower may contest in good faith the

necessity for any Extraordinary Services and Extraordinary Expenses and the amount of any Ordinary Services, Ordinary Expenses, Extraordinary Services, or Extraordinary Expenses.

Section 4.5 Assignment of Loan Agreement and Issuer Revenues. To secure the payment of Bond Debt Service Charges, the Issuer shall assign to the Trustee, by the Indenture, its rights under and interest in this Loan Agreement (except for the Unassigned Issuer's Rights) and the Promissory Note. The Borrower hereby agrees and consents to those assignments. The Issuer shall not attempt to further assign, transfer or convey its interest in the Issuer Revenues or this Loan Agreement or create any pledge or Lien of any form or nature with respect to the Issuer Revenues or Loan Payments hereunder.

ARTICLE V

ADDITIONAL AGREEMENTS AND COVENANTS

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

Section 5.2 Borrower to Maintain Its Existence; Sales of Assets or Mergers. The Borrower shall maintain its existence, not dissolve or sell, transfer or otherwise dispose of all or substantially all of its assets, not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it, and not sell or transfer the Project; provided, however, that it may do so if the surviving, resulting or transferee entity is other than the Borrower, it assumes in writing all of the obligations of the Borrower under this Loan Agreement and the Regulatory Agreement and it has a net worth equal to or greater than that of the Borrower immediately prior to such consolidation, merger, sale or transfer or if the Bonds are repaid in full. Nothing herein contained shall limit the rights of (a) any direct or indirect owners of interests in the Borrower to (1) transfer, convey, sell or otherwise dispose (a "Transfer") their ownership interests to any Affiliate of such owner or of any other owner of interests in the Borrower, or in connection with any estate planning, or by operation of law, or (2) make Transfers among and between themselves; or (3) allow either the Federal Investor Limited Partner or the State Historic Tax Credit Equity Investor to transfer its interest to any Affiliate or third party, or (b) Borrower to make Transfers as otherwise permitted by (or subject to the terms and conditions set forth in) the Regulatory Agreement.

Notwithstanding anything to the contrary contained herein or in any other Subordinate Bond Document and subject to the consent of HUD and the FHA Lender prior to each occurrence to the extent such consent is required under the FHA Loan Documents, the following shall be permitted and shall not require the prior written approval of the Issuer or the Trustee: (i) the transfer by either the Federal Investor Limited Partner or the State Historic Tax Credit Equity Investor of its interests in the Borrower in accordance with the terms of the Borrower's Amended and Restated Agreement of Limited Partnership, as it may be amended from time to time (the "Partnership Agreement"); (ii) the removal of the General Partner of the Borrower in accordance with the Partnership Agreement and the replacement thereof with either the Federal Investor Limited Partner or the State Historic Tax Credit Investor or any Affiliate; (iii) the transfer of ownership interests in either the Federal Investor Limited Partner or the State Historic Tax Credit Equity Investor; (iv) the transfer of the interests of either the Federal Investor Limited Partner or the State Historic Tax Credit Equity Investor in the Borrower to the Borrower's General Partner, State Historic Tax Credit Equity Investor or the Federal Investor Limited Partner or any Affiliate; and (v) any amendment to

the Partnership Agreement to memorialize the transfers or removal described above. The parties agree that this Section shall control to the extent of any conflict in any Subordinate Bond Documents.

Section 5.3 Indemnification. The Borrower releases the Issuer and the Trustee from, agrees that the Issuer and the Trustee shall not be liable for, and indemnifies, defends and holds the Issuer and the Trustee harmless from and against, any and all liabilities, claims, costs and expenses and reasonable attorneys' fees imposed upon, incurred or asserted against the Issuer or the Trustee on account of: (a) any loss or damage to property or injury to or death of or loss by any person that may be occasioned by any cause whatsoever pertaining to the acquisition, rehabilitation, financing, occupation, possession, management, equipping, furnishing, maintenance, operation and use of the Project or from any work or thing done in or about the Project site, or any sidewalks, passageways, driveways, curbs, vaults and vault space, streets or parking areas on the Project site or adjacent thereto; (b) any breach or default on the part of the Borrower in the performance of any covenant or agreement of the Borrower under this Loan Agreement, the Regulatory Agreement, the Promissory Note or any related document, or arising from any act or failure to act by the Borrower, or any of its agents, contractors, servants, employees or licensees; (c) the Borrower's failure to comply with any requirement of this Loan Agreement including the covenant in Section 5.4 hereof; (d) any action taken or omitted to be taken by the Issuer or the Trustee under this Loan Agreement, the Indenture or the Regulatory Agreement; (e) the issuance of the Bonds; and (f) any claim, action or proceeding brought with respect to any matter set forth in clause (a), (b), (c), (d), or (e) above; provided, however, that the indemnification provided in this Section shall not apply to any matter arising or resulting from the gross negligence or willful misconduct of the party proposed to be indemnified hereunder.

The Borrower agrees to indemnify the Trustee for and to hold it harmless against all liabilities, claims, costs and expenses incurred without negligence or willful misconduct on the part of the Trustee, on account of any action taken or omitted to be taken by the Trustee in accordance with the terms of this Loan Agreement, the Bonds, the Regulatory Agreement, the Promissory Note, or the Indenture, any action taken at the request of or with the consent of the Borrower or any loss, liability, damage, claim, tax or expense incurred by it, arising out of or in connection with the acceptance or administration of the Indenture or the trusts thereunder or the performance of its powers or duties thereunder or under this Loan Agreement, the Bonds, the Indenture, the Regulatory Agreement, the Promissory Note or any other document relating to the Bonds, including the costs and expenses of the Trustee in defending itself against any such claim, action or proceeding brought in connection with the exercise or performance of any of its powers or duties under this Loan Agreement, the Bonds, the Indenture, the Regulatory Agreement, or the Promissory Note.

In case any action or proceeding is brought against the Issuer or the Trustee in respect of which indemnity may be sought hereunder, the party seeking indemnity promptly shall give notice of that action or proceeding to the Borrower, and the Borrower upon receipt of that notice shall have the obligation and the right to assume the defense of the action or proceeding; provided, that failure of a party to give that notice shall not relieve the Borrower from any of its obligations under this Section unless that failure prejudices the defense of the action or proceeding by the Borrower and then only to the extent that such failure prejudices the defense of such action or proceeding by the Borrower. The indemnified party shall have the right to employ separate counsel in any such action or proceedings and to participate in the defense thereof, but, unless such separate counsel is employed with the approval and consent of the Borrower, or because the indemnified party has been advised by counsel that there may be a conflict of interest between the Borrower and the indemnified party or the Trustee believes in good faith that there are defenses available to it which are adverse to or in conflict with those available to the Borrower and which the Issuer or the Trustee believes in good faith cannot be effectively asserted by common counsel, the Borrower shall not be required to pay the fees and expenses of such separate counsel. The Borrower shall not be liable for any settlement made without its consent, which consent shall not be unreasonably withheld, conditioned or delayed, and the Borrower agrees that it will not settle any claim or action to which the Trustee or the Issuer

is a party without the consent of the Issuer or the Trustee, as applicable. This indemnification survives the payment in full of the Bonds and the resignation or removal of the Trustee.

The indemnification set forth above is intended to and shall include the indemnification of all affected members of the Issuer's Board of Trustees, the Executive Director and other Issuer officials, officers, agents, representatives and employees of the Issuer and the Trustee and its Board members, officers, employees, officials and agents, respectively. That indemnification is intended to and shall be enforceable by the Issuer and the Trustee, respectively, to the full extent permitted by law.

Section 5.4 Borrower Not to Adversely Affect Exclusion from Gross Income of Interest on Bonds. The Borrower hereby represents that it has taken and caused to be taken, and covenants that it will take and cause to be taken, all actions that may be required of it, alone or in conjunction with the Issuer, for the interest on the Bonds to be and to remain excluded from gross income for federal income tax purposes (other than interest on the Bonds for any period during which the Bonds are held by a "substantial user" of any facility financed with the proceeds of the Bonds or a "related person," as such terms are used in Section 147(a) of the Code), and represents that it has not taken or permitted to be taken on its behalf, and covenants that it will not take or permit to be taken on its behalf, any actions that would adversely affect such exclusion under the provisions of the Code.

Section 5.5 Affirmative Covenants. Unless the Issuer or the FHA Lender shall otherwise consent in writing:

(a) **Maintenance of Properties.** The Borrower shall maintain and preserve in good working order and condition, ordinary wear and tear and casualty loss excepted, all of its properties which are necessary or useful in the proper conduct of its business, and shall from time to time make all necessary repairs, renewals, replacements, additions and improvements to said properties. All damage to apartment units shall be repaired promptly and apartment units shall be maintained so as to be available at all times for habitation.

(b) **Keeping of Records and Books of Account.** The Borrower shall keep adequate records and books of account in which complete entries will be made in accordance with GAAP or indicating deviations therefrom, reflecting all financial transactions. The Borrower shall deliver to the Trustee annually, not later than 120 days following the end of the Borrower's Fiscal Year, commencing with the Fiscal Year ending in 2026, its year-end financial statements accompanied by a written statement of the Borrower that the Borrower has not violated any of the terms, covenants or provisions of this Loan Agreement insofar as it relates to accounting matters. The Trustee shall have no duty to review or analyze any such financial statements. The Trustee shall not be deemed to have notice of any information contained therein or event of default which may be disclosed in any manner therein.

(c) **Payment of Taxes, Etc.** The Borrower shall promptly pay and discharge all taxes, assessments, fees, and other Government charges or levies imposed upon it or upon any of its properties, income or profits, before the same shall become delinquent; all lawful claims of materialmen, mechanics, carriers, warehousemen, landlords and other similar Persons for labor, materials, supplies and rentals, which if unpaid might by law become a Lien upon its properties; any Indebtedness heretofore or hereafter incurred by it when due, and discharge, perform and observe covenants, provisions and conditions to be discharged, performed and observed by it in connection therewith, or in connection with any agreement or other instrument relating thereto or in connection with any Lien existing at any time upon any of its properties; provided, however, that the Borrower shall not be required to pay any of the foregoing if (1) the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings; (2) the Borrower shall have set aside on its books adequate reserves with respect thereto; and (3) the title of the

Borrower to, and its right to use, its properties is not materially and adversely affected thereby. The Borrower hereby agrees that, in the event it fails to pay or cause to be paid taxes, assessments, fees and other Government charges or levies or the premium on any required insurance and such failure constitutes a default under the FHA Loan Documents, the Trustee may make such payment, but is not obligated to do so, and the Trustee shall be reimbursed by the Borrower therefor with interest on the amount so advanced at the Interest Rate for Advances as provided in Section 4.2 hereof.

(d) Insurance. The Borrower shall at all times maintain, or cause to be maintained, insurance of such types and in such amounts as required by the FHA Loan Documents.

(e) Notice of Material Litigation. The Borrower shall promptly notify the Issuer and the Trustee in writing of any litigation, arbitration proceeding or administrative investigation, inquiry or other proceeding to which it may hereafter become a party or be subject to which may result in a change in the business or assets or in the condition, financial or otherwise, of the Borrower which would materially impair the ability of the Borrower to perform this Loan Agreement, the Regulatory Agreement, the Borrower guaranties or the Promissory Note, or any other agreement or instrument herein or therein contemplated.

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

(g) Performance of Contracts, Etc. Except to the extent contested in good faith, the Borrower shall perform according to and shall materially comply with all of its Contractual Obligations and all requirements of law if nonperformance thereof would result in a change in the business or assets or in the condition, financial or otherwise, of the Borrower which would materially impair the ability of the Borrower to perform the Borrower Documents or any other agreement or instrument herein or therein contemplated.

(h) Notice of Other Matters. The Borrower shall promptly notify the Trustee in writing of any of the following events:

(1) Any event with respect to the business or assets or in the condition, financial or otherwise, of the Borrower which would materially impair the ability of the Borrower to perform its obligations under the Borrower Documents or any other agreement or instrument herein or therein contemplated.

(2) A default by the Borrower in any material respect under any material agreement to which the Borrower is a party or by which the Borrower or its properties or assets may be bound which would materially impair the ability of the Borrower to repay the Loan, giving in each case the details thereof and specifying the action proposed to be taken with respect thereto.

(i) Cooperation in Perfecting Security Interests, Etc. The Borrower shall promptly perform such acts as may be necessary or advisable to perfect and maintain any Lien provided for in this Loan Agreement or in any agreement or document contemplated herein or therein, including the Bond Mortgage, or otherwise to carry out the intent of this Loan Agreement. The Borrower shall promptly execute, file, deliver and perform or cause to be done, executed, delivered and performed all such documents, instruments, agreements, things and acts, including, without limitation, financing statements, continuation statements and mortgages as may be necessary or advisable to perfect or maintain a Lien on any and all assets or rights owned by the Borrower, or any interest of the Borrower therein.

(j) Environmental Matters. The Borrower will take and continue to take prompt action to remedy all environmental pollution and contamination, hazardous waste disposal and other environmental cleanup problems of which it is aware and responsible for, if any, whether or not such cleanup problems

have resulted from the order or request of a municipal, state, federal, administrative or judicial authority, or otherwise. The foregoing covenant shall not constitute or create a waiver of any rights the Borrower may have to pursue any legal rights or remedies against any third party for any environmental claims.

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

(l) **Patriot Act.** The Borrower covenants and agrees to provide documentation as reasonably requested or required by the Trustee to enable the Trustee to comply with the requirements of the USA Patriot Act as described in Section 13.13 of the Indenture.

Section 5.6 Additional Indebtedness. The FHA Insured Mortgage Loan and any other subordinate loans from subordinate lenders consistent with the Borrower's plan of finance are all permitted Indebtedness. In addition, so long as no Event of Default or default hereunder shall have occurred and be continuing, the Borrower shall be permitted to incur any additional Indebtedness for any Project Cost or other costs associated with the Project or other obligation or payment due under this Loan Agreement, the Indenture or the Regulatory Agreement.

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

Section 5.8 Cooperation in Enforcement of Regulatory Agreement. In order to maintain the exclusion from gross income under federal tax law of interest on the Bonds and to assure compliance with the laws of the Commonwealth (including the Act), the Borrower hereby agrees that it shall, concurrently with or before the execution and delivery of the Bonds, execute and deliver and cause to be recorded the Regulatory Agreement. The Borrower hereby covenants and agrees as follows:

- (a) to comply with all provisions of the Regulatory Agreement;
- (b) to advise the Issuer in writing promptly upon learning of any default with respect to the covenants, obligations and agreements of the Borrower set forth in the Regulatory Agreement;
- (c) upon written direction by the Issuer, to cooperate fully and promptly with the Issuer in enforcing the terms and provisions of the Regulatory Agreement; and
- (d) to file in accordance with the time limits established by the Regulatory Agreement all reports and certificates required thereunder, and the annual certification to the Secretary of the Treasury required by the Regulatory Agreement.

The Issuer shall not incur any liability in the event of any breach or violation of the Regulatory Agreement by the Borrower, and the Borrower agrees to indemnify the Issuer from any claim or liability for such breach pursuant to Section 5.3 hereof.

Section 5.9 Tax-Exempt Status of the Bonds.

(a) It is the intention of the Issuer and the Borrower that interest on the Bond shall be and remain excludable from gross income for federal income taxation purposes, and to that end the covenants and agreements of the Borrower in this Section are for the benefit of the owners of the Bonds and the Issuer.

(b) The Borrower covenants and agrees that it will not (1) use or permit the use of any of the funds provided by the Issuer hereunder or any other funds of the Borrower, directly or indirectly, in such manner as would; (2) enter into, or allow any “related person” (as defined in Section 147(a)(2) of the Code) to enter into, any arrangement, formal or informal, for the purchase of the Bonds that would; or (3) take or omit to take any other action that would, in each case cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(c) In the event that at any time the Borrower is of the opinion or becomes otherwise aware that for purposes of this Section it is necessary to restrict or to limit the yield on the investment of any money held under the Indenture or otherwise by the Trustee, the Borrower shall determine the limitations and so instruct the Trustee in writing and cause the Trustee to comply with those limitations under the Indenture.

(d) The Borrower will take such action or actions as may be necessary to fully comply with the Tax Certificate and with Section 148 of the Code as applicable to the Bonds.

(e) The Borrower further agrees that it shall not discriminate on the basis of race, creed, color, sex, sexual preference, source of income (e.g. AFDC, SSI), physical disability, national origin or marital status in the lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project, to the extent required by applicable Commonwealth or federal law.

(f) The Borrower further warrants and covenants that it has not executed and will not execute any other agreement, or any amendment or supplement to any other agreement, with provisions contradictory to, or in opposition to, the provisions, of this Loan Agreement and of the Regulatory Agreement, and that in any event, the requirements of this Loan Agreement and the Regulatory Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith and therewith.

(g) The Borrower will use due diligence to complete the renovation, rehabilitation, improvements, construction and equipping of all of the units comprising the Project and reasonably expects to fully expend the entire [\$24,000,000] in principal amount of the Loan before the Initial Mandatory Tender Date.

(h) The Borrower will take such action or actions as necessary to ensure compliance with Section 2.2(e), (g), (h), (i), (l), (o), (p), (q) and (r) hereof.

Section 5.10 Useful Life. The Borrower hereby represents and warrants that, within the meaning of Section 147(b) of the Code, the average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the facilities being financed with the proceeds of the Bonds.

Section 5.11 Federal Guarantee Prohibition. The Borrower shall take no action, nor permit nor suffer any action to be taken if the result of the same would be to cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

Section 5.12 Prohibited Facilities. The Borrower represents and warrants that no portion of the proceeds of the Loan shall be used to provide any airplane, skybox or other private luxury box, health

club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Loan shall be used for an office unless (a) the office is located on the premises of facilities constituting a portion of the Project and (b) not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

Section 5.13 Borrower's Performance Under Indenture. The Indenture provisions concerning the Bonds and the other matters therein are an integral part of the terms and conditions of the Loan made by the Authority to the Borrower pursuant to this Loan Agreement, and the execution of this Loan Agreement shall constitute conclusive evidence of approval of the Indenture by the Borrower, to the extent that it relates to the Borrower. Additionally, the Borrower agrees that, whenever the Indenture by its terms imposes a duty or obligation on the Borrower, such duty or obligation shall be binding upon the Borrower to the same extent as if the Borrower were an express party to the Indenture, and the Borrower hereby agrees to carry out and perform all of its obligations under the Indenture as fully as if the Borrower were a party to the Indenture. The Borrower agrees that any provisions governing the rights, immunities and protections of the Trustee under the Indenture are incorporated by reference into this Loan Agreement as though fully set forth herein.

ARTICLE VI

PREPAYMENT

Section 6.1 Optional Prepayment. The Promissory Note may be prepaid by the Borrower in whole or in part any Business Day occurring on or after April 1, 2028, and must be prepaid by the Borrower in whole as soon as practicable after the Borrower has advised the Trustee in writing that the Project is placed in service for all purposes within the meaning of Section 42 of the Code, without penalty at a prepayment price equal to the outstanding principal amount plus any unpaid accrued interest on the Promissory Note. In order to prepay the Promissory Note, the Borrower shall give the Trustee written notice at least 30 days prior to the prepayment date to effect a redemption of the Bonds pursuant to Section 4.01 of the Indenture. After a Remarketing Date, the Promissory Note may be prepaid by the Borrower in whole or in part on any Business Day that is nearest to the date falling at 50% of the subsequent remarketing period between the most recent Mandatory Tender Date and the next Mandatory Tender Date or the Maturity Date, as applicable.

Section 6.2 Borrower's Obligations Upon Tender of Bonds. If any Tendered Bond is not remarketed on any Mandatory Tender Date and a sufficient amount is not available in the Collateral Fund, the Bond Fund, and the Project Fund as provided in Section 4.03(e) of the Indenture for the purpose of paying the purchase price of such Bond, the Borrower will cause to be paid to the Trustee by the applicable times provided in the Indenture, an amount of Available Money equal to the amount by which the principal amount of all Bonds tendered and not remarketed, together with interest accrued to the Mandatory Tender Date, exceeds the amount otherwise available pursuant to Section 4.03(e) of the Indenture.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

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

(a) The Borrower shall fail to pay any Loan Payment on or prior to the date on which that Loan Payment is due and payable or within the Loan Payment Cure Period;

(b) The Borrower shall fail to observe and perform any other agreement, term or condition contained in this Loan Agreement and the continuation of such failure for a period of 30 days after written notice thereof shall have been given to the Borrower and the Investor Limited Partners by the Issuer or the Trustee, or for such longer period as the Issuer and the Trustee may agree to in writing; provided, that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, that failure shall not constitute an Event of Default so long as the Borrower institutes curative action within the applicable period and diligently pursues that action to completion, which must be resolved within 180 days after the aforementioned notice; provided that the Trustee is provided with a certification from the Borrower to the effect that such default cannot through the exercise of diligence be wholly cured within such 30 day period but can be wholly cured and the Borrower has commenced or will promptly commence with due diligence and dispatch the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch;

(c) The Borrower shall (1) admit in writing its inability to pay its debts generally as they become due; (2) have an order for relief entered in any case commenced by or against it under the federal bankruptcy laws, as now or hereafter in effect, which is not dismissed within 90 days; (3) voluntarily commence a proceeding under any other federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for 90 days; (4) make an assignment for the benefit of creditors; or (5) have a receiver or trustee appointed for it or for the whole or any substantial part of its property which appointment is not vacated within a period of 90 days;

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

(e) There shall occur an "Event of Default" as defined in the Indenture or the Regulatory Agreement.

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

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

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

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

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

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

(a) If acceleration of the principal amount of the Bonds has been declared pursuant to Section 7.03 of the Indenture, the Trustee shall declare all Loan Payments to be immediately due and payable together with any other amounts payable by the Borrower under this Loan Agreement and the Promissory Note whereupon the same shall become immediately due and payable;

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

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

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

Notwithstanding the foregoing, neither the Issuer nor the Trustee, as assignee of the Issuer, shall be obligated to take any step which in its respective opinion will or might cause it to expend time or money or otherwise incur liability unless and until a satisfactory indemnity bond has been furnished to the Issuer or the Trustee, as applicable, at no cost or expense to the Issuer or the Trustee. Any amounts collected as Loan Payments or applicable to Loan Payments and any other amounts which would be applicable to payment of Bond Debt Service Charges collected pursuant to action taken under this Section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if the Outstanding Bonds have been paid and discharged in accordance with the provisions of the Indenture, shall be paid as provided in Section 5.08 of the Indenture for transfers of remaining amounts in the Bond Fund.

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

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

Section 7.4 Agreement to Pay Attorneys' Fees and Expenses. As further provided in Section 4.2 hereof, if the Issuer or the Trustee should incur expenses, including attorneys' fees, in connection with the enforcement of this Loan Agreement, the Regulatory Agreement, or the Promissory Note or the collection of sums due thereunder, the Borrower shall reimburse the Issuer and the Trustee, as applicable, for the expenses so incurred upon demand.

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

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

Section 7.7 Investor Limited Partners' Cure Rights. The Issuer hereby agrees that any cure of any Event of Default hereunder made or tendered by the Federal Investor Limited Partner or the State Historic Tax Credit Equity Investor shall be deemed to be cured by the Borrower and shall be accepted or rejected by the Issuer on the same basis as if made or tendered by the Borrower.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 Term of Agreement. This Loan Agreement shall be and remain in full force and effect from the date of delivery of the Bonds to the Holder until such time as all of the Bonds shall have been fully paid (or provision made for such payment) pursuant to the Indenture and all other sums payable by the Borrower under this Loan Agreement and the Promissory Note shall have been paid, except for obligations of the Borrower under Sections 3.9, 4.2, and 5.3 hereof, which shall survive any termination of this Loan Agreement.

Section 8.2 Amounts Remaining in Funds. Any amounts in the Bond Fund remaining unclaimed by the Holders of Bonds for two (2) years after the due date thereof (whether at stated maturity or otherwise), at the option of the Borrower, shall be deemed to belong to and shall be paid, at the written request of the Borrower, to the Borrower by the Trustee as overpayment of Loan Payments. With respect to that principal of and interest on the Bonds to be paid from money paid to the Borrower pursuant to the preceding sentence, the Holders of the Bonds entitled to such money shall look solely to the Borrower for the payment of such money. Further, any amounts remaining in the Bond Fund, the Project Fund and any other special funds or accounts created under this Loan Agreement, the Regulatory Agreement, or the Indenture after all of the Outstanding Bonds shall be deemed to have been paid and discharged under the provisions of the Indenture and all other amounts required to be paid under this Loan Agreement, the Promissory Note, the Regulatory Agreement, and the Indenture have been paid, shall be paid to the Borrower to the extent that such money is in excess of the amounts necessary to effect the payment and discharge of the outstanding Bonds.

Section 8.3 Notices. All notices, certificates, requests or other communications hereunder shall be given in the same manner as notices, certificates, requests and other communications are to be given under Section 13.03 of the Indenture.

Section 8.4 Extent of Covenants of the Issuer; No Personal Liability. All covenants, obligations and agreements of the Issuer contained in this Loan Agreement and the Indenture shall be effective to the extent authorized and permitted by applicable law. No such covenant, obligation or agreement shall be deemed to be a covenant, obligation or agreement of any present or future member, officer, agent or employee of the Issuer in other than his or her official capacity, and neither the members of the Issuer nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof or by reason of the covenants, obligations or agreements of the Issuer contained in this Loan Agreement or in the Indenture.

Section 8.5 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding in accordance with its terms upon the Issuer, the Borrower and their respective permitted successors and assigns provided that this Loan Agreement may not be assigned by the Borrower (except in connection with a sale or transfer of assets pursuant to Section 5.2 hereof) and may not be assigned by the Issuer except to the Trustee pursuant to the Indenture or as otherwise may be necessary to enforce or secure payment of Bond Debt Service Charges. This Loan Agreement may be enforced only by the parties, their assignees and others who may, by law, stand in their respective places.

Section 8.6 Amendments and Supplements. Except as otherwise expressly provided in this Loan Agreement or the Indenture, subsequent to the issuance of the Bonds and prior to all conditions provided for in the Indenture for release of the Indenture having been met, this Loan Agreement, the Regulatory Agreement and the Promissory Note may not be effectively amended, changed, modified, altered or terminated except in accordance with the provisions of Article XI of the Indenture, as applicable.

Section 8.7 Execution Counterparts. This Loan Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

Section 8.8 Severability. If any provision of this Loan Agreement, or any covenant, obligation or agreement contained herein is determined by a court to be invalid or unenforceable, that determination shall not affect any other provision, covenant, obligation or agreement, each of which shall be construed and enforced as if the invalid or unenforceable portion were not contained herein. That invalidity or unenforceability shall not affect any valid and enforceable application thereof, and each such provision, covenant, obligation or agreement shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 8.9 Governing Law. This Loan Agreement shall be deemed to be a contract made under the laws of the Commonwealth and for all purposes shall be governed by and construed in accordance with the laws of the Commonwealth.

Section 8.10 Non-Recourse Obligations. Notwithstanding anything to the contrary set forth herein, in the Promissory Note and in any other document delivered in connection herewith, it is hereby expressly agreed and understood that the obligations of the Borrower hereunder, under the Promissory Note and under every document executed and delivered in connection herewith, are non-recourse. Neither the Borrower nor any member, partner, officer, director or employee of the Borrower (each a “Related Party”) shall have any personal liability for the repayment of the Loan. In furtherance thereof, the Issuer and the Trustee shall be entitled to look solely and exclusively to the Issuer Revenues, the Project and any income derived therefrom for the payment and other obligations of the Borrower hereunder, under the Promissory

Note and all evidences of indebtedness secured hereby, and shall not seek a personal judgment against any member, partner, officer, director, member or stockholder of the Borrower, provided that nothing herein shall relieve any such Related Party from liability for any of the following:

- (a) rent collected for more than one month in advance and received by such Related Party and not applied to the reasonable operating requirements of the Project;
- (b) misappropriation or misapplication by such Related Party of insurance or eminent domain proceeds;
- (c) fraud or material misrepresentation by such Related Party against the Issuer or the Holder;
- (d) conversion by such Related Party of all or a material portion of the Project; or
- (e) gross negligence, willful misconduct or intentional torts of such Related Party relating to the Project or the revenues therefrom.

Section 8.11 HUD-Required Provisions. The Borrower and the Issuer acknowledge that this Loan Agreement and all the Borrower's obligations hereunder are subject and subordinate to the FHA Loan Documents and the Program Obligations. Notwithstanding any provisions of this Loan Agreement to the contrary, no obligations of the Borrower hereunder shall be payable except from (a) Surplus Cash; (b) funds that are not derived from (1) revenues of the Project (as defined in the FHA Mortgage), (2) the proceeds of the FHA Note, or (3) any reserve or deposit made with the FHA Lender or any other party as required by HUD in connection with the FHA Loan Documents; or (c) FHA Lender Funds which have been deposited into the Collateral Fund by or at the direction of the FHA Lender (collectively, "Non-Project Sources"). No claims or actions shall be made (or payable) under this Loan Agreement against the Project, the FHA Lender, the proceeds of the FHA Note, or the assets of the Borrower, except from Non-Project Sources. In addition, the rights and obligations of the parties under this Loan Agreement and all other documents evidencing, implementing, or securing this Loan Agreement (collectively, the "Subordinate Bond Documents") are and shall be subordinated in all respects to the rights and obligations of the parties to and under the FHA Loan Documents. In the event of any conflict between the provisions of (i) this Loan Agreement or the Subordinate Bond Documents and (ii) the provisions of the FHA Loan Documents or the Program Obligations, the provisions of the FHA Loan Documents or the Program Obligations shall control. The provisions of this section shall control over any inconsistent provisions in this Loan Agreement or the Subordinate Bond Documents. This Loan Agreement shall not be amended or modified without the prior written consent of HUD.

Section 8.12 Limitation on Liability of the Issuer. THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE PLEDGED REVENUES (AS DEFINED IN THE INDENTURE) AND FROM OTHER MONEY PLEDGED UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA (THE "COMMONWEALTH") NOR THE FAITH AND CREDIT OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER AND THE CITY OF NEWPORT NEWS, VIRGINIA (THE "CITY")) ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST OR PREMIUM, IF ANY, ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER AND THE CITY) TO LEVY ANY TAXES WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR

PAYMENT EXCEPT FROM THE FUNDS PLEDGED THEREFOR. THE ISSUER HAS NO TAXING POWER.

The Borrower hereby acknowledges that the Issuer's sole source of money to repay the Bonds will be provided by the payments made by the Borrower pursuant to this Loan Agreement, and amounts in certain funds and accounts held by the Trustee under the Indenture, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal of and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal of or interest on the Bonds, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Issuer or any third party, subject to any right of reimbursement from the Trustee, the Issuer or any such third party, as the case may be, therefor.

Section 8.13 Waiver of Personal Liability. No City council member of the City of Newport News ("City Council Member") and any member of the Board of Commissioners of the Issuer, or any officer, official, agent or employee of the Issuer shall be individually or personally liable for the payment of any principal of or interest on the Bonds or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Loan Agreement; but nothing herein contained shall relieve any such City Council Member, member of the Board of Commissioners of the Issuer, officers, officials, agents or employees of the Issuer from the performance of any official duty provided by law or by this Loan Agreement.

Section 8.14 Delivery of Reports, Etc. The delivery of reports, information and documents to the Issuer as provided herein is for informational purposes only and the Issuer's receipt of such shall not constitute constructive knowledge of any information contained therein or determinable from information contained therein. The Issuer shall have no duties or responsibilities except those that are specifically set forth herein, and no other duties or obligations shall be implied in this Loan Agreement against the Issuer.

Section 8.15 Audit Expenses. The Borrower agrees to pay any costs incurred by the Issuer, including fees of Issuer's counsel, as a result of an audit by the Issuer or the Issuer's compliance with an audit or inquiry of any kind, random or otherwise, by the Internal Revenue Service, the Commonwealth of Virginia Department of Revenue or any other governmental agency with respect to the Bonds or the Project.

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

**NEWPORT NEWS REDEVELOPMENT AND
HOUSING AUTHORITY**

(SEAL)

By: _____
Title: Chairman

ATTEST:

By: _____
Title: Secretary/Executive Director

Execution page of the Borrower to the Loan Agreement, dated as of the date and year first written above.

STUART GARDENS II HOUSING PARTNERS, LP,
a Virginia limited partnership

By: Stuart Gardens II Housing Management, LLC,
a Virginia limited liability company,
its General Partner

By: Vitus Development III, LLC,
a Delaware limited liability company,
its Member and Manager

By: _____
Name: Stephen R. Whyte
Title: President

EXHIBIT A

FORM OF PROMISSORY NOTE

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

\$24,000,000

[July __], 2026

Stuart Gardens II Housing Partners, LP, a Virginia limited partnership (the “Borrower”), for value received, promises to pay in installments to the Newport News Redevelopment and Housing Authority, as issuer (the “Issuer”) under an Indenture of Trust, dated as of July 1, 2026 (the “Indenture”), between the Issuer and U.S. Bank Trust Company, National Association, a national banking association (the “Trustee”), the principal sum of

TWENTY-FOUR MILLION AND 0/100 DOLLARS

and to pay interest on the unpaid balance of such principal sum from and after the date hereof at the rate of [_____] % per annum, to but not including the Initial Mandatory Tender Date, and thereafter at the applicable Remarketing Rate until the payment of such principal sum has been made or provided for. The principal amount stated above shall be paid on or before the fifth Business Day immediately preceding the Maturity Date. Interest shall be calculated on the basis of a three hundred sixty (360) day year of twelve (12) equal months. Interest on this Promissory Note shall be paid in Federal Reserve funds on the fifth Business Day next preceding each April 1 and October 1 (the “Interest Payment Dates”), commencing October 1, 2026.

This Promissory Note has been executed and delivered by the Borrower to the Issuer pursuant to a certain Loan Agreement, dated as of July 1, 2026 (the “Loan Agreement”), between the Issuer and the Borrower.

Terms used but not defined herein shall have the meanings ascribed to such terms in the Indenture.

Under the Loan Agreement, the Issuer has loaned the Borrower a portion of the principal proceeds received from the sale of the Issuer’s Multifamily Housing Revenue Bonds (Stuart Gardens II Apartments), Series 2026 (the “Bonds”), issued on the date hereof in the original aggregate principal amount of \$24,000,000, to assist in the financing of the Project, and the Borrower has agreed to repay such loan by making payments (the “Loan Payments”) at the times and in the amounts set forth in this Promissory Note for application to the payment of Bond Debt Service Charges on the Bonds as and when due. The Bonds have been issued, concurrently with the execution and delivery of this Promissory Note, pursuant to, and are secured by, the Indenture, and the Indenture has been assigned by the Issuer to the Trustee to secure the repayment of principal and interest on the Bonds and other amounts under the Indenture.

To provide funds to pay the principal of and interest on the Bonds as and when due as specified herein, the Borrower hereby agrees to and shall make Loan Payments in United States Federal Reserve funds on the fifth Business Day immediately preceding each Interest Payment Date in an amount equal to the Bond Debt Service Charges on the Bonds payable on the next succeeding Interest Payment Date related thereto. In addition, to provide funds to pay the Bond Debt Service Charges on the Bonds as and when due at any other time, the Borrower hereby agrees to and shall make Loan Payments in United States Federal Reserve funds on the fifth Business Day immediately preceding any other date on which any Bond Debt

Service Charges on the Bonds shall be due and payable, whether at maturity, upon redemption, mandatory tender, acceleration or otherwise, in an amount equal to those Bond Debt Service Charges.

If payment or provision for payment in accordance with the Indenture is made in respect of the Bond Debt Service Charges on the Bonds from money other than Loan Payments, this Promissory Note shall be deemed paid to the extent such payments or provision for payment of Bonds has been made. Consistent with the provisions of the immediately preceding sentence, the Borrower shall have credited against its obligation to make Loan Payments any amounts transferred from the Project Fund or the Collateral Fund to the Bond Fund. Subject to the foregoing, all Loan Payments shall be in the full amount required hereunder.

All Loan Payments shall be made to the Trustee at its designated corporate trust office for the account of the Issuer and deposited in the Bond Fund created by the Indenture. Except as otherwise provided in the Indenture, the Loan Payments shall be used by the Trustee to pay the Bond Debt Service Charges on the Bonds as and when due.

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

This Promissory Note is subject to optional prepayment by the Borrower on the terms stated in the Loan Agreement.

Whenever an Event of Default under Section 7.01 of the Indenture shall have occurred and, as a result thereof, the principal of and any premium on all Bonds then Outstanding, and interest accrued thereon, shall have been declared to be immediately due and payable pursuant to Section 7.03 of the Indenture, the unpaid principal amount of and any premium and accrued interest on this Promissory Note shall also be due and payable in Federal Reserve funds on the date on which the principal of and premium and interest on the Bonds shall have been declared due and payable; provided that the annulment of a declaration of acceleration with respect to the Bonds shall also constitute an annulment of any corresponding declaration with respect to this Promissory Note.

The payment obligations of this Promissory Note are non-recourse to the Borrower to the extent set forth in Sections 8.10 and 8.11 of the Loan Agreement.

The Borrower, Trustee and Issuer acknowledge that, after closing of the FHA Insured Mortgage Loan, this Promissory Note, and all Borrower's obligations hereunder, will be subject and subordinate to the FHA Loan Documents: (i) Note (Multistate), dated as of July 1, 2026, from Borrower to FHA Lender, initially endorsed for mortgage insurance by the United States Department of Housing and Urban Development ("HUD") pursuant to Section 221(d)(4) of the National Housing Act, as amended (the "FHA Note"); (ii) Multifamily Mortgage, Security Agreement, Assignment of Rents, Fixture Filing (Virginia), dated as of the date of the FHA Note, from Borrower for the benefit of FHA Lender to secure the FHA Note (the "FHA Mortgage"); (iii) Regulatory Agreement for Multifamily Projects, dated as of the date of the FHA Note, between Borrower and HUD (the "HUD Regulatory Agreement"); and (iv) any and all other documents, agreements, or instruments which evidence or secure the indebtedness evidenced by the FHA Note. Notwithstanding any provision in this Promissory Note to the contrary, this Promissory Note shall not be due and payable prior to the maturity date of the FHA Note, provided that it may be prepaid at any time from (A) Surplus Cash (as defined in the HUD Regulatory Agreement), (B) funds that are not derived from revenues of the Project (as defined in the FHA Mortgage), the proceeds of the FHA Note, or any

reserve or deposit made with the FHA Lender or any other party as required by HUD in connection with the FHA Loan Documents, or (C) FHA Lender Funds which have been deposited into the Collateral Fund by or at the direction of the FHA Lender (collectively, "Non-Project Sources"), but provided further that no prepayment of this Promissory Note is permitted prior to "placement in service" of the Project as such term is used in Section 42 of the Internal Revenue Code of 1986, as amended. Payments due under this Promissory Note may only be paid from Surplus Cash (but in no event greater than 75% of the total amount of Surplus Cash) or from Non-Project Sources; provided that this restriction on payment shall not excuse any default caused by the failure of the Borrower to pay the indebtedness evidenced by this Promissory Note. In addition, (1) the indebtedness evidenced by this Promissory Note and all other documents evidencing or securing this Promissory Note (collectively, the "Subordinate Loan Documents") are and shall be subordinated in right of payment, to the prior payment in full of the indebtedness evidenced by the FHA Loan Documents, and (2) the Subordinate Loan Documents are and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the FHA Mortgage and the other FHA Loan Documents and to all advances heretofore made or which may hereafter be made pursuant to the FHA Mortgage and the other FHA Loan Documents (including but not limited to, all sums advanced for the purposes of (a) protecting or further securing the lien of the FHA Mortgage, curing defaults by Borrower under the FHA Loan Documents or for any other purpose expressly permitted by the FHA Mortgage, or (b) constructing, rehabilitating, renovating, repairing, furnishing, fixturing, or equipping the Project).

In the event of any conflict between the provisions of (i) this Promissory Note or the Subordinate Loan Documents and (ii) the provisions of the FHA Loan Documents or the Program Obligations (as defined in the FHA Mortgage), the provisions of the FHA Loan Documents or the Program Obligations shall control.

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

STUART GARDENS II HOUSING PARTNERS, LP,
a Virginia limited partnership

By: Stuart Gardens II Housing Management, LLC,
a Virginia limited liability company,
its General Partner

By: Vitus Development III, LLC,
a Delaware limited liability company,
its Member and Manager

By: _____
Name: Stephen R. Whyte
Title: President

EXHIBIT B

FORM OF COMPLETION CERTIFICATE

\$24,000,000

Newport News Redevelopment and Housing Authority
Multifamily Housing Revenue Bonds
(Stuart Gardens II Apartments)
Series 2026

COMPLETION CERTIFICATE

To:

U.S. Bank Trust Company, National Association, as Trustee
2 Concourse Parkway, Suite 800
Atlanta, GA 30328-5588
Attn: Global Corporate Trust

and

Newport News Redevelopment and Housing Authority
227 27th Street
Newport News, VA 23607
Attention: Executive Director

Pursuant to Section 3.7 of the Loan Agreement, dated as of July 1, 2026 (the “Loan Agreement”), between the Newport News Redevelopment and Housing Authority (the “Issuer”) and Stuart Gardens II Housing Partners, LP, a Virginia limited partnership (the “Borrower”), and relating to the above-captioned bonds, the undersigned Authorized Borrower Representative hereby certifies that (with capitalized words and terms used and not defined in this Completion Certificate (the “Certificate”) having the meanings assigned in the Indenture of Trust, dated as of July 1, 2026, between the Issuer and U.S. Bank Trust Company, National Association (the “Trustee”):

(a) The Project was substantially rehabilitated and available and suitable for use as multifamily housing on _____.

(b) All other facilities necessary in connection with the Project have been acquired, rehabilitated, renovated, constructed, and equipped.

(c) The rehabilitation, renovation, improvements, construction and equipping of the Project and those other facilities have been accomplished in such a manner as to conform in all material respects with all applicable zoning, planning, building, environmental and other similar governmental regulations.

(d) Except as provided in subsection (e) of this Certificate, all costs of that acquisition, rehabilitation, renovation, construction and equipping due on or after the date of this Certificate and now payable have been paid.

(e) The Trustee shall retain \$_____ in the Project Fund for the payment of costs of the Project not yet due or for liabilities which the Borrower is contesting or which otherwise should be retained, for the following reasons: _____.

(f) This Certificate is given without prejudice to any rights against third parties that now exist or subsequently may come into being.

IN WITNESS WHEREOF, the Authorized Borrower Representative has set his or her hand as of the ____ day of _____, 20__.

Authorized Borrower Representative

By: _____
Its: _____

EXHIBIT C

FORM OF FHA LENDER'S CERTIFICATE TO TRUSTEE

FHA LENDER'S CERTIFICATE TO TRUSTEE

Pursuant to Section 3.4 of the Loan Agreement, dated as of July 1, 2026, between the Newport News Redevelopment and Housing Authority (the "*Issuer*") and Stuart Gardens II Housing Partners, LP, a Virginia limited partnership, the undersigned Authorized Lender Representative hereby certifies that the deposit of \$ _____ into the Collateral Fund on _____, 20__ was fully derived from FHA Lender Funds or other Available Money.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given them in the Indenture of Trust, dated as of July 1, 2026, between the Issuer and U.S. Bank Trust Company, National Association.

This ____ day of _____, 20__.

Authorized Lender Representative

By: _____
Its: _____

EXHIBIT D

FORM OF BORROWER'S CERTIFICATE TO TRUSTEE

BORROWER'S CERTIFICATE TO TRUSTEE

Pursuant to Section 3.4 of the Loan Agreement, dated as of July 1, 2026, between the Newport News Redevelopment and Housing Authority (the "*Issuer*") and Stuart Gardens II Housing Partners, LP, a Virginia limited partnership, the undersigned Authorized Borrower Representative hereby certifies that the deposit of \$24,000,000 into the Collateral Fund on July __, 2026 was fully derived from Available Money.

Capitalized terms used herein and not otherwise defined herein shall have the meanings given them in the Indenture of Trust, dated as of July 1, 2026, between the Issuer and U.S. Bank Trust Company, National Association.

This ____ day of _____, 20__.

Authorized Borrower Representative

By: _____
Its: _____

EXHIBIT E

FORM OF DISBURSEMENT REQUEST

STATEMENT NO. _____ REQUESTING DISBURSEMENT OF FUNDS FROM THE PROJECT FUND PURSUANT TO SECTION 3.4 OF THE LOAN AGREEMENT, DATED AS OF JULY 1, 2026, BETWEEN THE NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY AND STUART GARDENS II HOUSING PARTNERS, LP

Pursuant to Section 3.4 of the Loan Agreement, dated as of July 1, 2026 (the “*Agreement*”), between the Newport News Redevelopment and Housing Authority (the “*Issuer*”) and Stuart Gardens II Housing Partners, LP, a Virginia limited partnership (the “*Borrower*”), relating to the Issuer’s Multifamily Housing Revenue Bonds (Stuart Gardens II Apartments) Series 2026, in the original aggregate principal amount of \$24,000,000, the undersigned Authorized Borrower Representative hereby requests and authorizes U.S. Bank Trust Company, National Association, a national banking association (the “*Trustee*”), as depository of the Project Fund created by the Indenture of Trust, dated as of July 1, 2026 (the “*Indenture*”), between the Issuer and the Trustee, to disburse out of the moneys deposited in the Project Fund in the amount(s) and to the person(s) set forth in this certificate immediately upon a corresponding amount of FHA Lender Funds or other Available Moneys being deposited by the FHA Lender or the Borrower into the Collateral Fund. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Indenture.

To induce the Trustee to release moneys deposited in the Project Fund pursuant to the terms of the Indenture and the Agreement in the amounts(s) and to the person(s) set forth herein and in the Disbursement Schedule attached hereto, the undersigned Borrower represents, warrants and certifies to the Issuer and the Trustee:

- (a) Each item for which disbursement is requested hereunder either (i) is presently due and payable, constitutes Project Costs properly incurred by the Borrower in connection with the Project being financed with the proceeds of the Loan, or is a reimbursable Project Cost properly chargeable against the Loan; or (ii) is to be deposited to an escrow fund to be disbursed therefrom solely for Project Costs properly incurred by the Borrower in connection with the Project; and in each case none of the items for which disbursement is requested has formed the basis for any disbursement heretofore made from the Project Fund. The amount or amounts and the party or parties to whom the disbursements shall be made are specified in the Disbursement Schedule attached hereto (and may be the undersigned in the case of reimbursement for advances and payments made or cost incurred for work done by the undersigned).
- (b) Each such item is or was necessary in connection with the acquisition and rehabilitation of the Dwelling Units (as defined in the Regulatory Agreement) of the Project.
- (c) The costs specified in the Disbursement Schedule attached hereto, when added to all previous disbursements under the Loan, will result in at least 95% of the aggregate amount of all disbursements having been used to pay costs properly chargeable to the capital account of a qualified residential rental project within the meaning of Section 142(d) of the Code and functionally related and subordinate property thereto.

- (d) The costs specified herein, when added to all previous and all proposed future disbursements under the Loan, will result in the renovation and rehabilitation expenditures, within the meaning of Section 147(d) of the Code, with respect to the Project equaling or exceeding 15% of the portion of the cost of acquiring the Project financed with proceeds of the Bonds.
- (e) To the knowledge of the undersigned, there is no current or existing event of default pursuant to the terms of the Agreement or the Regulatory Agreement and no event exists which by notice or passage of time or both would constitute an event of default under any of the foregoing documents.
- (f) No representation or warranty of the Borrower contained in the Agreement or the Regulatory Agreement is materially incorrect or inaccurate, except as the Borrower has set forth in writing, and there has been no event of default under the terms of any of those documents and which is continuing and no event shall exist which by notice, passage of time or both would constitute an event of default under any of those documents.
- (g) This statement and all exhibits hereto, including the Disbursement Schedule attached hereto, shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warrant, protection and authority to the Trustee for its actions taken pursuant hereto.

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

This ____ day of _____, 202_.

STUART GARDENS II HOUSING PARTNERS, LP,
a Virginia limited partnership

By: Stuart Gardens II Housing Management, LLC,
a Virginia limited liability company,
its General Partner

By: Vitus Development III, LLC,
a Delaware limited liability company,
its Member and Manager

By: _____
Name: Stephen R. Whyte
Title: President

DISBURSEMENT SCHEDULE 1

TO STATEMENT NO. _____ REQUESTING AND AUTHORIZING DISBURSEMENT OF FUNDS FROM THE PROJECT FUND PURSUANT TO SECTION 3.4 OF THE LOAN AGREEMENT, DATED AS OF JULY 1, 2026, BETWEEN THE NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY AND STUART GARDENS II HOUSING PARTNERS, LP, A VIRGINIA LIMITED PARTNERSHIP

<u>PAYEE</u>	<u>AMOUNT</u>	<u>PURPOSE</u>

EXHIBIT C

**Draft Bond Purchase Agreement dated as of the Date of Execution Between the Issuer,
Underwriter and Borrower**

BOND PURCHASE AGREEMENT

\$24,000,000

**Newport News Redevelopment and Housing Authority
Multifamily Housing Revenue Bonds
(Stuart Gardens II Apartments)
Series 2026**

_____, 2026

Newport News Redevelopment and Housing Authority
227 27th Street
Newport News, Virginia 23607

Stuart Gardens II Housing Partners, LP
c/o Vitus Development III, LLC
2607 2nd Avenue, Suite 300
Seattle, Washington 98121

Ladies and Gentlemen:

Colliers Securities LLC (the “Underwriter”), on its own behalf and not as your fiduciary, hereby offers to enter into this Bond Purchase Agreement (this “Bond Purchase Agreement”) with the Newport News Redevelopment and Housing Authority, a political subdivision of the Commonwealth of Virginia (the “Issuer”) and Stuart Gardens II Housing Partners, LP, a Virginia limited partnership (the “Borrower”). This offer is made subject to the Issuer’s and the Borrower’s acceptance on or before 10:00 a.m., Eastern Time, of the date hereof, and, upon such acceptance, this Bond Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Issuer, the Borrower and the Underwriter, all as of 10:00 a.m., Eastern Time, on the date hereof.

The Issuer is authorized to issue the above-captioned Multifamily Housing Revenue Bonds (Stuart Gardens II Apartments) Series 2026 (the “Bonds”) pursuant to the Virginia Housing Authorities Law, Chapter 1, Title 36 of the Code of Virginia of 1950, as amended (the “Act”) and pursuant to a final resolution of the Issuer adopted on June 16, 2026 (the “Bond Resolution”). The Bonds shall be as described in and shall be issued pursuant to an Indenture of Trust, dated as of July 1, 2026 (the “Indenture”), by and between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). Capitalized terms used herein but not defined herein shall have the meanings assigned thereto in the Indenture, as the context requires.

Simultaneously with the issuance of the Bonds, there will be executed and delivered a Loan Agreement, dated as of the date of the Indenture (the “Loan Agreement”), between the Issuer and the Borrower, pursuant to which the Issuer will loan the proceeds of the Bonds to the Borrower (the “Loan”) for the purpose of financing costs of the renovation, rehabilitation, construction, improvement, and equipping of the multifamily rental housing facility consisting of approximately 239 rental units and related facilities and located at 1326C Garden Drive, Newport News, Virginia 23607 (the “Project”).

The Bonds are special, limited obligations of the Issuer, and the principal of and interest thereon will be payable solely from the revenues and other moneys assigned by the Indenture to secure such payment. At all times the Bonds will be secured by Eligible Investments and Available Money sufficient to pay, without need for reinvestment, all of the interest and principal on the Bonds when due to the Initial Mandatory Tender Date, as further described herein.

The Borrower will be required to operate the Project in compliance with a Regulatory Agreement and Declaration of Restrictive Covenants, dated as of July 1, 2026, between the Issuer and the Borrower (the “Regulatory Agreement”).

The Project will utilize a mortgage loan (the “FHA Insured Mortgage Loan”) insured by the Federal Housing Administration (“FHA”) under Section 221(d)(4) of the National Housing Act of 1934, as amended, and applicable regulations promulgated thereunder. In connection with the FHA Insured Mortgage Loan, the Borrower will execute a Note (Multistate) (the “FHA Note”). The Borrower’s repayment obligations under the FHA Note will be secured by a first-lien priority Multifamily Mortgage, Security Agreement, Assignment of Rents, and Fixture Filing (Virginia) (the “FHA Mortgage”) on the Project. The Borrower will also execute a Regulatory Agreement for Multifamily Projects required by FHA (the “HUD Regulatory Agreement”) with respect to the Project in order to provide for, among other things, a reserve fund for replacements as well as escrows for taxes, insurance and mortgage insurance premiums, which will be held by Merchants Capital Corp., an Indiana corporation (the “FHA Lender”). In the event of conflict between the provisions of the FHA Note, the FHA Mortgage, the HUD Regulatory Agreement and certain other documents required by FHA or the FHA Lender (collectively, the “FHA Loan Documents”) and the Indenture, the Loan Agreement or the Regulatory Agreement, the FHA Loan Documents will control. Neither the Owners of the Bonds nor the Trustee will have rights under the FHA Loan Documents. The Trustee for the benefit of the Owners of the Bonds will have a subordinate lien on the real estate on which the Project is located.

On or prior to the Closing Date, the Underwriter shall have received a copy of each of the following documents, duly executed by all parties thereto or certified to the satisfaction of the Underwriter:

- (a) Indenture;
- (b) Loan Agreement;
- (c) Regulatory Agreement;
- (d) Continuing Disclosure Agreement;
- (e) Remarketing Agreement;
- (f) Bonds;
- (g) Official Statement (as defined below); and
- (h) Bond Purchase Agreement.

The foregoing documents are hereinafter collectively referred to as the “Bond Documents.” The Bond Documents executed by the Issuer shall be referred to herein as the “Issuer Documents.” The Bond Documents executed by the Borrower shall be referred to herein as the “Borrower Documents.” The Bond Documents executed by the Trustee shall be referred to herein as the “Trustee Documents.”

SECTION 1. Purchase and Sale of the Bonds

On the basis of the representations, warranties and agreements contained herein, but subject to the terms and conditions herein, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter, all, but not less than all, of the Bonds for a purchase price of [100]% of the principal amount thereof. The Bonds shall bear interest at the rate and mature on the date as

provided in **Schedule I** hereto, and have such other terms as provided in the Indenture and described in the Official Statement (as defined below). The Borrower agrees to pay to the Underwriter, as compensation for its services, an underwriting fee equal to \$ _____ with respect to the Bonds (the “Underwriting Fee”), from which, the Underwriter will pay certain fees and expenses. The Underwriting Fee, plus an additional \$ _____ to reimburse the Underwriter for certain fees and expenses, shall be due and payable in immediately available funds on the Closing Date, solely and exclusively from funds provided by the Borrower.

The Issuer will deliver the Bonds to or for the account of the Underwriter against payment of the purchase price therefor by wire transfer of immediately available funds to the Trustee (the “Closing”) at or prior to 10:00 a.m., Eastern Time, on July __, 2026, or at such other time not later than seven (7) days thereafter as the Underwriter, the Borrower and the Issuer shall mutually agree (the “Closing Date”). One Bond will be delivered, registered in the name of Cede & Co. to the Trustee as agent for The Depository Trust Company on or prior to the Closing Date. The Bonds may be in printed, engraved, typewritten or photocopied form, and each such form shall constitute a “definitive” form.

The Borrower and the Issuer acknowledge that the Underwriter, without regard to priority, may allocate the Bonds between customer orders and orders that could be considered to be from “related accounts” for purposes of MSRB Rule G-11. The Issuer and the Borrower hereby agree to the Underwriter’s allocation of the Bonds to the orders that the Underwriter received during the order period for the Bonds, regardless of priority between customer accounts and those accounts that could be considered “related accounts.”

SECTION 2. Official Statement

(a) The Borrower has delivered or will deliver to the Underwriter, without charge, in such quantities as the Underwriter has requested or may hereafter reasonably request, copies of the Preliminary Official Statement, dated [_____, 2026], prepared with respect to the Bonds (the “Preliminary Official Statement”), and the final Official Statement, dated or to be dated [_____, 2026], prepared with respect to the Bonds (the “Official Statement”), and any amendments or supplements thereto. The Borrower will be responsible for any costs associated with printing and mailing the Preliminary Official Statement and the Official Statement.

(b) The Issuer and the Borrower acknowledge that the Underwriter is required to comply with the requirements of Rule 15c2-12 of the Securities Exchange Act of 1934 (the “Rule”) in connection with the offer and sale of the Bonds and each agrees to cooperate (at the cost and expense of the Borrower) with the Underwriter so as to enable the Underwriter to comply with the Rule. To this end, the Borrower has delivered to the Underwriter the Preliminary Official Statement with respect to the Bonds that the Borrower deemed final as of its date, except for the omission of no more than the following information: offering price(s), interest rate(s), accreted values, yield to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters and the identity of the underwriter(s), all with respect to the issuance and sale of the Bonds (collectively, “Permitted Omissions”). The Borrower deems the Preliminary Official Statement, as of its date, final within the meaning of the Rule, except for Permitted Omissions. The Borrower expects, for the benefit of the Holders of the Bonds, to enter into a Continuing Disclosure Agreement, dated as of July 1, 2026 (the “Continuing Disclosure Agreement”), by and between the Borrower and U.S. Bank Trust Company, National Association, in its capacity as dissemination agent, by which the Borrower will undertake to provide continuing disclosure in accordance with the Rule. The Borrower, its partners and all entities affiliated with the Borrower and its partners have complied with all of their previous continuing disclosure obligations under the Rule, if any (except to the extent described in the Preliminary Official Statement and the Official Statement).

(c) The Borrower has authorized the delivery of the Preliminary Official Statement and the execution and delivery of the Official Statement. The Issuer and the Borrower each hereby approve the use by the Underwriter of the Preliminary Official Statement and the Official Statement in connection with the public offering of the Bonds by the Underwriter; provided that the Issuer has not reviewed or approved any matters described in the Preliminary Official Statement or the Official Statement and assumes no responsibility for the accuracy or completeness of the information therein, except for information appearing under the captions “THE ISSUER” and “NO LITIGATION – The Issuer” (collectively, the “Issuer Portion”).

(d) The Borrower will supply sufficient quantities of the Official Statement to enable the Underwriter (i) to send a single copy of the Official Statement with any confirmation that requests payment for a Bond, and in any event within seven business days after the date hereof, and to any potential customer upon request until the earlier of (A) ninety (90) days after the End of the Underwriting Period (as defined below) or (B) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, but in no case less than twenty-five (25) days following the End of the Underwriting Period, and (ii) to comply with any applicable rules of the Municipal Securities Rulemaking Board. The Underwriter agrees to promptly file the Official Statement with a nationally recognized municipal securities information repository. The “End of the Underwriting Period” means the later of the delivery of the Bonds by the Issuer to the Underwriter or when the Underwriter no longer retains (directly or as a syndicate member) an unsold balance of the Bonds for sale to the public, provided that the “End of the Underwriting Period” will be deemed to be the Closing Date unless the Underwriter otherwise notifies the Issuer and the Borrower in writing prior to such date that there is an unsold balance of the Bonds.

(e) If, during the period from the date hereof and ending on the earlier of (i) ninety (90) days after the End of the Underwriting Period or (ii) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, but in no case less than twenty-five (25) days following the End of the Underwriting Period, any event occurs as a result of which the Official Statement for the Bonds as then amended or supplemented might include an untrue statement of material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Issuer, if such event relates to the information included in the Official Statement under the Issuer Portion, or the Borrower shall promptly notify the Underwriter thereof and shall (in either case, at the expense of the Borrower), upon the request of the Underwriter, prepare and deliver to the Underwriter, as many copies of an amendment or supplement which will correct such statement or omission as the Underwriter may reasonably request.

(f) The Issuer and the Underwriter agree to cooperate with the Borrower to minimize any expenses incurred in connection with the preparation and distribution of any amendments or supplements to the Preliminary Official Statement, the Official Statement and/or any remarketing memoranda required by the foregoing provisions.

SECTION 3. Issuer’s Representations and Warranties and Agreements.

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

(a) The Issuer is and will be on the Closing Date, a political subdivision of the Commonwealth of Virginia (the “Commonwealth”) pursuant to the Act, and has, and at the Closing Date will have, full legal right, power and authority (i) to enter into this Bond Purchase Agreement and the other Issuer Documents; (ii) to adopt the Bond Resolution and issue, sell and deliver the Bonds to the Underwriter pursuant to the Bond Resolution and the Indenture as provided herein; (iii) to pledge and assign the revenue, other money, securities, funds, accounts, guarantees, insurance, and other items pledged under the terms of

the Indenture, as provision of and security for the payment of the principal of and interest on the Bonds, and to similarly pledge all money, securities and earnings held in the funds and accounts held under the Indenture, all in the manner described in the Bond Resolution, the Indenture and the Loan Agreement; (iv) to loan the proceeds of the Bonds to the Borrower for the purpose set forth in the Official Statement; and (v) to carry out and consummate the transactions contemplated by the Official Statement and the Issuer Documents.

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

(c) At or prior to the Closing, (i) the Issuer will have taken all action required to be taken by it to authorize the issuance and sale of the Bonds and the performance of its obligations hereunder, including, without limitation, the due and valid adoption of the Bond Resolution; (ii) the execution and delivery of, and the performance by the Issuer of the obligations contained in the Bonds, this Bond Purchase Agreement (as of the date hereof) and the Issuer Documents shall have been duly authorized, and when executed this Bond Purchase Agreement, and the Issuer Documents (assuming the due authorization, execution and delivery by the other parties thereto) will constitute valid and legally binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, subject to any applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights generally and the application of equitable principles where equitable remedies are sought and limitations on the enforcement of judgments against public bodies; (iii) the Issuer will have duly authorized the consummation by it of all transactions contemplated by this Bond Purchase Agreement; and (iv) the Issuer Documents will have been duly and validly authorized by the Issuer and will be at Closing in full force and effect;

(d) Between the date hereof and the Closing, the Issuer will not, except with respect to the issuance of the Multifamily Housing Revenue Bonds (Stuart Gardens I Apartments) Series 2026, without notifying the Underwriter in writing, issue any bonds, notes or other obligations for borrowed money on behalf of the Borrower except for such borrowings as may be described in or contemplated by the Official Statement;

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

(f) The information in the Issuer Portion of the Preliminary Official Statement, as of its date and the date hereof, and in the Issuer Portion of the Official Statement, as of its date and the Closing Date (including any supplements and amendments thereto), does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(g) To its actual knowledge, the Issuer, with respect to the Bonds, is not in material breach of or default under any applicable law or administrative regulation of the Commonwealth, any department, division, agency or instrumentality thereof, or the United States or any applicable judgment or decree or any loan agreement, note, resolution, certificate, agreement or other instrument to which the Issuer is a party or is otherwise subject; and the adoption of the Bond Resolution and the execution and delivery of this Bond Purchase Agreement, the Bonds, the other Issuer Documents and all other documents to be executed by the Issuer in connection with the issuance of the Bonds, and compliance with the provisions of

each thereof do not conflict with or constitute a material breach of or default under any applicable law or administrative regulation of the Commonwealth, any department, division, agency or instrumentality thereof, or the United States or any applicable judgment or decree, or any loan agreement, note, resolution, certificate, agreement or other instrument to which the Issuer is a party or is otherwise subject;

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

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

(j) The Issuer will furnish such information, execute such instruments and cooperate with the Underwriter as the Underwriter may reasonably request in order for the Underwriter (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions; provided that the Issuer shall not be required to register as a dealer or broker in any jurisdiction or execute a general or special consent to service of process or qualify to do business in any jurisdiction;

(k) To the actual knowledge of the Issuer, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or threatened against the Issuer in any way:

(i) Affecting the organization of the Issuer, or the legal or corporate existence of the Issuer, or the title of the members of the Issuer to their respective offices, or any powers of the Issuer under the laws of the Commonwealth pursuant to which the Issuer was created;

(ii) Seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds or the collection of revenues from the Borrower derived from payments under the Loan Agreement, or the pledge thereof;

(iii) Contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents;

(iv) Contesting the power of the Issuer to enter into, execute and deliver the Issuer Documents or to consummate the transactions contemplated by such documents and the Preliminary Official Statement and the Official Statement;

(v) Contesting in any way the completeness or accuracy of the Preliminary Official Statement and the Official Statement or any amendment or supplement thereto (nor to the actual knowledge of the Issuer, is there any basis therefor); or

(vi) Wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Issuer Documents, or the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

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

(m) The Issuer agrees that all representations, warranties and covenants made by it herein, and in certificates, agreements or other instruments delivered pursuant hereto or in connection herewith, shall be deemed to have been relied upon by the Underwriter.

SECTION 4. Representations, Warranties and Agreements of the Borrower.

The Borrower represents and covenants with the Issuer and the Underwriter as follows:

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

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

(c) By all necessary action, the Borrower and the General Partner, as applicable, have duly authorized and adopted the Borrower Documents and approved the execution and delivery of the Borrower Documents, and the performance by the Borrower and the General Partner, as applicable, of the obligations in connection with the issuance of the Bonds on their part contained in the Borrower Documents and the consummation by them of all other transactions contemplated by the Indenture, the Official Statement and the Borrower Documents in connection with the issuance of the Bonds.

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

(e) At the time of the Borrower's acceptance hereof and at all times subsequent thereto during the period up to and including the date of Closing, the Preliminary Official Statement, as of its date and the date hereof, and the final Official Statement, as of its date and the Closing Date, does not and will not contain any untrue or misleading statement of a material fact in the portions of the Official Statement captioned "PLAN OF FINANCING," "THE PROJECT AND THE PRIVATE PARTICIPANTS," "CERTAIN BONDHOLDERS' RISKS" (but only with respect to those risks that expressly relate to the Borrower, the other private participants or the Project), "NO LITIGATION – The Borrower," and "CONTINUING DISCLOSURE" or any omission or alleged omission from the portions of the Preliminary Official Statement, as of its date and the date hereof, and the final Official Statement, as of its date and the

Closing Date, captioned “PLAN OF FINANCING,” “THE PROJECT AND THE PRIVATE PARTICIPANTS,” “CERTAIN BONDHOLDERS’ RISKS” (but only with respect to those risks that expressly relate to the Borrower, the other private participants or the Project), “NO LITIGATION – The Borrower,” and “CONTINUING DISCLOSURE” of any material fact necessary to be stated therein in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(f) As of the date hereof, neither the Borrower nor the General Partner is in violation of, breach of or default under any applicable law of the Commonwealth or of any state in which the Borrower or the General Partner is authorized to do business or of the United States, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Borrower or the General Partner or any of their respective activities, properties or assets, or any indenture, mortgage, deed of trust, resolution, note agreement (including, without limitation, the Borrower Documents) or other agreement or instrument to which the Borrower or the General Partner is a party or by which the Borrower or the General Partner or any of their respective property or assets is bound, which violation or breach of or default would have a material adverse effect upon the transactions contemplated by this Bond Purchase Agreement, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instruments; and the execution and delivery of the Borrower Documents, and compliance with the provisions on the Borrower’s or the General Partner’s part contained therein, do not and will not conflict with or constitute on the part of the Borrower or the General Partner a violation or breach of or default under any law of the Commonwealth or of any state in which the Borrower or the General Partner is authorized to do business or of the United States, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Borrower or the General Partner or any of their respective activities, properties or assets, or any indenture, mortgage, deed of trust, resolution, note agreement (including, without limitation, the Borrower Documents) or other agreement or instrument to which the Borrower or the General Partner is a party or by which the Borrower or the General Partner or any of their respective property or assets is bound which violation, breach or default would have a material adverse effect upon the transactions contemplated by this Bond Purchase Agreement, nor will any such execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower or the General Partner or under the terms of any such law, regulation or instrument, except as provided by the Bonds or the Borrower Documents.

(g) All consents, approvals, authorizations, and orders of or filings or registrations with any governmental authority, board, agency or commission of any state or of the United States having jurisdiction required in connection with, or the absence of which would materially adversely affect, the execution and delivery by the Borrower of the Borrower Documents or the performance by the Borrower of its obligations thereunder have been obtained or made and are in full force and effect or will be timely obtained.

(h) As of the date hereof, there is no action, suit, proceeding, inquiry or investigation of which the Borrower has been notified, at law or in equity, before or by any judicial or administrative court or governmental agency or body, state, federal or other, pending or, to the best knowledge of the Borrower, threatened against the Borrower or the General Partner, affecting the existence of the Borrower or the General Partner or the titles of their respective officers executing this Bond Purchase Agreement to their respective offices, or contesting or affecting as to the Borrower or the General Partner, as applicable, the validity or enforceability of the Bonds, any Borrower Document or the execution and delivery or adoption by the Borrower of any Borrower Document, or in any way contesting or challenging the completeness or accuracy of the Official Statement or the powers of the Borrower or the General Partner or their respective authority with respect to the Borrower Documents or the consummation of the transactions contemplated hereby or thereby; nor, to the best knowledge of the Borrower, is there any basis for any such action, suit,

proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Borrower's or the General Partner's financial condition or operations or the validity of the authorization, execution, delivery or performance by the Borrower or the General Partner, as applicable, of any Borrower Document.

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

(j) Any certificate signed by the Borrower and delivered to the Underwriter or the Issuer pursuant to the Indenture or the Borrower Documents shall be deemed a representation and warranty by the Borrower to the Underwriter and the Issuer as to the statements made therein as of the date thereof.

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

(l) The Borrower shall honor all other covenants contained in the Borrower Documents.

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

The execution and delivery of this Bond Purchase Agreement by the Borrower shall constitute a representation to the Underwriter that the representations and warranties contained in this Section 4 are true as of the date hereof.

SECTION 5. Indemnification

(a) (i) The Borrower agrees to pay, defend, protect, indemnify, save and hold harmless the Underwriter and each affiliate, member, officer, director, official, supervisor, employee and agent past, present and future of the Underwriter and each person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended (collectively referred to herein as the "Underwriter Indemnified Parties"), against any and all liabilities, losses, damages, costs, expenses (including reasonable attorneys' fees), causes of action (whether in contract, tort or otherwise), suits, claims, demands and judgments of any kind, character and nature (collectively referred to herein as the "Liabilities"), except any Liability arising from the gross negligence or willful misconduct of the Underwriter, caused by or directly or indirectly arising from or in any way relating to (A) the Borrower's obligations relating to the Bonds, the Project, the Loan, the Loan Agreement, the Indenture, this Bond Purchase Agreement or any document related to the Bonds, the Project, the Loan (the "Transaction Documents") or any transaction or agreement, written or oral, pertaining to the foregoing but specifically excluding the Preliminary Official Statement and the Official Statement; or (B) any untrue or misleading statement or alleged untrue or alleged misleading statement of a material fact

contained in the Preliminary Official Statement, as of its date and the date hereof, and the final Official Statement, as of its date and the Closing Date, under the headings “PLAN OF FINANCING,” “THE PROJECT AND THE PRIVATE PARTICIPANTS,” “CERTAIN BONDHOLDERS’ RISKS” (but only with respect to those risks that expressly relate to the Borrower, the other private participants or the Project), “NO LITIGATION – The Borrower,” and “CONTINUING DISCLOSURE,” or caused by any omission or alleged omission from the above-referenced sections of the Preliminary Official Statement, as of its date and the date hereof, and the final Official Statement, as of its date and the Closing Date, of any material fact necessary to be stated therein in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(ii) The Borrower agrees to pay, defend, protect, indemnify, save and hold harmless the Issuer and each affiliate, member, officer, director, official, supervisor, employee and agent past, present and future of the Issuer and each person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended (collectively referred to herein as the “Issuer Indemnified Parties” and together with the Underwriter Indemnified Parties, the “Indemnified Parties”), against any and all Liabilities caused by or directly or indirectly arising from or in any way relating to (A) the Borrower’s obligations relating to the Transaction Documents or any transaction or agreement, written or oral, pertaining to the foregoing; or (B) any untrue or misleading statement or alleged untrue or alleged misleading statement of a material fact contained in the Official Statement (other than the Issuer Portion) or caused by any omission or alleged omission from the Official Statement (other than the Issuer Portion) of any material fact necessary to be stated therein in order to make the statements made therein, in light of the circumstances under which they were made, not misleading; provided, however, this Section shall not apply to any Liability arising from the gross negligence or willful misconduct of the Issuer and shall not be construed to modify the indemnification provisions of the Loan Agreement.

(b) The Borrower also agrees to pay, defend, protect, indemnify, save and hold harmless the Underwriter and each affiliate, member, officer, director, official, employee and agent of the Underwriter from and against the Liabilities directly or indirectly arising from or relating to any errors or omissions of any nature whatsoever contained in any legal proceedings or other official representation or inducement made by the Issuer pertaining to the Bonds.

(c) Any Indemnified Party shall notify the Borrower of the existence of any Liability to which this indemnification obligation would apply and shall give to the Borrower an opportunity to defend the same at the Borrower’s expense and with counsel satisfactory to the Indemnified Party, provided that the Indemnified Party shall at all times also have the right to fully participate in the defense and shall have the right to review and approve or disapprove any compromise or settlement which approval shall not be unreasonably withheld. If there may be legal defenses available to the Indemnified Party that are different from or in addition to those available to the Borrower, if conflicts of interest exist or arise between the Borrower and the Indemnified Party or if the Borrower shall, after this notice and within a period of time necessary to preserve any and all defenses to any claim asserted, fail to assume the defense or to employ counsel for that purpose satisfactory to the Indemnified Party, the Indemnified Party shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter on behalf of, for the account of, and at the risk and expense of, the Borrower. Notwithstanding the foregoing provisions of this Section 5, the Borrower shall not be personally liable for the payment of principal or interest on the Loan.

(d) In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in paragraph (a) or (b) of this Section is for any reason held to be unavailable, the Borrower and the Underwriter shall contribute proportionately to the aggregate Liabilities to which the Borrower and the Indemnified Parties may be subject, so that the Underwriter is responsible for that portion

represented by the percentage that the fees paid by the Borrower to the Underwriter in connection with the issuance and administration of the Bonds bear to the aggregate offering price of the Bonds, with the Borrower responsible for the balance; provided, however, that in no case shall the Underwriter be responsible for any amount in excess of the fees paid by the Borrower to the Underwriter in connection with the issuance and administration of the Bonds and provided further that the Borrower shall not be required to contribute for Liabilities arising from the gross negligence or willful misconduct of the Underwriter. No person guilty of fraudulent misrepresentation (within the meaning of Section 10(b) of the Securities Act of 1933) shall be entitled to contribution from any person who was not guilty of such misrepresentation.

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

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

All obligations under this Section are subject to the limitations in Section 19 of this Bond Purchase Agreement.

SECTION 6. Closing

At 10:00 a.m., Local Time, on the Closing Date, or at such time on such earlier or later date as shall be agreed upon in writing by the Issuer, the Borrower and the Underwriter, the Issuer shall direct the Trustee to deliver the Bonds to the Underwriter through the facilities of The Depository Trust Company ("DTC"), Brooklyn, New York, in definitive form, duly executed and authenticated by the Trustee. Subject to the terms and conditions hereof, the Issuer shall deliver at the Issuer's offices, or at such other place as may be mutually agreed upon by the Issuer, the Borrower and the Underwriter, the Bond Documents and the Underwriter shall accept delivery of the Bonds and the Bond Documents and pay the purchase price for the Bonds by wire transfer, to the Trustee, in immediately available federal funds, for the account of the Issuer or as the Issuer shall direct. As a condition precedent to such acceptance, the Underwriter shall have received the Underwriting Fee by wire transfer in immediately available federal funds to the order of the Underwriter, in such manner as shall be agreed upon by the Borrower and the Underwriter. If the Underwriter shall make such request, the applicable Bonds shall be made available to the Underwriter one business day before the Closing at the offices of DTC for purposes of inspection and packaging. The ownership of one fully registered Bond in the aggregate principal amount of the Bonds, bearing a proper, duly assigned CUSIP number, will be issued initially in the name of Cede & Co., as nominee of DTC.

SECTION 7. Closing Conditions of the Underwriter

The obligation of the Underwriter to purchase the Bonds and the obligation of the Issuer to sell the Bonds to the Underwriter shall be subject to the following conditions precedent:

(a) The representations of the Issuer and the Borrower in this Bond Purchase Agreement and the representations and warranties made in each of the Bond Documents by the respective parties shall be true and correct on this date and on the Closing Date, as if made on the Closing Date, and each such party to the Bond Documents shall deliver a certificate to such effect. The Issuer and the Borrower shall have performed all of their obligations under this Bond Purchase Agreement, and the Issuer and the Borrower

shall deliver certificates to such effect. The Official Statement (as the same may be amended or supplemented with the written approval of the Underwriter) shall be true and correct in all material respects and shall not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) Except as may have been agreed to by the Underwriter, as of the Closing Date, each of the Bond Documents and all other official action of the Issuer relating thereto shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement shall not have been amended or supplemented.

(c) The Issuer and the Underwriter shall have received the legal opinion of Bond Counsel, in substantially the form set forth in Appendix B to the Official Statement, and the Underwriter shall have received supplemental opinions of Bond Counsel dated the Closing Date with respect to the Official Statement and addressed to the Underwriter in substantially the forms set forth in **Exhibit A** hereto.

(d) No default or event of default (as defined in any of the Bond Documents) shall have occurred and be continuing, and no event shall have occurred and be continuing which, with the lapse of time or the giving of notice or both, would constitute such a default or event of default.

(e) No material adverse change shall have occurred, nor shall any development involving a prospective material and adverse change in, or affecting the affairs, business, financial condition, results of operations, prospects or properties (including the Project) of, the Issuer, the Borrower or the General Partner have occurred between the date hereof and the Closing Date.

(f) On or prior to the Closing Date, all actions required to be taken as of the Closing Date in connection with the Bonds and the Bond Documents by the Issuer and the Borrower shall have been taken, and the Issuer and the Borrower shall each have performed and complied with all agreements, covenants and conditions required to be performed or complied with by the Bond Documents, and the Issuer and the Borrower shall deliver a certificate to such effect insofar as the foregoing actions, agreements, covenants and conditions apply to each such party, and each of such agreements shall be in full force and effect and shall not have been amended, modified or supplemented, except as has been agreed to by the Underwriter.

(g) Each of the Bond Documents shall have been executed and delivered by each of the respective parties thereto, all such documents shall be in forms exhibited to Underwriter on this date with only such changes as the Underwriter may approve, and each of the Bond Documents shall be in full force and effect.

(h) None of the events referred to in Section 8 of this Bond Purchase Agreement shall have occurred.

(i) The Underwriter shall have received the opinion of counsel to the Borrower covering the opinions identified in **Exhibit B** hereto. The Borrower hereby authorizes and directs its counsel to render such opinion to and for the benefit of the Underwriter.

(j) The Underwriter shall have received written evidence that Moody's Ratings has issued its rating of "[Aa1/ VMIG-1]" with respect to the Bonds, and as of the Closing Date, the rating shall not have been withdrawn or lowered.

(k) The Underwriter shall have received a certificate of the Borrower to the effect that: (A) each of the representations and warranties set forth in the Borrower Documents are true and correct in all

material respects on the Closing Date with the same effect as if made on the Closing Date, (B) no event has occurred since the date of the Official Statement to cause the information in the Official Statement under the headings “PLAN OF FINANCING,” “THE PROJECT AND THE PRIVATE PARTICIPANTS,” “CERTAIN BONDHOLDERS’ RISKS” (but only with respect to those risks that expressly relate to the Borrower, the other private participants or the Project) “NO LITIGATION – The Borrower,” and “CONTINUING DISCLOSURE” to contain an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they are made, not misleading, and (C) Borrower has complied with all agreements and satisfied all the conditions on its part to be performed or satisfied under the Borrower Documents at or prior to the Closing Date.

(l) The Underwriter shall have received an opinion of its counsel in form and substance satisfactory to the Underwriter.

(m) The Underwriter shall have received certificates, dated the Closing Date, and signed by an Authorized Official of the Issuer, to the effect that the representations and warranties of the Issuer contained in this Bond Purchase Agreement are true and correct in all material respects on the date thereof with the same effect as if made on the date thereof; no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Issuer Portion of the Official Statement for the purpose for which it is to be used or which is necessary to be disclosed therein to cause the Issuer Portion of the Official Statement to contain an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they are made, not misleading; and that the Issuer has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied under the Bonds and the Issuer Documents at or prior to the date thereof.

(n) The Underwriter shall have received a tax certificate of the Borrower endorsed by Issuer, dated the Closing Date, with respect to the facts, estimates and circumstances and reasonable expectations pertaining to Section 148 of the Code to support the conclusion that, among other things, none of the Bonds will be an “arbitrage bond.”

(o) The Underwriter shall have received a closing certificate from the Trustee in a form acceptable to the Underwriter.

(r) The Underwriter shall have received such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request.

If any conditions to the obligations of the Underwriter or Issuer contained in this Bond Purchase Agreement are not satisfied and the satisfaction of such conditions shall not be waived by the Underwriter and the Issuer, then, at the option of the Underwriter and the Issuer, (i) the Closing Date shall be postponed for such period, not to exceed seven (7) days, as may be necessary for such conditions to be satisfied or (ii) without limiting the generality of Section 8 of this Bond Purchase Agreement, the obligations of the Underwriter and Issuer under this Bond Purchase Agreement shall terminate, and neither the Underwriter nor Issuer shall have any further obligations or liabilities under this Bond Purchase Agreement.

All of the legal opinions, certificates, proceedings, instruments and other documents mentioned above or elsewhere in this Bond Purchase Agreement shall be deemed to be in compliance with the provisions of this Bond Purchase Agreement if, but only if, they are in form and substance reasonably satisfactory to the Underwriter, the Borrower and the Issuer.

SECTION 8. Termination

The Underwriter may terminate its obligations under this Bond Purchase Agreement by written notice to the Issuer and the Borrower if, at any time subsequent to this date and on or prior to the Closing Date:

(a) (i) Legislation shall have been enacted by the Congress, or recommended to the Congress for passage by the President of the United States or the Department of the Treasury of the United States or the Internal Revenue Service or any member of the United States Congress, or favorably reported for passage to either House of the Congress by any Committee of such House to which such legislation has been referred for consideration, or (ii) a decision shall have been rendered by a court established under Article III of the Constitution of the United States, or the United States Tax Court, or (iii) an order, ruling, regulation or communication (including a press release) shall have been issued by the Department of the Treasury of the United States or the Internal Revenue Service, in each case referred to in clauses (i), (ii) and (iii), with the purpose or effect, directly or indirectly, of imposing federal income taxation upon interest to be received on obligations of the general character of the Bonds.

(b) Legislation shall have been enacted or a decision by a court of the United States shall be rendered or any action taken by the Securities and Exchange Commission which, in the opinion of counsel to the Underwriter, has the effect of requiring the offer or sale of the Bonds to be registered under the Securities Act of 1933, as amended, or the Indenture to be qualified under the Trust Indenture Act of 1939, as amended, or any fact shall exist or event shall have occurred that, in the judgment of the Underwriter, makes untrue or incorrect any statement of a material fact in the Official Statement or that, in the judgment of the Underwriter, should be reflected therein in order to make the statements therein, in light of the circumstances under which they are made, not misleading, and the Official Statement shall not have been supplemented or amended to reflect such fact or event.

(c) (i) In the judgment of the Underwriter, the market price of the Bonds is adversely affected because: (A) additional material restrictions not in force as of this date shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; (B) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter; (C) a general banking moratorium shall have been established by federal, New York or Commonwealth authorities; or (D) a war involving the United States of America shall have been declared, or any other national or international calamity, or escalation thereof, shall have occurred, or any conflict involving the armed forces of the United States of America shall have escalated to such a magnitude as to materially affect the ability of the Underwriter to market the Bonds; (ii) any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance or sale of the Bonds or in any way contesting or affecting any authority or security for or the validity of the Bonds, or the existence or powers of the Issuer; or (iii) legislation shall have been introduced in or enacted by the Legislature of the Commonwealth with the purpose or effect, directly or indirectly, of imposing Commonwealth income taxation upon interest to be received by any owners of the Bonds or that would, in the judgment of the Underwriter, adversely affect an investment in or the security pledged for the Bonds.

(d) There shall have occurred any change that, in the judgment of the Underwriter, makes unreasonable or unreliable any of the assumptions upon which: (i) yield on the Bonds for purposes of compliance with the Code, (ii) payment of debt service on the Bonds, or (iii) the basis for the exclusion from gross income for federal income tax purposes of interest on the Bonds, is predicated.

(e) The marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially and adversely affected by disruptive events, occurrences or conditions in the securities or debt markets.

(f) There shall have occurred or any notice shall have been given of any intended downgrading, suspension, withdrawal or negative change in credit watch status by any national rating service to any of the Issuer's or Borrower's obligations.

SECTION 9. Expenses

The Underwriter shall be under no obligation to pay, and the Borrower hereby agrees to pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to, (a) the costs of printing and preparation for printing or other reproduction for distribution and use in connection with the public offering of the Bonds such number of copies as may be requested by the Underwriter of the Preliminary Official Statement, the Official Statement, the Indenture, the Bond Resolution and the blue sky survey, as well as any delivery costs incurred in connection with the distribution of the foregoing documents; (b) the cost of preparing the definitive Bonds; (c) the fees and disbursements of Bond Counsel in connection with the authorization and issuance of the Bonds; the fees and expenses of Issuer's counsel; the fees and expenses of the Trustee and its counsel; any application or administrative fee of the Issuer; and the fees and disbursements of the Issuer's financial advisor and any other experts or consultants retained by the Issuer; (d) the fees of rating agencies in connection with the rating of the Bonds; (e) the Underwriting Fee; (f) the fees and expenses of counsel to the Underwriter; (g) the expenses relating to the meals, transportation, lodging, and entertainment incidental to implementing this Bond Purchase Agreement; and (h) all other expenses in connection with the public offer and sale of the Bonds. The Issuer shall have no obligation to pay any fees, expenses or costs associated with or resulting from the issuance and delivery of the Bonds. The Borrower shall pay for any expenses incurred on behalf of the Issuer's employees which are incidental to implementing this Bond Purchase Agreement.

SECTION 10. Notices

Any notice or other communication to be given to the Issuer or the Borrower under this Bond Purchase Agreement may be given by delivering the same in writing to the Issuer or the Borrower at their respective addresses set forth on the first page hereof. Any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to Colliers Securities LLC, 90 South 7th Street, Suite 4300, Minneapolis, Minnesota 55402, Attention: Public Finance.

SECTION 11. Parties in Interest

This Bond Purchase Agreement is made solely for the benefit of the Issuer, the Borrower and the Underwriter (including any successor or assignees of the Underwriter), and, except as provided in Section 5 hereof, no other party or person shall acquire or have any right hereunder or by virtue hereof.

SECTION 12. Amendments

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

SECTION 13. Survival of Representations and Warranties

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

SECTION 14. Execution in Counterparts

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

SECTION 15. No Prior Agreements

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

SECTION 16. Effective Date

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

SECTION 17. Governing Law

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

SECTION 18. Underwriter Not Acting as Advisor or Fiduciary

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

SECTION 19. HUD Provisions

The Borrower, the Underwriter and the Issuer acknowledge that this Bond Purchase Agreement, and all of the Borrower's obligations hereunder, are subject and subordinate to the FHA Loan Documents and the Program Obligations (as defined in the FHA Mortgage). Notwithstanding any provision in this

Bond Purchase Agreement to the contrary, no obligations of the Borrower hereunder shall be payable except from (A) Surplus Cash (as defined in the HUD Regulatory Agreement), (B) funds that are not derived from (i) revenues of the Project (as defined in the FHA Mortgage), (ii) the proceeds of the FHA Note, or (iii) any reserve or deposit made with the FHA Lender or any other party as required by HUD in connection with the FHA Loan Documents, or (C) FHA Lender Funds which have been deposited into the Collateral Fund by or at the direction of the FHA Lender (collectively, “Non-Project Sources”). No claims or actions shall be made (or payable) under this Bond Purchase Agreement against the Project, the FHA Lender, the proceeds of the FHA Note, or the assets of the Borrower, except from Non-Project Sources. In addition, the rights and obligations of the parties under this Bond Purchase Agreement and all other documents evidencing, implementing, or securing this Bond Purchase Agreement (collectively, the “Subordinate Bond Documents”) are and shall be subordinated in all respects to the rights and obligations of the parties to and under the FHA Loan Documents. In the event of any conflict between the provisions of (i) this Bond Purchase Agreement or the Subordinate Bond Documents and (ii) the provisions of the FHA Loan Documents or the Program Obligations, the provisions of the FHA Loan Documents or the Program Obligations shall control. The provisions of this Section shall control over any inconsistent provisions in this Bond Purchase Agreement or the Subordinate Bond Documents.

SECTION 20. Establishment of Issue Price for the Bonds

(a) The Underwriter agrees to assist the Issuer in establishing the issue price of the Bonds and shall execute and deliver to the Issuer at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as **Exhibit C**, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Issuer and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(b) Except as otherwise set forth in **Schedule I** attached hereto, the Issuer will treat the first price at which 10% of each maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Bond Purchase Agreement, the Underwriter shall report to the Issuer the price or prices at which it has sold to the public each maturity of Bonds (excluding any Bonds which remain unsold). With respect to the Bonds for which the 10% test has not been satisfied as set forth in **Schedule I**, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the Issuer when it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(c) The Underwriter confirms that any selling group agreement and any retail distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that

maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter. The Issuer acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a retail distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires. The Issuer further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(d) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “public” means any person other than an underwriter or a related party,

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

(iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Bond Purchase Agreement by all parties.

(Remainder of Page Intentionally Left Blank)

(Underwriter's Signature Page to the Stuart Gardens II Bond Purchase Agreement)

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

COLLIERS SECURITIES LLC

By:

Frank J. Hogan, Managing Director

(Issuer's Signature Page to the Stuart Gardens II Bond Purchase Agreement)

**NEWPORT NEWS REDEVELOPMENT AND HOUSING
AUTHORITY**

By: _____
Title: Chairman

This signature page is attached to a Bond Purchase Agreement, by and between the Issuer, Colliers Securities LLC and Stuart Gardens II Housing Partners, LP, in connection with the issuance of the Issuer's Multifamily Housing Revenue Bonds (Stuart Gardens II Apartments) Series 2026.

(Borrower's Signature Page to the Stuart Gardens II Bond Purchase Agreement)

STUART GARDENS II HOUSING PARTNERS, LP,
a Virginia limited partnership

By: Stuart Gardens II Housing Management, LLC,
a Virginia limited liability company,
its General Partner

By: Vitus Development III, LLC,
a Delaware limited liability company,
its Member and Manager

By: _____
Name: Stephen R. Whyte
Title: President

SCHEDULE I

AMOUNT, MATURITY, INTEREST RATE AND PRICE

<u>Principal Amount</u>	<u>Initial Mandatory Tender Date</u>	<u>Maturity Date</u>	<u>Interest Rate to Initial Mandatory Tender Date</u>	<u>Price</u>
\$24,000,000	October 1, 2028	October 1, 2030	__._%	__._%

Redemption of Bonds

The Bonds are subject to optional redemption prior to maturity from Available Moneys, at the direction of the Borrower (with delivery of a Cash Flow Projection, if required pursuant to the Indenture), in whole or in part, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest, but without premium, to the date fixed for redemption, (i) prior to the Initial Mandatory Tender Date, on any Business Day on or after April 1, 2028, and (ii) after the Initial Mandatory Tender Date, on any Business Day that is nearest to the date falling at 50% of the subsequent remarketing period between the most recent Mandatory Tender Date and the next Mandatory Tender Date or the Maturity Date, as applicable.

(Remainder of Page Intentionally Left Blank)

EXHIBIT A

SUPPLEMENTAL OPINION OF BOND COUNSEL

July __, 2026

Colliers Securities LLC
90 South 7th Street, Suite 4300
Minneapolis, MN 55402-4108

\$24,000,000

**Newport News Redevelopment and Housing Authority
Multifamily Housing Revenue Bonds
(Stuart Gardens II Apartments)
Series 2026**

Ladies and Gentlemen:

This opinion is being rendered to you pursuant to the Bond Purchase Agreement (the “Bond Purchase Agreement”), dated July __, 2026, among the Newport News Redevelopment and Housing Authority (the “Issuer”), the Underwriter named therein (the “Underwriter”) and Stuart Gardens II Housing Partners, LP, a Virginia limited partnership (the “Borrower”), relating to the sale by the Issuer of the above-captioned bonds (the “Bonds”) which are being issued pursuant to the Indenture of Trust (the “Indenture”), dated as of July __, 2026, by and between the Issuer and U.S. Bank Trust Company, National Association, as trustee.

We have acted as Bond Counsel in connection with the issuance and sale of the Bonds, and in that capacity we have participated in various conferences with representatives of and counsel for the Underwriter, representatives of and counsel for the Borrower, and representatives of and counsel for the Issuer relating to the preparation of the Official Statement, dated July __, 2026 (the “Official Statement”). In addition, we have participated in the preparation of the Indenture. We have also examined the documents and other items referred to in our opinion of even date herewith relating to the Bonds.

Based on and subject to the foregoing, and in reliance thereon, we are of the opinion that:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended.

2. The statements contained in the Official Statement (except as to any statistical and financial data included in the Official Statement and except for the information relating to The Depository Trust Company, its Participants and its book-entry only system, as to which we do not express an opinion) under the captions “THE BONDS,” “TAX MATTERS,” “APPENDIX A – DEFINITIONS OF CERTAIN TERMS,” “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE,” “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT” and “APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT,” insofar as such statements contained under such captions purport to summarize certain provisions of the Bonds, the Indenture, the Loan Agreement, the Tax Regulatory Agreement, and certain aspects of our firm's opinion relating to the federal and Commonwealth of Virginia tax implications of certain aspects of the Bonds, present an accurate summary of such matters.

3. The Bond Purchase Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due execution and delivery by the other parties thereto, constitutes a valid, legal and binding special obligation of the Issuer enforceable in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights or contractual obligations generally and no opinion is being rendered as to the availability of any particular remedy thereunder.

This letter is furnished by us solely for your benefit and may not be relied upon by any other persons. This letter is not to be used, circulated, quoted, or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to be relied upon by the holders of the Bonds.

Very Truly Yours,

WILLIAMS MULLEN

EXHIBIT B

BORROWER'S COUNSEL OPINION

Colliers Securities LLC
90 South 7th Street, Suite 4300
Minneapolis, Minnesota 55402

U.S. Bank Trust Company, National Association
2 Concourse Parkway, Suite 800
Atlanta, Georgia 30328-5588

Newport News Redevelopment and
Housing Authority
227 27th Street
Newport News, Virginia 23607

Vitus Group LLC
2607 Second Avenue, Suite 300
Seattle, Washington 98121

\$24,000,000
Newport News Redevelopment and Housing Authority
Multifamily Housing Revenue Bonds
(Stuart Gardens II Apartments)
Series 2026

[TO BE UPDATED]

[After appropriate introductory language, the opinion shall state substantially as follows:]

1. The Borrower is a limited partnership, duly organized, validly existing and in good standing under the laws of the Commonwealth of Virginia and has all requisite limited partnership power and all material government licenses, authorizations, consents and approvals necessary to own and operate its property and conduct its business. The Borrower is qualified to do business in the Commonwealth of Virginia.

2. The Borrower has full legal right, power and authority (a) to own its properties and conduct its business as described in the Preliminary Official Statement and the Official Statement and (b) to enter into and to carry out and consummate the transactions contemplated by the Borrower Documents.

3. The General Partner is a limited liability company, duly organized, validly existing and in good standing under the laws of the Commonwealth of Virginia and has all requisite limited liability company power and all material government licenses, authorizations, consents and approvals necessary to own and operate its property and conduct its business. The General Partner is qualified to do business in the Commonwealth of Virginia.

4. By all necessary action, the Borrower has duly authorized and adopted the Borrower Documents, and approved the execution and delivery of, and the performance by the Borrower of the obligations in connection with the issuance of the Bonds on its part contained in the Bonds and the Borrower Documents and the consummation by it of all other transactions contemplated by the Indenture and the Borrower Documents in connection with the issuance of the Bonds. The individual who has executed the Borrower Documents on behalf of the General Partner of the Borrower has the authority to bind the General Partner and thereby the Borrower to the terms and conditions of the Borrower Documents.

5. The Borrower Documents have been duly executed and delivered by the Borrower and, assuming the due authorization, execution and delivery of such agreements by the respective other parties thereto where necessary, if any, constitute legal, valid and binding obligations of the Borrower enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency,

reorganization, moratorium and other similar laws of general applicability affecting the enforcement of creditors' rights and to general principles of equity, regardless of whether such enforceability is considered in equity or in law.

6. The execution and delivery of the Borrower Documents, the performance by Borrower of its obligations thereunder and the consummation of the transactions contemplated therein are within the organizational powers of Borrower and will not (i) conflict with or constitute a breach of the Borrower's organizational documents; (ii) to our knowledge, constitute a default under any indenture, mortgage, deed of trust or other material lien, lease, contract, note, order, judgment, decree or other material agreement, instrument or restriction of any kind to which Borrower is a party or by which any of its properties are bound or affected; or (iii) result in a violation of any constitutional or statutory provision or any material order, rule, regulation, decree or ordinance of any court, government or governmental authority known to us to be applicable to the Borrower or its property.

7. To the best of our knowledge after due and diligent inquiry, as of the Closing Date, the Borrower is not in violation of, breach of or default under any applicable constitutional provision or law of any state or of the United States, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Borrower or any of its activities, properties or assets, or any indenture, mortgage, deed of trust, resolution, note, agreement (including, without limitation, the Borrower Documents) or other agreement or instrument to which the Borrower is a party or by which the Borrower or any of its property or assets is bound, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instruments; and the execution and delivery of the Bonds and the Borrower Documents, and compliance with the provisions on the Borrower's part contained therein, do not and will not conflict with, or constitute on the part of the Borrower a violation of, breach of or default under, any applicable constitutional provision or law of any state or of the United States, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Borrower or any of its activities, properties or assets, or any indenture, mortgage, deed of trust, resolution, note, agreement or other agreement or instrument to which the Borrower is a party or by which the Borrower or any of its property or assets is bound, nor will any such execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower or under the terms of any such law, regulation or instrument, except as provided by the Bonds or the Borrower Documents.

8. As of the Closing Date, all consents, approvals, authorizations, and orders of or filings or registrations with any governmental authority, board, agency or issuer of any state or of the United States having jurisdiction required in connection with, or the absence of which would materially adversely affect, the execution and delivery by the Borrower of the Borrower Documents or the performance by the Borrower of its obligations thereunder have been obtained or made and are in full force and effect.

9. To the best of our knowledge after due and diligent inquiry, as of the Closing Date, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any judicial or administrative court or governmental agency or body, state, federal or other, pending or, to the best of our knowledge, threatened against the Borrower, affecting the existence of the Borrower or the titles of its officers to their respective offices, or contesting or affecting as to the Borrower the validity or enforceability of the Act, the Bonds, any Borrower Document or the execution and delivery or adoption by the Borrower of any Borrower Document, or in any way contesting or challenging the completeness or accuracy of the Preliminary Official Statement or the Official Statement or the powers of the Borrower or its authority with respect to the Borrower Documents or the consummation of the transactions contemplated thereby; nor, to the best of our knowledge, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the financial condition

or operations of the Borrower or the validity of the authorization, execution, delivery or performance by the Borrower of any Borrower Document.

10. Nothing has come to our attention that would lead us to believe that the statements and information contained in the Preliminary Official Statement, as of its date and the date of the Bond Purchase Agreement, and the Official Statement, as of its date and the date hereof, under the headings “PLAN OF FINANCING,” “THE PROJECT AND THE PRIVATE PARTICIPANTS,” “CERTAIN BONDHOLDERS’ RISKS” (but only with respect to those risks that expressly relate to the Borrower, the Project and the private participants), “NO LITIGATION—The Borrower” and “CONTINUING DISCLOSURE” (except as to the statistical and financial data included in the Preliminary Official Statement and the Official Statement with respect to which we do not express any opinion), contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

11. The Borrower may not plead the defense of usury or maintain an action for usury with respect to the loan(s) being made under the Transaction Documents.

Very truly yours,

EXHIBIT C

ISSUE PRICE CERTIFICATE

\$24,000,000

**Newport News Redevelopment and Housing Authority
Multifamily Housing Revenue Bonds
(Stuart Gardens II Apartments)
Series 2026**

The undersigned, on behalf of Colliers Securities LLC, as underwriter (“Colliers”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the price listed in **Schedule A** attached hereto.

2. ***Reserved.***

3. ***Defined Terms.***

(a) *General Rule Maturities* means those Maturities of the Bonds listed in **Schedule A** hereto as the “General Rule Maturities.”

(b) *Issuer* means the Newport News Redevelopment and Housing Authority.

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

(d) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate means, with respect to a purchaser of the Bonds, if the Underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

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

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

[Signature Page Follows]

COLLIERS SECURITIES LLC

By: _____

Name: _____

Dated: _____, 2026

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES

<u>Principal Amount</u>	<u>Initial Mandatory Tender Date</u>	<u>Maturity Date</u>	<u>Interest Rate to Initial Mandatory Tender Date</u>	<u>Price</u>
\$24,000,000	October 1, 2028	October 1, 2030	__._%	__%

EXHIBIT D

**Draft Remarketing Agreement dated as of Date of Execution Between the Underwriter and
the Borrower**

REMARKETING AGREEMENT

\$24,000,000

**Newport News Redevelopment and Housing Authority
Multifamily Housing Revenue Bonds
(Stuart Gardens II Apartments)
Series 2026**

THIS REMARKETING AGREEMENT, dated as of July 1, 2026 (the “Agreement”), is made and entered into by and between Stuart Gardens II Housing Partners, LP, a Virginia limited partnership (the “Borrower”), and Colliers Securities LLC (the “Remarketing Agent”).

W I T N E S S E T H:

WHEREAS, the Newport News Redevelopment and Housing Authority (the “Issuer”) has issued its Multifamily Housing Revenue Bonds (Stuart Gardens II Apartments) Series 2026 (the “Bonds”) pursuant to an Indenture of Trust, dated as of July 1, 2026 (the “Indenture”), between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”); and

WHEREAS, the Bonds and the Indenture provide, among other things, that the owners of the Bonds will be required to tender their Bonds for purchase on October 1, 2028 (the “Initial Mandatory Tender Date”), upon the terms and conditions contained in the Bonds and the Indenture;

WHEREAS, the Remarketing Agent has accepted the duties and responsibilities of the remarketing agent for the Bonds under the Indenture and this Agreement;

NOW, THEREFORE, for and in consideration of the mutual covenants made herein and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions.

Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Indenture.

Section 2. Appointment of Remarketing Agent.

Subject to the terms and conditions contained herein, the Borrower hereby appoints the Remarketing Agent to serve as remarketing agent for the Bonds under the Indenture and this Agreement and the Remarketing Agent hereby accepts the Borrower’s appointment hereunder as remarketing agent for the Bonds. The terms and conditions of the Indenture relating to the duties and obligations of the Remarketing Agent are incorporated herein by reference.

Section 3. Responsibilities of Remarketing Agent.

Subject to the terms and conditions set forth in this Agreement and in the Indenture, commencing on the Closing Date, the Remarketing Agent agrees to (a) perform all duties and obligations of the Remarketing Agent under and be bound by the terms of the Indenture, including without limitation using its best efforts to remarket the Bonds and (b) provide, in accordance with and at the times specified in the Indenture, all notices required by the Indenture. It is understood that in undertaking to perform such duties,

and in the performance thereof, it is the intention of the parties that the Remarketing Agent will act solely as an agent and not as a principal except as expressly provided in Section 12 hereof.

(a) ***Determination of Interest Rates.*** The Remarketing Agent shall determine the interest rates on the Bonds in the manner and at the times specified therefor in the Indenture.

(b) ***Remarketing of Tendered Bonds.***

(i) The Remarketing Agent shall use its best efforts to remarket Bonds to be purchased as described in the Indenture. It shall be a condition of the Remarketing Agent's obligations to perform its duties hereunder at any time that there does not then currently exist an Event of Default under the Indenture.

(ii) The Remarketing Agent may suspend its remarketing efforts hereunder immediately, after written or electronic notice to the Borrower, the Issuer and the Trustee, upon the occurrence of any of the following, which suspension may continue only so long as any of the following continues to exist:

(A) Any of the representations or warranties of the Borrower made in Sections 5 and 9 hereof shall not have been true and correct on the date made, or the Borrower shall fail to observe any of the covenants or agreements made in Section 5 hereof;

(B) Any event shall occur or information shall become known, which, in the judgment of the Remarketing Agent after consultation with the Borrower and the Issuer, makes untrue, incorrect or misleading in any material respect any statement or information contained in the Official Statement prepared with respect to the Bonds (the "Official Statement"), or other Disclosure Documents (hereinafter defined in Section 6(b)) provided to the Remarketing Agent in connection with the performance of its duties hereunder, whether provided pursuant to Section 5 hereof or otherwise, or causes such document to contain an untrue, incorrect or misleading statement of a material fact or to omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; or

(C) Legislation shall be enacted and become effective, to the effect that, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that, or any other event occurs which, in the judgment of the Remarketing Agent after consultation with the Borrower and the Issuer, would have the effect that, the remarketing of obligations of the general character of the Bonds, or the remarketing of the Bonds, including all underlying obligations, as contemplated hereby or by the most current offering documents or materials for the Bonds, is in violation or would be in violation of any provision of the federal securities law, including the Securities Act of 1933, as amended, and as then in effect, or that the Indenture are not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, and as then in effect, or with the purpose or effect of otherwise prohibiting the remarketing of obligations of the general character of the Bonds,

or the Bonds, as contemplated hereby or by the most current Disclosure Documents.

(D) The Bonds can only be remarketed at an interest rate which exceeds the maximum rate allowed by law or the provisions of the Indenture or the Bonds.

(iii) The Remarketing Agent may suspend its remarketing efforts hereunder immediately, after notice as provided in (ii) above, upon the occurrence of any of the following events, which suspension may continue so long as any such event continues to exist, but only if and to the extent, in the judgment of the Remarketing Agent after consultation with the Borrower and the Issuer, the occurrence and continuation of such event shall cause the Bonds to be unremarketable:

(A) There shall be any federal or state legislation, effective, pending or favorably reported out of any legislative committee, or any decision of any federal or state court or by any order, ruling or regulation (final, temporary or proposed) of the Treasury Department or the Internal Revenue Service of the United States or other federal or state authority or regulatory body, or a release or announcement or communication issued or sent by the Treasury Department or the Internal Revenue Service of the United States, affecting the status of the Issuer and/or the Borrower, its property or income, obligations of the general character of the Bonds, as contemplated hereby, or the interest thereon, or any tax exemption with respect to obligations of the general character of the Bonds, as contemplated hereby, or the interest thereon, granted or authorized by the Internal Revenue Code of 1986, as amended;

(B) The engagement by the United States of America in hostilities which have resulted in a declaration of war or national emergency, or the occurrence of any other outbreak of hostilities or national or international calamity or crisis, financial or otherwise (including an act of terrorism);

(C) There shall have occurred a general suspension of trading on the New York Stock Exchange or the American Stock Exchange or other national securities exchange; material restrictions are established upon trading of securities, including limited or minimum prices, by any governmental authority or by any national securities exchange; or a banking moratorium is declared by federal or state authorities;

(D) Any governmental authority shall impose, as to the Bonds, or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force; or

(E) The long-term or short-term rating of any of the Bonds shall have been downgraded, withdrawn or suspended by the Rating Agency after the date hereof.

Section 4. Resignation and Removal of Remarketing Agent.

The Remarketing Agent may resign or be removed and, in either event, be discharged of the duties and obligations created by this Agreement and the Indenture in accordance with the Indenture. The

Borrower agrees that prior to the date on which the resignation or removal of the Remarketing Agent is effective it will promptly take such actions necessary to effect the appointment of a successor Remarketing Agent pursuant to the terms and provisions of the Indenture.

Notwithstanding anything to the contrary contained herein or in the Indenture, any unpaid fees and expenses due hereunder to the Remarketing Agent at the time of removal must be paid by the Borrower.

Upon the resignation or removal of the Remarketing Agent, the Remarketing Agent will pay over, deliver and assign any Bonds or moneys for the purchase of Bonds held by it in such capacity to its successor, together with a full accounting thereof.

Section 5. Disclosure Materials.

(a) The Borrower hereby authorizes the Remarketing Agent to use the Official Statement in connection with the marketing of the Bonds on the Closing Date and in connection with the remarketing of the Bonds thereafter. The Borrower will supply the Remarketing Agent with such number of copies of the Official Statement as the Remarketing Agent requests prior to the Closing Date and the Borrower will amend the document (and all documents incorporated by reference) so that at all times the document will not, to the knowledge of the Borrower, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. At the Borrower's expense, the Borrower will take all steps reasonably requested by the Remarketing Agent that the Remarketing Agent or its counsel may consider necessary or desirable to register the sale of the Bonds by the Remarketing Agent under any federal or state securities law or qualify the Indenture under the Trust Indenture Act of 1939.

(b) If the Remarketing Agent determines that it is necessary or desirable to use an official statement or other Disclosure Documents in connection with its remarketing of the Bonds (other than the Official Statement), the Remarketing Agent will notify the Borrower, and the Borrower will use reasonable commercial efforts to provide the Remarketing Agent with the Disclosure Documents in respect of the Bonds reasonably satisfactory to the Remarketing Agent and its counsel; and the Borrower hereby authorizes the Remarketing Agent to use such Disclosure Documents and the information contained therein in connection with the remarketing of the Bonds. The Borrower will supply the Remarketing Agent with such number of copies of the Disclosure Documents as the Remarketing Agent requests from time to time and the Borrower will amend the document (and all documents incorporated by reference) so that at all times the document will not, to the knowledge of the Borrower, contain any untrue or misleading statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. In connection with the use of any Disclosure Documents by the Remarketing Agent in its remarketing of the Bonds, the Borrower will use reasonable commercial efforts to furnish to the Remarketing Agent such certificates, accountants' letters and opinions of counsel as the Remarketing Agent reasonably requests. In addition, at the Borrower's expense, the Borrower will take all steps reasonably requested by the Remarketing Agent that the Remarketing Agent or its counsel may consider necessary or desirable to register the sale of the Bonds by the Remarketing Agent under any federal or state securities law or qualify the Indenture under the Trust Indenture Act of 1939.

(c) In the event the Remarketing Agent is asked to remarket the Bonds in any situation that requires, by the terms of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"), compliance with the Rule:

(i) the Borrower will provide the Remarketing Agent with the preliminary Disclosure Documents relating to the Bonds that the Borrower deems final as of its date (exclusive of pricing and other sales information permitted to be omitted by the Rule), prior to the date the Remarketing Agent bids for, offers or sells any Bonds;

(ii) the Borrower will provide the Remarketing Agent with such number of copies of the Official Statement or other Disclosure Documents prepared in connection therewith, as the Remarketing Agent may need to supply at least one copy thereof to each potential customer who requests it;

(iii) the Borrower shall provide the Remarketing Agent within seven (7) Business Days after the interest rate is determined or by the time “money confirmations” are to be sent to customers, whichever is earlier, with a number of copies of the final Official Statement adequate to provide at least one copy of the final Official Statement or Disclosure Documents to any customer or any potential customer for a period commencing on the date such final Official Statement or Disclosure Documents are available and extending for the underwriting period as defined in the Rule (the “Underwriting Period”) and, thereafter, for as long as may be required by the Rule. During the Underwriting Period, the Borrower agrees to update, by written supplement or amendment or otherwise, the final Official Statement or Disclosure Documents such that at all times during such period the final Official Statement or Disclosure Documents will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(iv) the Borrower will undertake, in a written agreement or contract for the benefit of Holders, to provide the information required by paragraph (b)(5) of the Rule to the persons or entities and at the times required by paragraph (b)(5) of the Rule.

(d) In order to induce the Remarketing Agent to enter into this Agreement, the Borrower hereby represents to the Remarketing Agent that the information contained in the Official Statement relating to the Borrower, the Project and the private participants is, at the Closing Date, true and correct in all material respects and that such information does not, at the Closing Date, contain any untrue or misleading statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) If, at any time after the Closing Date, any event actually known to the Borrower shall occur which might materially adversely affect the Bonds or the remarketing thereof, or if any Event of Default on the part of the Issuer (of which the Borrower has knowledge) or the Borrower under the Indenture shall occur, then the Borrower shall promptly notify the Remarketing Agent in writing of the circumstances and details of such event.

(f) The Borrower shall use reasonable commercial efforts to update, amend and supplement the Official Statement and other Disclosure Documents relating to the Bonds provided to the Remarketing Agent in connection with the performance of its duties hereunder, at the Borrower’s expense, in order that the Official Statement and such other Disclosure Documents, at all times during the term of this Agreement, will be, to the actual knowledge of the Borrower, true and correct in all material respects and will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the judgment of the Remarketing Agent, an event shall occur which requires the Official Statement or such Disclosure

Documents to be amended or supplemented in order to be true and correct in all material respects and not contain any untrue or misleading statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, then the Borrower shall, at its own expense promptly upon the request of the Remarketing Agent, amend or supplement the Official Statement or such Disclosure Documents in form and substance satisfactory to the Remarketing Agent. During the term of this Agreement, the Borrower shall cooperate with the Remarketing Agent to correct or complete, at the expense of the Borrower, the Official Statement and such other Disclosure Documents as aforesaid and shall not refuse any reasonable request of the Remarketing Agent for information concerning the Borrower for such purposes. The Borrower will not amend or supplement, or request the amendment or supplementation of, the Official Statement or such Disclosure Documents prior to notifying the Remarketing Agent in writing of the proposed amendment or supplement thereto.

(g) The Borrower shall, at its own expense, take all steps requested by the Remarketing Agent that are necessary for the Remarketing Agent to comply with the Rule to the extent that the Rule is applicable. In addition, the Borrower, at its own expense, will take all steps requested by the Remarketing Agent that the Remarketing Agent considers necessary to register the sale of the Bonds by the Remarketing Agent under any Federal or state securities law or qualify the Indenture under the Trust Indenture Act of 1939 to the extent that such laws or the Trust Indenture Act of 1939 are applicable.

Section 6. Borrower Indemnifications.

(a) The Borrower agrees to pay, defend, protect, indemnify, save and hold harmless the Remarketing Agent and each affiliate, member, officer, director, official, employee and agent of the Remarketing Agent, and each person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended (each, an “Indemnified Party” and, collectively, the “Indemnified Parties”) against any liability, loss, damages, costs, expenses of any nature (including interest and counsel fees), causes of action (whether in contract, tort or otherwise), suits, claims, demands and judgments of any kind, character and nature (collectively, the “Liabilities”) caused by or directly or indirectly arising out of or in any way relating to (i) the performance by the Remarketing Agent of the Remarketing Agent’s obligations under this Agreement, or those of its employees or agents arising from the performance of such obligations under this Agreement or (ii) the Bonds, the Project, the loan of the proceeds of the Bonds, the Indenture or any document related to the foregoing (the “Transaction Documents”) or any transaction or agreement related to any of the foregoing except for Liabilities arising from gross negligence, fraud, misrepresentation, or willful misconduct by the Remarketing Agent. This indemnity includes any action taken or omitted within the scope of this Agreement or any such action taken or omitted upon telephonic, telegraphic or written instructions received or reasonably believed to have been received by the Remarketing Agent from the Borrower, the Trustee or the Issuer.

(b) To the fullest extent permitted by applicable law, the Borrower shall also indemnify and hold harmless the Indemnified Parties against (i) any and all Liabilities, joint or several, to which any of the Indemnified Parties may become subject under any statute or regulation or at common law or otherwise and, except as hereinafter provided, will reimburse the Indemnified Parties for any legal or other expense reasonably incurred by them or any of them in connection with investigating or defending any such Liabilities, whether or not resulting in any Liability, insofar as such Liabilities arise out of or are based upon any untrue statement or alleged untrue statement or misleading statement or alleged misleading statement of a material fact by the Borrower relating to the Borrower, the Project or the private participants contained in any official statement, offering circular or other document (collectively, the “Disclosure Documents”) used by the Remarketing Agent and approved by the Borrower in connection with any

remarketing of the Bonds (including any disclosure materials or offering circular furnished to the Remarketing Agent), or arise out of or are based upon the omission or alleged omission from the Disclosure Documents of any material fact relating to the Borrower, the Project or the private participants necessary to be stated therein in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, except to the extent that such Liabilities are caused by an untrue statement or alleged untrue statement in, or omission or alleged omission from, information furnished in writing by or on behalf of the Remarketing Agent expressly for use therein; and (ii), if the Borrower takes any action or consents to the taking of any action, including, but not limited to, consents to amendments or supplements to any of the documents related to the financing transaction or to the Bonds without first obtaining the consent of the Remarketing Agent, against any and all Liabilities, joint or several, to which the Indemnified Parties or any of them may become subject under the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the rules or regulations under said acts, or any amendment to any of said acts, to the extent that such Liabilities arise out of or are based upon the failure to register the Bonds under the Securities Act of 1933 or to qualify the Indenture under the Trust Indenture Act of 1939.

(c) Promptly after receipt by an Indemnified Party of notice of the commencement of any action in respect of which indemnification may be sought against the Borrower under paragraphs (a) or (b) of this Section, such Indemnified Party shall notify the Borrower in writing; but the omission to so notify the Borrower will not relieve the Borrower from any Liability which it may be under to any Indemnified Party otherwise than under paragraphs (a) or (b) of this Section nor affect any rights it may have otherwise than under this Section to participate in and/or assume the defense of any action brought against any Indemnified Party. In case such action is brought against any Indemnified Party, and it notifies the Borrower of the commencement thereof, the Borrower shall be entitled to participate in, and, to the extent that it so chooses, to assume the defense thereof (including the employment of counsel reasonably satisfactory to the Indemnified Party), and the Borrower shall assume the payment of all fees and expenses relating to such defense and shall have the right to negotiate and consent to the settlement thereof. Any one or more of the Indemnified Parties shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but, after notice from the Borrower to such Indemnified Party of its election to assume the defense thereof, the fees and expenses of such separate counsel shall be at the sole expense of such Indemnified Party unless the employment of such counsel has been specifically authorized in writing by the Borrower. The Borrower shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the Borrower, or if there be a final judgment for the plaintiff in any such actions to which the Borrower has received notice in writing as hereinabove required, the Borrower agrees to indemnify and hold harmless the Indemnified Party from and against any Liability by reason of such settlement or judgment.

(d) The indemnity provided by this Section shall be in addition to any other liability that the Borrower may otherwise have hereunder, under the Loan Agreement, at common law or otherwise and is provided solely for the benefit of each of the Indemnified Parties and their respective successors, assigns and legal representatives, and no other person shall acquire or have any right under or by virtue of such provisions of this Agreement.

(e) In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in paragraphs (a) or (b) of this Section is for any reason held to be unavailable from the Borrower with respect to matters covered by such paragraphs (a) or (b), the Borrower, on the one hand, and the Remarketing Agent, on the other hand, with respect to such matter, shall contribute to the aggregate Liabilities to which the Borrower, on the one hand, and the Remarketing Agent, on the other hand, may be subject proportionately so that the Remarketing Agent is responsible for that portion represented by the percentage that the underwriting discount or placement fee, if any, payable to the Remarketing Agent hereunder with respect to the distribution in question, bears to the aggregate offering price, with the Borrower responsible for the balance, provided that in no event shall the Remarketing Agent be required to

contribute an amount in excess of the total fees paid to the Remarketing Agent in connection with the Bonds to the date of the contribution. The contribution provided for in this paragraph shall also extend, without limitation, to any and all expenses whatsoever reasonably incurred in connection with investigating, preparing for or defending against, or providing evidence, producing documents or taking any other reasonable action in respect of, any such Liability (or action in respect thereof), whether or not resulting in any Liability, and shall include any loss to the extent of the aggregate amount paid in settlement of any litigation, commenced or threatened, or of any Liability whatsoever as set forth herein if such settlement is effected with the written consent of the Borrower. For purposes of this paragraph, each Indemnified Party shall, under the same circumstances, have the same rights to contribution as does the Remarketing Agent hereunder. Within a reasonable time after an Indemnified Party entitled to contribution under this paragraph shall have been served with the summons or other first legal process or shall have received written notice of the threat of a Liability in respect of which contribution may be sought hereunder, such Indemnified Party shall, if a claim for contribution is to be made against the Borrower under this paragraph, notify the Borrower in writing of the commencement thereof; but the omission to so notify the Borrower shall not relieve the Borrower from any liability that it may have other than pursuant to this paragraph; provided, however, that any notice given by the Remarketing Agent for purposes of, and as provided in, paragraph (c) of this Section shall constitute notice for purposes of this paragraph. Nothing herein shall require the Borrower to contribute, or that any Indemnified Party contribute, to any Liabilities arising out of gross negligence, fraud, misrepresentation or willful misconduct by another party if the contributing party is not guilty of such conduct.

(f) The Borrower agrees to reimburse any Indemnified Party for any expense (including reasonable fees and expenses of counsel) incurred as a result of producing documents, presenting testimony or evidence, or preparing to present testimony or evidence (based upon time expended by an Indemnified Party at its then current time charges), in connection with any court or administrative proceeding (including any investigation which may be preliminary thereto) arising out of or relating to any public distribution of the Bonds. The Borrower, however, will not be required to reimburse any Indemnified Party if such court or administrative hearing arises out of gross negligence, fraud, misrepresentation, or willful misconduct by an Indemnified Party.

Section 7. Fees and Expenses.

In consideration of the services to be performed by the Remarketing Agent under this Agreement, the Borrower agrees to pay to the Remarketing Agent the following fees:

(a) a one-time remarketing fee payable upon the Initial Mandatory Tender Date upon the remarketing of the Bonds to be agreed upon by the Borrower and the Remarketing Agent at least 30 days prior to the Initial Mandatory Tender Date; and

(b) expenses reasonably incurred by the Remarketing Agent in connection with its services hereunder, including fees incurred in connection with the registration of the Bonds under any state securities laws, and including reasonable expenses in connection with preparation of a new official statement or other offering materials as provided in Section 5 (including, but not limited to, reasonable counsel fees and disbursements).

Payment of the fees and expenses referred to in clauses (a), (b) and (c) of the first sentence of this Section shall be made by the Borrower as soon as practicable upon receipt of an invoice therefor from the Remarketing Agent. Payment of the fee shall be made by the Borrower on the effective date of the establishment of a reset rate, and shall include all reasonable costs relating to the preparation of any Disclosure Documents in connection with the establishment of a reset rate. The Borrower agrees to pay the Remarketing Agent's fees and expenses under this Agreement without regard to any claim, set-off, defense,

or other right which the Borrower may have at any time against the Remarketing Agent or any other person, whether in connection with this Agreement, the Bonds or any unrelated transactions.

Notwithstanding anything to the contrary contained in this Agreement, the Remarketing Agent shall not commence remarketing efforts without written authorization of the Borrower prior to a Mandatory Tender Date, including an agreement by Borrower and Remarketing Agent regarding the amount of the one-time remarketing fee and expenses described in the foregoing clauses (a), (b) and (c) of the first sentence of this Section. In the absence of such agreement, the Remarketing Agent shall have no obligation to remarket Bonds under this Agreement or the Indenture.

Section 8. Representations, Warranties, Covenants and Agreements of the Remarketing Agent.

The Remarketing Agent, by its acceptance hereof, represents, warrants and covenants, and agrees with the Borrower as follows:

(a) The Remarketing Agent is authorized by law to perform all the duties and obligations imposed upon it as Remarketing Agent by this Agreement and the Indenture.

(b) The Remarketing Agent has full power and authority to execute and deliver this Agreement and to take all actions required or permitted to be taken by the Remarketing Agent by or under, and to perform and observe the covenants and agreements on its part contained in, this Agreement and the Indenture.

(c) Assuming the due authorization, execution and delivery of this Agreement by the Borrower and the enforceability of this Agreement against the Borrower, this Agreement is the legal, valid and binding obligation of the Remarketing Agent, enforceable against the Remarketing Agent in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws of general applicability affecting the enforcement of creditors' rights and to general principles of equity, regardless of whether such enforceability is considered in equity or at law.

(d) The Remarketing Agent is a licensed NASD broker/dealer, is registered as a municipal securities dealer under the Securities Exchange Act of 1934 and meets the qualifications for remarketing agent under the Indenture.

Section 9. Representations, Warranties, Covenants and Agreements of the Borrower.

The Borrower, by its acceptance hereof, represents, warrants, covenants and agrees with the Remarketing Agent that it:

(a) is a limited partnership duly organized under the laws of the Commonwealth of Virginia;

(b) has full power and authority to take all actions required or permitted to be taken by the Borrower by or under, and to perform and observe the covenants and agreements on its part contained in, this Agreement and any other instrument or agreement relating to the Bonds where the Borrower is a party;

(c) has, on or before the date hereof, duly taken all action necessary to be taken by it prior to such date to authorize (i) the execution, delivery and performance of any Transaction

Document to which the Borrower is a party and any other instrument or agreement that the Borrower is a party to and that has been or will be executed in connection with the transactions contemplated by the foregoing documents; and (ii) the carrying out, giving effect to, consummation and performance of the transactions and obligations contemplated by the foregoing agreements;

(d) will promptly notify the Remarketing Agent by electronic means of any material adverse changes of which the Borrower has actual knowledge that may affect the remarketing of the Bonds or any fact or circumstance of which the Borrower has actual knowledge that may constitute, or with the passage of time may constitute, an Event of Default under the Indenture or any Transaction Document to which the Borrower is a party; and

(e) all representations and warranties of the Borrower set forth in the Bond Purchase Agreement prepared with respect to the Bonds are true and correct and are hereby incorporated by reference herein, as though fully set forth herein.

Section 10. Term of Agreement.

This Agreement shall become effective on the date hereof and shall continue in full force and effect, unless otherwise terminated pursuant to the terms and conditions hereof, for as long as the Bonds remain outstanding.

Section 11. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

Section 12. Dealing in Bonds by the Remarketing Agent.

The Remarketing Agent, in its individual capacity, may in good faith buy, sell, own, hold and deal in any of the Bonds, including, without limitation, any Bonds offered and sold by the Remarketing Agent pursuant to this Agreement, and may join in any action that any Holder may be entitled to take with like effect as if it did not act in any capacity hereunder. The Remarketing Agent, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer and may act as depositary, trustee, or agent for any committee or body of Holders secured hereby or other obligations of the Issuer as freely as if it did not act in any capacity hereunder.

Section 13. Intention of Parties.

It is the express intention of the parties hereto that any purchase, sale or transfer of any Bonds, as herein provided, shall not constitute or be construed to be the extinguishment of any Bonds or the indebtedness represented thereby or the reissuance of any Bonds.

Section 14. Conflict.

Notwithstanding anything to the contrary that may be contained in this Agreement or in the Indenture, in the event of a conflict or inconsistency between the terms of this Agreement and the terms of the Indenture, the terms of the Indenture in all such instances shall be controlling.

Section 15. Amendments.

No amendment, modification, supplement or waiver in respect of this Agreement will be effective unless in writing and signed by the parties hereto.

Section 16. Remarketing Agent Not Acting as Advisor or Fiduciary.

The Remarketing Agent and the Borrower each acknowledge and agree that (i) the remarketing of the Bonds pursuant to this Agreement is an arm's-length commercial transaction between the Borrower and the Remarketing Agent, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Remarketing Agent is and has been acting solely as a principal and is not acting as the agent, advisor, municipal advisor or fiduciary of the Borrower, (iii) the Remarketing Agent has not assumed an advisory or fiduciary responsibility in favor of the Borrower with respect to the remarketing contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Remarketing Agent has advised or provided other services or is currently advising or providing other services to the Borrower on other unrelated matters) and the Remarketing Agent has no obligation to the Borrower with respect to the remarketings contemplated hereby except the obligations expressly set forth in this Agreement and (iv) the Borrower has consulted its own legal, financial and other advisors to the extent it deems appropriate.

Notwithstanding the foregoing or any other provisions of this Agreement, or the Indenture, the use of the term "agent" with reference to the Remarketing Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom and is intended to create or reflect only an independent contractor relationship between contracting parties and the Remarketing Agent acts as an independent broker-dealer and exercises its own independent judgment in connection with its rights and duties as Remarketing Agent.

Section 17. HUD Provisions.

The Borrower and the Remarketing Agent acknowledge that this Agreement and all of the Borrower's obligations hereunder are subject and subordinate to the FHA Loan Documents and the Program Obligations (as defined in the FHA Mortgage). Notwithstanding any provision in this Agreement to the contrary, no obligations of the Borrower hereunder shall be payable except from (A) Surplus Cash (as defined in the HUD Regulatory Agreement), (B) funds that are not derived from (i) revenues of the Project (as defined in the FHA Mortgage), (ii) the proceeds of the FHA Note, or (iii) any reserve or deposit made with the FHA Lender or any other party as required by HUD in connection with the FHA Loan Documents, or (C) FHA Lender Funds which have been deposited into the Collateral Fund by or at the direction of the FHA Lender (collectively, "Non-Project Sources"). No claims or actions shall be made (or payable) under this Agreement against the Project, the FHA Lender, the proceeds of the FHA Note, or the assets of the Borrower, except from Non-Project Sources. In addition, the rights and obligations of the parties under this Agreement and all other documents evidencing, implementing, or securing this Agreement (collectively, the "Subordinate Bond Documents") are and shall be subordinated in all respects to the rights and obligations of the parties to and under the FHA Loan Documents. In the event of any conflict between the provisions of (i) this Agreement or the Subordinate Bond Documents and (ii) the provisions of the FHA Loan Documents or the Program Obligations, the provisions of the FHA Loan Documents or the Program Obligations shall control. The provisions of this Section shall control over any inconsistent provisions in this Agreement or the Subordinate Bond Documents.

Section 18. Miscellaneous.

(a) Except as otherwise specifically provided in this Agreement, all notices, demands and formal actions under this Agreement shall be in writing and either (i) hand-delivered, (ii) sent by electronic means or (iii) mailed by registered or certified mail, return receipt requested, postage prepaid, to the recipient thereof at the applicable notice addresses set forth in the Indenture. The Remarketing Agent, the Issuer, the Borrower and the Trustee may, by notice given under this Agreement, designate other addresses to which subsequent notices, requests, reports or other communications shall be directed.

(b) This Agreement shall inure to the benefit of and be binding only upon the parties hereto and their respective successors and assigns. The terms “successors” and “assigns” shall not include any purchaser of any of the Bonds merely because of such purchase. No Holder or other third party shall have any rights or privileges hereunder. With respect to the Remarketing Agent, the term “successors” shall include any entity to which its remarketing activities are transferred.

(c) All of the representations and warranties of the Borrower and the Remarketing Agent in this Agreement shall remain operative and in full force and effect as of the date when made, regardless of (i) any investigation made by or on behalf of the Remarketing Agent or the Borrower, (ii) the offering and sale of and any payment for any Bonds hereunder, or (iii) termination or cancellation of this Agreement.

(d) Nothing herein shall be construed to make any party an employee of the other or to establish any fiduciary relationship between the parties except as expressly provided herein and in the Indenture.

(e) If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable for any reason, such circumstances shall not have the effect of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatsoever.

(f) This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

(Remainder of Page Intentionally Left Blank)

IN WITNESS WHEREOF, the parties hereto have executed this Remarketing Agreement as of the date first above written.

STUART GARDENS II HOUSING PARTNERS, LP,
a Virginia limited partnership

By: Stuart Gardens II Housing Management, LLC,
a Virginia limited liability company,
its General Partner

By: Vitus Development III, LLC,
a Delaware limited liability company,
its Member and Manager

By: _____
Name: Stephen R. Whyte
Title: President

(Remarketing Agent's Signature Page to Remarketing Agreement)

Very truly yours,

COLLIERS SECURITIES LLC

By:

Frank J. Hogan, Managing Director

EXHIBIT E

**Draft Regulatory Agreement and Declaration of Restrictive Covenants by and Among the
Issuer, the Borrower and the Trustee dated July __, 2026**

This Instrument Prepared By
and After Recording Return To:

Douglas L. Sbertoli, Esq.
Williams Mullen
200 South 10th Street, Suite 1600
Richmond, VA 23219

EXEMPTION CLAIMED:
VA. CODE §58.1-809

Tax Map Parcel Nos. _____

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS, as amended, modified or supplemented from time to time (this "Regulatory Agreement") is made as of July 1, 2026, by STUART GARDENS II HOUSING PARTNERS, LP, a Virginia limited partnership (the "Borrower"), for the benefit of the NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY (the "Issuer") and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee (the "Trustee"), under the Indenture referred to below:

W I T N E S S E T H:

WHEREAS, the Borrower has applied to the Issuer for a loan (the "Loan") for the rehabilitation, renovation, construction, improvement and equipping of a multifamily rental housing facility to be (i) occupied by persons of low and moderate income, (ii) known as Stuart Gardens II Apartments (the "Project") and (iii) located in the City of Newport News, Virginia, on the real property described in Exhibit "C" attached hereto and by this reference made a part hereof (the "Real Property"); and

WHEREAS, the Issuer is unwilling to make the Loan unless the Borrower agrees to be regulated in the manner set forth herein, and the Borrower is willing to execute and abide by this Regulatory Agreement as a condition of obtaining the Loan.

NOW, THEREFORE, it is hereby agreed by and between the parties hereto, their successors and assigns, as follows:

1. Definitions. As used in this Regulatory Agreement, the following terms shall have the following respective meanings.

"Act" means the Virginia Housing Authorities Law, Chapter 1, Title 36 of the Code of Virginia of 1950, as amended.

"Adjusted Family Income" means the anticipated annual income of a person (together with the anticipated annual income of all persons who intend to reside with such person in one residential unit), as determined in a manner consistent with Section 8 of the United States Housing Act of 1937 or if such program is terminated under such program as in effect immediately before such termination.

"Available Units" means residential units in a residential rental project that are actually occupied and residential units in the project that are unoccupied and have been leased at least once after becoming available for occupancy, provided that a residential unit that is not available for occupancy due to

renovations is not an Available Unit and does not become an Available Unit until it has been leased for the first time after the renovations are completed.

"Bond Counsel" means Williams Mullen or any other law firm of nationally recognized standing in the field of municipal finance law whose opinions are generally accepted by purchasers of tax-exempt obligations that is acceptable to the Issuer.

"Bondholder" means, with respect to any Bond, the registered owner of such Bond.

"Bonds" or "Bond" means the \$24,000,000 Newport News Redevelopment and Housing Authority Multifamily Housing Revenue Bonds (Stuart Gardens II Apartments) Series 2026 issued to provide funds to make the Loan.

"Borrower" means Stuart Gardens II Housing Partners, LP, a Virginia limited partnership, together with its permitted successors and assigns.

"Business Day" means any day other than (a) a Saturday or a Sunday, (b) any day on which banking institutions located in the city or cities in which the principal office or payment office of the Trustee are located or the city or cities in which any paying agent is located are required or authorized by law or executive order to close, (c) any day on which banking institutions located in the city of New York, New York are required or authorized by law or executive order to close or (d) a day on which The New York Stock Exchange is closed.

"Code" means the Internal Revenue Code of 1986, as amended and supplemented from time to time, or any successor statute, and applicable final, temporary or proposed regulations thereunder.

"Commercial Facilities" means that part of the Project not consisting of (i) that portion of the building or buildings of the Project containing residential units and (ii) any facilities, or portions thereof, that are approved by the Issuer and are properly allocable and are directly related and essential to the portions of such building or buildings containing residential units for purposes of Section 142(d) of the Code, including the Recreation Facilities hereinafter defined and the portion of the parking facilities hereinafter described and the tenant laundry facilities which are intended for use by the Project's residential tenants.

"Commonwealth" means the Commonwealth of Virginia.

"Completion Date Certificate" means the certificate from the Borrower to the Trustee stating that the acquisition, rehabilitation, renovation and equipping of the Project has been completed.

"Compliance Certificate" means the Compliance Certificate substantially in the form of Exhibit "B" hereto, as such form may be revised by the Issuer from time to time upon advice of Bond Counsel.

"Dwelling Units" shall mean the affordable housing eligible apartment facilities located in the Project.

"Electronic Means" means a facsimile transmission or other similar electronic means of communication, including a telephonic communication promptly confirmed by writing or written transmission.

"HUD" shall mean the United States Department of Housing and Urban Development.

"Income Certification" means a Certification of Tenant Eligibility substantially in the form of Exhibit "A" hereto, as such form may be revised by the Issuer from time to time upon advice of Bond Counsel.

"Income Tax Regulations" means any applicable final, proposed or temporary regulations and revenue rulings under the Code. References to a section of the Income Tax Regulations shall be deemed to include any analogous section of revised or successor regulations.

"Indenture" means the Trust Indenture dated as of July 1, 2026, by and between the Issuer and the Trustee, under which the Bonds are issued and secured, as the same may be amended, modified or supplemented from time to time.

"Investor Partner" means USA Institutional Stuart Gardens II LLC, a Delaware limited liability company, or such other limited partner of the Borrower identified by the Borrower in writing to the Trustee and the Issuer, and its respective successors and assigns.

"Issuer" means the Newport News Redevelopment and Housing Authority, a political subdivision of the Commonwealth, duly organized and validly existing under the laws of the Commonwealth, and its successors and assigns.

"Loan" means the proceeds provided by the Issuer to the Borrower pursuant to the Loan Agreement.

"Loan Agreement" means the Loan Agreement dated as of July 1, 2026, between the Borrower and the Issuer, together with any amendments, modifications or supplements thereto.

"Loan Documents" means the Loan Agreement, the Indenture, the Bonds, the Note, and any and all other instruments executed and delivered in connection with the Loan.

"Low Income Persons or Families" or **"Low Income Tenants"** means persons whose aggregate Adjusted Family Income does not exceed 60% of the Median Gross Income for the Area determined by the Secretary of HUD in a manner consistent with determinations of low income families under Section 8(f)(3) of the United States Housing Act of 1937, as amended (or, if such program is terminated, under such program as in effect immediately before such termination), with adjustments for smaller and larger families. For purposes of this definition, the occupants of a residential unit shall not be deemed to be Low Income Persons or Families or Low Income Tenants if all the occupants of such residential unit at any time are "students", as defined in Section 151(c)(4) of the Code, no one of whom is entitled to file a joint return under Section 6013 of the Code.

"Median Gross Income for the Area" means the median income for the households in the area which includes the City of Newport News, Virginia, as determined from time to time by the Secretary of HUD, under Section 8(f)(3) of the United States Housing Act of 1937, as amended (or if such program is terminated, median income determined under the program in effect immediately before such termination), in each case as adjusted for family size, all in accordance with Section 142(d) of the Code.

"Mortgage" means the Multifamily Mortgage, Security Agreement, Assignment of Rents, and Fixture Filing (Virginia) dated as of July __, 2026, given by the Borrower in favor of a deed of trust trustee named therein for the benefit of the Mortgage Lender, as the same may be amended, modified, assigned or supplemented from time to time.

"Mortgage Lender" means Merchants Capital Corp, an Indiana corporation, or another lending institution, or their successors and assigns.

"Mortgaged Property" includes all property covered by the Mortgage.

"Note" means the Note dated as of even date with the Bonds, given by the Borrower and payable to the order of the Issuer, evidencing the Borrower's obligation to repay the Loan, and any riders thereto or amendments thereof.

"Plans" means the final plans and specifications for the Project, as such plans and specifications may be revised from time to time. Modifications to the Plans do not require the approval of the Issuer or the Trustee.

"Project" means the approximately 239 rental units comprised of 50 1-2-story apartment buildings located on 18.98 acres of the Real Property.

"Qualified Project Period" means that period, beginning on the later of the first day on which at least ten percent (10%) of the residential units in the Project are occupied or the Closing Date and ending on the latest of:

- (i) the date which is 15 years after the later of the Closing Date or the date on which fifty percent (50%) of the residential units in the Project are occupied, or
- (ii) the first day on which no tax-exempt private activity bond issued with respect to the Project is outstanding, or
- (iii) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937, as amended, terminates.

"Qualified Residential Rental Project" means any project for residential rental property if at all times during the Qualified Project Period, such project meets the requirements of Section 142(d)(1)(A) or (B) of the Code, whichever is elected by the Issuer at the time of issuance of the Bonds.

"Real Property" means the land described in Exhibit "C" attached hereto.

"Recreation Facilities" means any recreational or exercise facilities located on the Real Property.

"Rental Housing" means similarly constructed proximate housing units made available for rental, and not ownership, to members of the general public, each of which units shall contain complete living facilities which are to be used on other than a transient basis and facilities which are functionally related and subordinate to the living facilities and which meet the requirements of Section 142(d) of the Code. Rental Housing shall at all times be constructed and maintained in accordance with the applicable building code standards within the City of Newport News, Virginia.

"Substantial Rehabilitation" means the rehabilitation, renovation, constructing, improving and equipping of an existing residential rental project where more than 90% of the residential units in the Project are not Available Units at any time within 60 days after the later of (1) the date the Project is acquired or (2) the issue date of the Bonds.

"Trustee" means U.S. Bank Trust Company, National Association, the trustee designated as such under the Indenture or any successor trustee under the Indenture, together with their respective successors and assigns.

Other capitalized terms used herein and not otherwise defined shall have the respective meanings accorded such terms in the Indenture and the Loan Agreement.

2. Completion of the Project. The Borrower covenants to complete the rehabilitation, renovation, improvements and equipping of the Project with due diligence substantially in accordance with the Loan Agreement. Promptly upon such completion, the Borrower shall furnish to the Trustee and the Issuer a Completion Date Certificate. In the event the proceeds of the Loan are insufficient to complete the Project, the Borrower shall pay from other sources additional moneys as are necessary to complete the Project. No proceeds of the Bonds will be used to finance any Commercial Facilities.

3. Qualified Residential Rental Project. The Issuer and the Borrower hereby declare their understanding and intent that the Project is to be owned, managed and operated, as a Qualified Residential Rental Project. The Issuer hereby elects the "40-60" test as set forth in Section 142(d)(1)(B) of the Code. To that end, and in compliance with the Act, the Borrower hereby represents, covenants and agrees as follows:

(a) that the Project is being rehabilitated, renovated improved and equipped for the purpose of providing multifamily residential rental property, and the Project shall be owned, managed and operated as multifamily Rental Housing, all in accordance with Section 142(d)(1) of the Code and Section 1.103-8(b) of the Income Tax Regulations, as the same may be amended from time to time and applicable to the Project;

(b) that all of the dwelling units in the Project will be similarly constructed and each such Dwelling Unit shall contain complete facilities for living, sleeping, eating, cooking and sanitation for a single person or a family;

(c) that during the Qualified Project Period:

(i) none of the Dwelling Units in the Project shall ever be leased or rented for a period of less than thirty (30) days; and

(ii) neither the Project nor any portion thereof shall ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium, nursing home, rest home, or trailer court or park;

(d) that during the Qualified Project Period (i) the dwelling units in the Project shall be leased and rented or made available for rental on a continuous basis to members of the general public, (ii) at least 40% of the Available Units in the Project shall be leased and rented or made available for rental on a continuous basis to Low Income Tenants; and (iii) the Borrower shall not give preference in renting Dwelling Units in the Project to any particular class or group of persons, other than Low Income Tenants as provided herein; provided, however, that an insubstantial number of dwelling units in the Project, may be occupied by maintenance, security or managerial employees of the Borrower or its property manager, which employees must be reasonably necessary for operation of the Project;

(e) that during the Qualified Project Period no part of the Project will at any time be owned or used by a cooperative housing corporation;

(f) that the Project will consist of one or more discrete edifices or other man-made construction, each consisting of an independent foundation, outer walls and roof, all of which will be (i) owned by the same person for federal tax purposes, (ii) located on a common tract of land or two or more tracts of land which are contiguous except for being separated only by a road, street, stream or similar property (tracts are contiguous if their boundaries meet at one or more points), and (iii) financed by the Loan of the Issuer or otherwise pursuant to a common plan of financing, and which will consist entirely of:

(i) units which are similarly constructed; and

(ii) facilities functionally related and subordinate in purpose and size to property described in (i) above, e.g., parking areas, laundries and other Recreational Facilities (none of which may be unavailable to any person because such person is a Low Income Tenant) and other facilities which are reasonably required for the Project, e.g., heating and cooling equipment, trash disposal equipment or units for residential managers or maintenance personnel;

(g) that during the Qualified Project Period the Project will not include a unit in a building where all units in such building are not also included in the Project;

(h) that during the Qualified Project Period the Borrower will not convert the Project from residential rental property to condominium ownership or other use;

(i) that during the Qualified Project Period no Dwelling unit in the Project shall be occupied by the Borrower at any time unless the Borrower resides in a Dwelling Unit in a building or structure which contains at least five dwelling units and unless the resident of such dwelling unit is a resident manager or other necessary employee (e.g., maintenance and security personnel);

(j) that less than 25% of the proceeds of the Bonds will be used for the acquisition of land or the buildings thereon;

(k) that during the Qualified Project Period, the Borrower will not discriminate on the basis of age, race, creed, religion, color, sex, marital status, or national origin in the lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project;

(l) that during the Qualified Project Period, the Borrower will require all tenants moving into units with existing leases, which units have previously qualified as Low Income Tenant units, to be put on the lease in addition to the current tenant on the lease and to require recertification of said unit.

Unless the above provisions of this Section 3 are amended as permitted under Section 17 hereof, the above provisions of this Section shall remain in effect during the Qualified Project Period; provided, however, the Borrower may be discharged from its obligations under the above provisions of this Section 3 and Section 4 hereof to the extent only that the same are assumed by any successor in interest to the Borrower pursuant to Section 7 hereof.

4. Low Income Tenants. In order to satisfy the requirements of the Act and Section 142(d) of the Code, the Borrower hereby represents, covenants and agrees that, as follows:

(a) (i) commencing on the later of the first date on which 10% of the units in the Project are occupied or the issue date of the Bonds, (1) at least 40% of the Available Units in the Project shall be

occupied by Low Income Tenants before any Available Units are rented or leased to any other tenants and (2) after initial rental occupancy of such dwelling units by Low Income Tenants, at least 40% of the Available Units in the Project at all times shall be rented to and occupied (or held available for rent if previously rented to and occupied by a Low Income Tenant) by Low Income Tenants as required by Section 142(d) of the Code. For the purpose of the requirement that not less than 40% of the Available Units be occupied by Low Income Tenants, if a tenant qualified as a Low Income Tenant upon occupancy, the income of that tenant shall be treated as continuing to not exceed the applicable income limit, notwithstanding that such tenant's income may subsequently exceed the applicable income limit; provided, however, that such person shall no longer be qualified as a Low Income Tenant as of the most recent determination (as provided in Section 4(e) below) if the tenant's Adjusted Family Income exceeds 140% of the then applicable income limit. If it is determined that a tenant's Adjusted Family Income exceeds 140% of the applicable income limit, the Borrower may avoid non-compliance with the rules set forth herein if the next available unit of comparable or smaller size not counted as occupied by a Low Income Tenant is rented to a qualifying Low Income Tenant;

(ii) notwithstanding Section 4(a)(i) above, if the proceeds of the Bonds are financing the acquisition and rehabilitation of an existing residential rental project (other than Substantial Rehabilitation, to which Section 4(a)(i) above will apply), the Borrower shall have twelve months beginning on the date of issuance of the Bonds (the "Transition Period") to satisfy the requirement that at least 40% of the Available Units are occupied by Low Income Tenants. The failure to satisfy the set-aside requirement of this Section 4(a)(ii) by the last day of the Transition Period will cause the Project not to be a Qualified Residential Rental Project as of the issue date of the Bonds issued to finance the Project unless the Bonds issued to finance the Project are redeemed as soon as possible, but in no event later than eighteen months after the issue date of the Bonds;

(b) the income of all tenants who occupy or will occupy the units in the Project will be verified by the Borrower by obtaining an Income Certification and with respect to Low Income Tenants, (i) if the occupant is employed, an employer's written verification of current anticipated annual income or (ii) if the occupant is self-employed, the occupant shall provide an annualized profit and loss statement or (iii) if the occupant is not employed, the occupant shall provide evidence of governmental income or rental assistance and of any other income. Each such certification shall be dated (1) not later than the date of execution of the lease, but in no event more than five days prior to the initial occupancy of such tenant in the Project (and the Borrower shall require such tenant to notify the Borrower of any material change of information in the Income Certification between execution thereof and initial occupancy of such tenant in the Project), and (2) at least annually thereafter, in each case in the form and containing such information as may be required by Section 142(d) of the Code (initially in the form attached hereto as Exhibit "A", as the same may be from time to time amended by the Issuer on the advice of Bond Counsel (a copy of which amendments shall be provided to the Issuer, the Trustee and the Mortgage Lender), or in such other form and manner as may be required by applicable rules, rulings, procedures, official statements, regulations or policies now or hereafter promulgated or proposed by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(a)(7) of the Code;

(c) during the Qualified Project Period, the Borrower shall maintain complete and accurate records pertaining to the Dwelling Units occupied or to be occupied by Low Income Tenants, including Income Certifications, and will permit any duly authorized representative of the Issuer, the Trustee, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Income Certifications of Low Income Tenants residing in the Project for the purpose of verifying compliance by the Borrower hereunder upon reasonable notice and at reasonable times. The Borrower agrees that in the event of an Internal Revenue Service, Department of Treasury or Issuer audit of compliance with this Regulatory Agreement as authorized by this Section 4(c), the Borrower will pay all reasonable fees and expenses of the Issuer, its authorized representatives, and its counsel in

connection with such audit. The Borrower shall keep information as set forth in this Section 4(c) for a period of three years following the end of the Qualified Project Period;

(d) during the Qualified Project Period, (i) the Borrower shall immediately notify the Trustee and the Issuer if at any time the Dwelling Units in the Project are not occupied or available for occupancy as provided in Section 4(a) above, (ii) the Borrower shall prepare and submit to the Issuer, and following the closing of the Mortgage Loan, to the Mortgage Lender, not later than the fifteenth (15th) day of the month following the initial occupancy of any of the units in the Project and not later than the fifteenth (15th) day following the end of each six months thereafter, a Compliance Certificate substantially in the form attached hereto as Exhibit "B" executed by the Borrower stating, among other matters, the number of dwelling units of the Project which were occupied or were deemed to be occupied by Low Income Tenants during such period, and (iii) so long as any Bonds remain Outstanding, the Borrower shall maintain a copy of each Compliance Certificate required under clause (ii) of this subsection and submit copies thereof to the Trustee upon request;

(e) during the Qualified Project Period, the Borrower shall make the determination of whether the income of a tenant of a unit in the Project exceeds the applicable limit at least annually on the basis of the current income of the tenant by causing each tenant to execute a recertification of their annual income. The Borrower shall require in the lease of each Low Income Tenant that the tenant fill out an annual income recertification to help the Borrower determine whether the tenant still qualifies as a Low Income Tenant. The Borrower shall provide in each tenant's lease that completion and execution of such certificates by the tenant is a substantial obligation, noncompliance with which can result in termination of tenancy. Copies of the recertification of a tenant shall be provided to the Trustee as provided in Section 4(b) above; and

(f) the Borrower shall prepare and file with the Issuer, and following the closing of the Mortgage Loan, the Mortgage Lender true copies of each IRS Form 8703 - "Annual Certification of a Residential Rental Project" (or any successor form thereto) as completed and filed with the Internal Revenue Service for each calendar year during the Qualified Project Period, which certification shall be filed within thirty (30) days after each anniversary of the Completion Date (as defined in the Loan Agreement) or at such other times as may be prescribed in the Income Tax Regulations promulgated under Section 142(d)(7) of the Code.

The benefits of Sections 3 and 4 shall inure to, and may be enforced by, the Trustee and the Issuer and their successors and assigns for the Qualified Project Period.

5. Compliance with Act, Code and Rules.

(a) The Borrower covenants and agrees that (i) it will comply with all requirements of the Act, and the rules applicable to it or to the Project; (ii) at no time will it take any action, or fail to take any action, which action or failure to act would adversely affect the exclusion from gross income of the interest on the Bonds for federal income tax purposes; (iii) at least 95% of the net proceeds of the Bonds will be applied to finance a Qualified Residential Rental Project; and (iv) it will maintain the Project at all times during the Qualified Project Period in such a manner that the Project qualifies as a Qualified Residential Rental Project and pursuant thereto, forty percent (40%) or more of the residential units in such Project will be occupied by Low Income Persons or Families, with adjustments for smaller and larger families within the respective meanings ascribed to such quoted terms in Section 142(d) of the Code. In connection with the foregoing and with Section 17(b) hereof, the Borrower agrees to execute and deliver such amendments and supplements to this Regulatory Agreement as the Issuer (with a copy to Bond Counsel and the Trustee) or Bond Counsel (with a copy to the Issuer and the Trustee) reasonably shall determine to be necessary to preserve the exclusion of the interest on the Bonds of the holders thereof from gross income for federal income tax purposes.

(b) The Borrower agrees that it will not request any disbursement under the Loan for:

(i) the acquisition and rehabilitation of a building (and any fixtures thereto), the "first use" of which is not pursuant to such acquisition within the meaning of Section 147(d) of the Code, unless the Borrower shall expend from Loan proceeds or other available sources, an amount at least equal to fifteen percent (15%) of "the portion of the cost of rehabilitating such building (and equipment) financed with the proceeds" of the Bonds for "rehabilitation expenditures" within the meaning of Section 147(d) and of the Code with respect to such building and fixtures;

(ii) the acquisition of land (or an interest therein) in any amount which would cause the aggregate amount therefore and thereupon disbursed for such costs to equal or exceed twenty-five percent (25%) of the net proceeds of the sale of the Bonds; or

(iii) any portion of the Project which would cause the "average reasonably expected economic life", as determined in the manner and as of the time provided by Section 147(b) of the Code, of the portion of the Project that has been, or pursuant to such requested disbursement is to be, financed with proceeds of the Loan to be less than one day more than eighty-three and one-third percent (83 1/3%) of the "average maturity" of the Bonds within the meaning of Section 147(b) of the Code.

If for any reason disbursements under this Section 5(b) in excess of the limits imposed by paragraphs (i), (ii) or (iii) set forth above shall be made, or if, assuming after any disbursement that no further disbursements were made under the Loan Agreement, such limits would be violated by measurement against the amount of disbursements theretofore made, the Borrower agrees to reimburse the Trustee under the Indenture for the portion of any such excess as would be necessary to assure the exclusion of the interest payable on the Bonds of the holders thereof from gross income for federal income tax purposes.

(c) The Borrower agrees that it will not request any disbursement under the Loan for any costs of:

(i) any portion of the Project constituting a "health club facility," a "facility primarily used for gambling," or a "store the principal business of which is the sale of alcoholic beverages for consumption off premises" within the meaning of Section 147(e) of the Code;

(ii) land, or an interest therein, to be used for "farming purposes" within the meaning of Section 147(c)(2) of the Code; and

(iii) any property, other than a building (and fixtures located therein as of the date of the building's acquisition), the "first use" of which is not pursuant to such acquisition within the meaning of Section 147(c)(3) of the Code.

6. Commercial, Recreation and Parking Facilities. The Borrower represents, warrants, covenants and agrees that:

(a) The Project has been designed and will be renovated, rehabilitated, improved, constructed and equipped to include no Commercial Facilities.

(b) The Recreation Facilities are intended and shall be available for use solely by tenants of the Project and their guests. Such use shall be included in the rent charged to each tenant, and no additional fees or charges may be assessed.

(c) The Project shall include approximately 239-one-, two-and three-bedroom units and approximately 261 parking spaces for use by residential tenants and their guests. None of the automobile parking spaces located on the Project will be available for use by persons other than the residential tenants or their guests or invitees; there will be no charge for such parking.

7. Sale, Lease or Transfer of Project.

(a) Except as may be permitted by the Loan Documents, the Borrower shall not sell, lease (other than to resident tenants in the normal course of business), exchange, assign, convey, transfer or otherwise dispose of all or substantially all of the Project or shall not have a change in any general partner (herein collectively called "Disposition") without the prior written consent of the Issuer, and after the closing of the Mortgage Loan, the Mortgage Lender (such Issuer consent not unreasonably to be withheld). Notwithstanding anything to the contrary contained in the Loan Documents, (i) the transfer of interests in the Borrower to the Investor Partner or an affiliate thereof shall not constitute a default under any of the Loan Documents or accelerate the maturity of the Loan and (ii) the withdrawal, removal and/or replacement of Borrower's general partner for cause in accordance with Borrower's Amended and Restated Agreement of Limited Partnership (the "Partnership Agreement") shall not require the consent of Issuer and shall not constitute a default under any of the Loan Documents or accelerate the maturity of the Loan so long as the general partner is replaced with an affiliate of the Investor Partner. The Issuer shall not unreasonably withhold its consent to the substitute general partner if it is other than an affiliate of the Investor Partner. Notwithstanding the foregoing, any substitute general partner shall assume all of the rights and obligations of the removed general partner under all of the Loan Documents. It is expressly agreed that in connection with determining whether to grant or withhold such consent to a Disposition, the Issuer and the Mortgage Lender may (but are not obligated to) (i) consider the creditworthiness of the party to whom such Disposition will be made, its ability to provide services specifically to Low Income Tenants, its prior operation of lower income rental housing, its operation of other housing facilities in the City of Newport News, Virginia, if any, and its management ability with respect to the Project; (ii) consider whether or not any security for the performance of the obligations hereunder will be impaired in any material way by the proposed Disposition; (iii) consider such other factors as the Issuer and the Mortgage Lender may reasonably deem appropriate; (iv) require that the Issuer and the Mortgage Lender be reimbursed for all reasonable costs and expenses incurred by the Issuer for investigating the creditworthiness and management ability of the party to whom such Disposition will be made and in determining whether the Issuer's and the Mortgage Lender's security will be impaired by the proposed Disposition; (v) require the payment to the Issuer of a transfer fee equal to the reasonable costs of investigating and approving the Disposition and documenting the Disposition in its records; (vi) require the payment of its reasonable attorney's fee in connection with such Disposition; (vii) require the execution of modification agreements, supplemental security documents and financing statements, where appropriate, reasonably satisfactory in form and substance to the Issuer and the Mortgage Lender, it being understood and agreed that no material change shall be required to any of the terms and conditions of the Loan Agreement, this Regulatory Agreement or any related instrument or agreement as a condition for the approval of any such Disposition; and (viii) require the payment of the Ordinary Issuer's Fees (as defined in the Indenture) prorated to the date of disposition of the Project. The foregoing provisions shall not operate to limit in any manner any requirements that the Borrower obtain the consent of any other party to such Disposition to the extent required under the terms of the Loan Agreement or any of the other documents executed in connection with the Bonds.

(b) The Borrower covenants that upon a Disposition, it will require the party to whom a Disposition will be made to assume in writing, in a form acceptable to the Issuer, the Trustee, and if the closing of the Mortgage Loan has occurred, the Mortgage Lender, all duties and obligations of the Borrower under this Regulatory Agreement, including this Section 7. The Borrower shall deliver the assumption agreement to the Issuer, the Trustee and the Mortgage Lender concurrently with the Disposition.

(c) It is hereby expressly stipulated and agreed that any Disposition of the Project by the Borrower in violation of this Section 7 shall be null, void and without effect, and shall be ineffective to relieve the Borrower of its obligations under this Regulatory Agreement and the Loan Agreement. The Borrower shall include by incorporation by reference or verbatim the requirements and restrictions contained in this Regulatory Agreement in any deed or other documents transferring any interest in the Project to another person to the end that such transferee has notice of and is bound by such restrictions, and shall obtain the express agreement from any transferee so to abide. In the event that the Issuer approves the Disposition of the Project in accordance with this Section 7, and the transferee has agreed to perform the obligations of the Borrower under the Loan Agreement and this Regulatory Agreement in accordance with the terms and conditions of the Loan Agreement and this Regulatory Agreement, the Borrower shall be released from its obligations hereunder automatically and without further action by the Issuer, and the Issuer shall confirm such release by recordable written instrument, if requested to do so by the Borrower.

(d) Except as permitted in Section 7(a), so long as any portion of the Bonds remains outstanding, there shall be no transfer by any party of more than a 50% ownership interest in the Borrower, nor shall there be any other similarly significant change in the ownership interest, control or relative distribution thereof, of the Borrower by any other method or means including, but not limited to, increased capitalization, merger, corporate or other amendments, issuance of additional or new stock or classification of stock, or otherwise, without the prior written consent of the Issuer, which consent shall not be unreasonably withheld; provided, however, that this subsection 7(d) shall not apply to transfers of the interests in the Borrower to the Investor Partner or its affiliate or of the interests of the Investor Partner in the Borrower.

(e) Any Disposition will be subject to the Issuer, the Trustee, and if the closing of the Mortgage Loan has occurred, the Mortgage Lender, receiving an opinion of Bond Counsel that the transaction contemplated and as carried out will not adversely affect the exclusion of the interest on the Bonds of the holders thereof from gross income for federal income tax purposes.

(f) The restrictions contained in the foregoing provisions of this Section 7 shall not be applicable to any of the following exceptions, and the prior consent of the Issuer shall not be required as to such exceptions: (i) any transfer pursuant to or in lieu of a foreclosure under the Mortgage or other similar disposition of the Project, (ii) grants of utility related easements and utility and other service related leases or easements, including without limitation, laundry service leases or television cable easements, over portions of the Project, provided the same are granted in the ordinary course of business in connection with the operation of the Project as contemplated by this Regulatory Agreement, (iii) leases of apartment units to Low Income Tenants or other tenants in accordance with the requirements of this Regulatory Agreement, (iv) any sale or conveyance to a condemning governmental authority as a direct result of a condemnation or a governmental taking or a threat thereof, and (v) any change in allocations of preferred return capital, depreciation or losses or any final adjustments in capital accounts (all of which may be freely transferred or adjusted by Borrower pursuant to Borrower's Partnership Agreement).

8. Enforcement.

(a) The Issuer, the Borrower and the Trustee each covenant that it will not knowingly take or permit any action that would adversely affect the exemption from federal income taxation of interest on the Bonds. Moreover, each covenants to take any lawful action (including amendment of this Regulatory Agreement as may be necessary, in the opinion of Bond Counsel) to comply fully with the requirements of the Act and with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service from time to time pertaining to obligations the interest on which is tax-exempt under Section 142(d) of the Code and affecting the Project.

(b) If the Borrower defaults in the performance of its obligations under this Regulatory Agreement or breaches any covenant, agreement or warranty of the Borrower set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after notice thereof shall have been given by the Trustee or the Issuer to the Borrower and the Investor Partner (or for an extended period approved in writing by Bond Counsel if such default stated in such notice can be corrected, but not within such 60-day period, and if the Borrower commences such correction within such 60-day period, and thereafter diligently pursues the same to completion within such extended period), then (i) the Borrower agrees to pay the Issuer any rents or other amounts received by the Borrower for any units in the Project which were in violation of this Regulatory Agreement during the period such violation continued, and (ii) the Issuer or the Trustee may apply to any court, state or federal, for specific performance of this Regulatory Agreement or an injunction against any violation of this Regulatory Agreement or any other remedies at law or in equity or any such other actions as it may deem necessary or desirable so as to correct noncompliance with this Regulatory Agreement. Any cure of any event of default hereunder made or tendered by the Investor Partner shall be deemed to be a cure by the Borrower, and shall be accepted or rejected by the Issuer and Trustee on the same basis as if made or tendered by the Borrower.

(c) Notwithstanding anything to the contrary stated in this Regulatory Agreement, the Indenture or the Loan Agreement, the Issuer and the Trustee shall have the right to seek specific performance of any of the covenants and requirements of this Regulatory Agreement concerning the rehabilitation and operation of the Project. The Trustee and the Issuer shall have the right, either jointly or severally, to enforce this Regulatory Agreement and require curing of defaults in such shorter periods than specified above as Bond Counsel may determine necessary to maintain the tax-exempt status of interest on the Bonds. The Trustee shall have the right in accordance with this Section 8, following written notice to the Issuer, to exercise any or all of the Issuer's rights or remedies hereunder.

(d) The Issuer shall receive any reports submitted by the Borrower pursuant to this Regulatory Agreement and shall monitor or cause to be monitored any such reports in accordance with the standards set forth below. In performing their duties and obligations hereunder, the Issuer, the Trustee and their respective counsel may rely upon statements and certificates of the Borrower and tenants and upon audits of the books and records of the Borrower pertaining to occupancy of the Project.

(e) The Borrower and the Issuer each acknowledges that the primary purposes for requiring compliance by the Borrower with the restrictions provided in this Regulatory Agreement are to comply with the requirements of the Act and to preserve the federal income tax exemption of interest on the Bonds to the Bondholders, and that the Trustee on behalf of the Bondholders who are declared to be third-party beneficiaries of this Regulatory Agreement shall be entitled, for any breach of the provisions hereof, to all remedies both at law and in equity in the event of any default hereunder.

(f) Notwithstanding the foregoing, enforcement of this Regulatory Agreement shall not serve as a basis for acceleration of the Loan or result in any claim under such Loan, or claim against the Project, the proceeds of the Loan, or against the rents or other income from the Project (other than Surplus Cash) for payment hereunder.

9. Agreement Binding. This Regulatory Agreement and the covenants contained herein shall run with the Real Property and, except as provided in Section 7 hereof (including each general partner of the Borrower, each of whom the Borrower hereby represents to have authorized the Borrower to bind by this Regulatory Agreement, and, to the extent controlled by the Borrower or any of the foregoing, each person who is "related" to any of the foregoing within the meaning of Section 144(a)(3) of the Code), shall bind the Borrower, its heirs, legal representatives, executors, administrators, successors in office or interest, and assigns, and all subsequent owners of the Project or any interest therein, and the benefits shall inure to

the Issuer, the Trustee and their respective successors and assigns, for the term provided in Section 10 hereof.

10. Term of Agreement. This Regulatory Agreement shall be in full force and effect from the date hereof for the Qualified Project Period regardless of whether the Bonds remain outstanding; provided, however, that the requirements of this Regulatory Agreement shall:

(a) terminate in the event that involuntary non-compliance with this Regulatory Agreement is caused by fire, seizure, requisition, change in federal law or an action of a federal agency which prevents the Issuer from enforcing this Regulatory Agreement, or condemnation or similar event, and if the Borrower, within a reasonable period, either prepays the Loan in full or uses the amounts received as a consequence of such event to construct another project meeting the requirements of Section 142(d) of the Code; or

(b) cease to apply in the event of an involuntary loss or a substantial destruction of the Project as a result of unforeseen events such as fire, seizure, requisition, condemnation, foreclosure or transfer of title by deed in lieu of foreclosure pursuant to the Mortgage or any other mortgage with respect to the Project, so long as, within a reasonable time period, either the Bonds are retired in full or the amounts received as a consequence of such event are used to provide a Qualified Residential Rental Project. Notwithstanding the foregoing, the termination provisions of this Section 10(b) shall cease to apply in the event of foreclosure pursuant to the Mortgage, or other mortgage with respect to the Project, transfer of title by deed-in-lieu of foreclosure, or similar event if, at any time subsequent to such event and during the Qualified Project Period, the Borrower or a related person (as defined in Section 1.103-10(e) of the Treasury Regulations) obtains an ownership interest in the Project for tax purposes.

11. Equal Opportunity. The Borrower will comply with the provisions of any federal, Commonwealth, or local law prohibiting discrimination in housing on the grounds of age, race, color, religion or creed, sex, marital status or national origin, including Title VI of the Civil Rights Act of 1964 (Public Law 88-352, 78 Stat. 241), Title VIII of the Civil Rights Act of 1968 (Public Law 90-284, 82 Stat. 73), and Executive Order 11063.

12. Indemnification. The Borrower hereby covenants and agrees that it shall indemnify and hold harmless the Issuer, the Trustee and their respective directors, board of trustees, officers, commissioners, officials, employees and agents, from and against (i) any and all claims of or on behalf of any person arising from any cause whatsoever in connection with the Project (other than any such claims solely arising from the gross negligence or willful misconduct of the Issuer or the Trustee, respectively) or the financing thereof except for the payment of principal and interest on the Bonds, but including any expenses arising from the failure to make payment of principal and interest on the Bonds; (ii) any and all claims arising from any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees, in connection with the Project or financing thereof; and (iii) all costs, reasonable counsel fees (actually incurred), expenses or liabilities incurred in connection with any such claim or proceeding brought thereon. In the event that any action or proceeding is brought against the Issuer or the Trustee or any of their respective officers, commissioners, officials, employees or agents, with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the indemnified party, shall assume the investigation and defense thereof, including the employment of counsel (reasonably acceptable to the Issuer or the Trustee, as the case may be) and the payment of all expenses. If the Borrower is unable to retain counsel acceptable to an indemnified party, such indemnified party shall have the right to employ separate counsel in any such action or proceedings and to participate in the investigation and defense thereof, and the Borrower shall pay the reasonable, actually incurred fees and expenses of such separate counsel. The provisions of this Section 12 shall survive the termination of this Regulatory Agreement and the resignation or removal of the Trustee.

13. Fees and Expenses.

(a) The Borrower covenants and agrees to pay all expenses, including reasonable attorneys' fees and expenses, paid or to be paid by the Issuer and the Trustee in connection with execution or performance of the obligations of the Borrower under this Regulatory Agreement or the enforcement by the Trustee or the Issuer of the provisions hereof.

(b) The Borrower shall remit payment of the Ongoing Trustee Fee to the Trustee on each July 1 for services rendered pursuant to this Regulatory Agreement from the year the Bonds were issued to the date they are no longer outstanding. "Ongoing Trustee Fee" shall mean the annual fee in the amount of \$4,250, consisting of \$3,500 payable to the Trustee and \$750 for the dissemination agent, due and payable to the Trustee for services rendered pursuant to this Regulatory Agreement, plus reimbursement of reasonable direct out-of-pocket expenses incurred in connection therewith; provided, however that the Ongoing Trustee Fee (excluding direct out-of-pocket expenses) shall not be payable in any year in which the Borrower has already paid the Ordinary Trustee Fees and Expenses pursuant to and as defined in the Indenture.

14. Severability. The invalidity of any clause, part or provision of this Regulatory Agreement shall not affect the validity of the remaining portions thereof.

15. Governing Law. This Regulatory Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the Commonwealth.

16. Property. The Real Property covered by this Regulatory Agreement is described in Exhibit "C" attached hereto.

17. Amendment.

(a) Subject to the provisions of Section 17(b) below, this Regulatory Agreement may not be amended except (i) by a writing duly executed by each of the parties hereto, (ii) with an opinion of Bond Counsel selected by the Issuer to the effect that such amendment does not adversely affect the exclusion of the interest on the Bonds of the holders thereof from gross income for federal income tax purposes, and (iii) if the closing of the Mortgage Loan has occurred, with the consent of the Mortgage Lender.

(b) To the extent the Code and the regulations promulgated thereunder, or any amendments thereto, shall impose requirements upon the ownership or operation of the Project, which requirements shall be applicable by their terms to the Project and which are more restrictive than those imposed by this Regulatory Agreement, the Borrower and the Issuer agree to give notice thereof to the Trustee and that this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements; and the Borrower, the Trustee and the Issuer shall execute, deliver and, if applicable, file of record any and all documents and instruments necessary in the opinion of Bond Counsel to maintain the exclusion from gross income of the interest on the Bonds, and if the Borrower, the Trustee or the Issuer defaults in the performance of their obligation to execute such an amendment under this Section 17(b), the Borrower and the Issuer hereby appoint the Trustee as their true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Borrower, or the Issuer, as is applicable, any such document or instrument.

18. No Individual Liability. No covenant or agreement contained in this Regulatory Agreement shall be deemed to be the covenant or agreement of any commissioner, officer, agent or employee of the Issuer, or any officer, agent or employee of the Trustee or the Borrower, in his or her

individual capacity, and none of such persons shall be subject to any personal liability or accountability by reason of the execution hereof.

19. Covenants Run With the Land and the Real Property; Term. The Issuer and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth in Sections 3 (exclusive of the last paragraph thereof) and 4 herein shall be deemed covenants running with the land, shall run with the Real Property, and shall pass to and be binding upon the Borrower's successors in title and the Borrower's successors and assigns. Each and every contract, deed or other instrument hereafter executed covering or conveying the Real Property or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, regardless of whether or not such covenants are set forth in such contract, deed or other instrument. Unless sooner terminated in accordance with Section 10 hereof, such covenants shall continue in full force and effect for the Qualified Project Period, it being expressly agreed and understood that the provisions hereof are intended to survive the expiration of the Indenture and the retirement of the Bonds, if such expiration and retirement occur prior to the end of the Qualified Project Period. Upon the expiration of the Qualified Project Period, or if the provisions hereof are terminated (in the opinion of Bond Counsel), the Issuer and the Trustee hereby covenant to execute a release of the covenants of the Borrower herein and provide such release to the Borrower for recordation in the real property records of the City of Newport News, Virginia.

20. Post-Defeasance. The Borrower represents, warrants and covenants that in the event that the Bonds are paid in full or defeased and the lien of the Indenture released, prior to the end of the Qualified Project Period, it shall continue to contract, at the Borrower's expense, with a compliance monitoring agent, to review compliance by the Borrower with the requirements of this Regulatory Agreement until the end of the Qualified Project Period. The parties agree that upon such defeasance, all obligations of the Trustee hereunder shall be terminated.

21. Notices. All notices to be given pursuant to this Regulatory Agreement shall be sent by first-class, certified or registered mail, postage prepaid, return receipt requested, or by private courier service which provides evidence of delivery, or sent by Electronic Means, which produces evidence of transmission, confirmed by first-class mail, and in each case shall be deemed to have been given on the date evidenced by the postal or courier receipt or other written evidence of delivery or electronic transmission to the parties hereto at the addresses set forth below, or to such other place as a party may from time to time designate in writing.

To the Borrower:	Stuart Gardens II Housing Partners, LP c/o Vitus Development III, LLC 2607 2 nd Avenue, Suite 300 Seattle, WA 98121

To the Issuer:	Newport News Redevelopment and Housing Authority 227 27 th Street Newport News, VA 23607

To the Trustee: U.S. Bank Trust Company, National Association
2 Concourse Parkway, Suite 800
Atlanta, GA 30328-5588
Attention: Zack Buckner

To the Investor Partner: As provided by the Investor Partner to the Trustee in writing in
accordance with the Indenture

22. HUD Rider. If the Borrower closes a mortgage loan in accordance with the terms of the Commitment, then the terms and provisions set forth in Exhibit D (HUD Rider) attached hereto shall be hereby incorporated by reference into this Regulatory Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Regulatory Agreement under seal on the date first above written.

STUART GARDENS II HOUSING PARTNERS, LP,
a Virginia limited partnership

By: Stuart Gardens II Housing Management, LLC,
a Virginia limited liability company,
its General Partner

By: Vitus Development III, LLC,
a Delaware limited liability company,
its Member and Manager

By: _____
Name: Stephen R. Whyte
Title: President

COMMONWEALTH OF VIRGINIA)
COUNTY OF _____)

On July __, 2026, before me, _____, (insert name of notary)
Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence
to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s)
on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

WITNESS my hand and official seal.

Notary Public, State of _____

My Commission

Expires: _____

**NEWPORT NEWS REDEVELOPMENT AND
HOUSING AUTHORITY**

By: _____
Name: _____
Title: Chairman

COMMONWEALTH OF VIRGINIA:

CITY OF NEWPORT NEWS: to wit:

The foregoing instrument was acknowledged before me, this ____ day of July, 2026, by _____, Chairman of the Newport News Redevelopment and Housing Authority, a political subdivision of the Commonwealth of Virginia, in its behalf. He/she is personally known to me or has presented satisfactory identification to me.

(SEAL)

Notary Public

My Commission Expires: _____

Registration No.: _____

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION**, as trustee

By: _____
Name: Zacchaeus Buckner
Title: Vice President

STATE OF GEORGIA:

_____ COUNTY OF _____ : to wit:

The foregoing instrument was acknowledged before me, this _____ day of July, 2026, by Zacchaeus Buckner, a Vice President of U.S. Bank Trust Company, National Association, a national banking association, in its behalf. He/she is personally known to me or has presented satisfactory identification to me.

(SEAL)

Notary Public

My Commission Expires: _____

Initial Certification _____
Annual Recertification _____
(Check One)

EXHIBIT "A"

CERTIFICATION OF TENANT ELIGIBILITY

RE: Stuart Gardens II Housing Partners, LP
City of Newport News, Virginia

I/We, the undersigned, being first duly sworn, state that I/we have read and answered fully, and truthfully each of the following questions for all persons who are to occupy the unit in the above apartment project for which application is made, all of whom are listed below:

1. Name of Members of the Household	2. Relationship to Head of Household	3. <u>Age</u>	4. Social Security Number	5. Place of Employment

6. The anticipated income of all the above persons during the 12-month period beginning this date,

(a) including all wages and salaries, over-time pay, commissions, fees, tips and bonuses before payroll deductions; net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or the allowance for depreciation of capital assets); interest and dividends; the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts; payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation and severance pay; the maximum amount of public assistance available to the above persons; periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling; all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse or other person whose dependents are residing in the unit; and any earned income tax credit to the extent that it exceeds income tax liability, but

(b) excluding casual, sporadic or irregular gifts; amounts which are specifically for or in reimbursement of medical expense; lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses; amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purposes; special pay to a serviceman head of a family who is away from home and exposed to hostile fire;

relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; foster child care payments; the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged for the allotments; and payments received pursuant to participation in ACTION volunteer programs.

And the total for each member is as follows:

<u>Name</u>	<u>Amount</u>
_____	_____
_____	_____
_____	_____

7. If any of the persons described above (or whose income or contributions was included in item 6) has any savings, stocks, bonds, equity in real property or other form of capital investment, provide:

- (a) the total value of all such assets owned by all such persons: \$ _____,
- (b) the amount of income expected to be derived from such assets in the 12-month period commencing this date: \$ _____ and
- (c) the amount of such income which is included in item 6: \$ _____.

8. (a) Will all of the persons listed in column 1 above be or have they been full-time students during five calendar months of this calendar year at an educational institution (other than a correspondence school) with regular faculty and students?

Yes _____ No _____

(b) Is any such person (other than nonresident aliens) married and eligible to file a joint federal income tax return?

Yes _____ No _____

We acknowledge that all of the above information is relevant to the status under federal income tax law of the interest on bonds issued to finance construction of the Project for which application is being made. We consent to the disclosure of such information to the issuer of such bonds, the holders of such bonds, any trustee acting on their behalf and any authorized agent of the Treasury Department or the Internal Revenue Service.

Head of Household

Other _____

Spouse _____

SUBSCRIBED AND SWORN to before me this _____ day of _____, _____.

(NOTARY SEAL)

Notary Public in and for the Commonwealth of
Virginia.

My Commission Expires: _____

BORROWER'S STATEMENT: The family or individual(s) named in Section 1 of this Income Certification is (are) eligible under the provisions of the Regulatory Agreement and Declaration of Restrictive Covenants dated as of July 1, 2026 (the "Regulatory Agreement"), by and among Stuart Gardens II Housing Partners, LP (the "Borrower"), the Newport News Redevelopment and Housing Authority (the "Issuer") and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), to live in a unit in the Project, as defined in the Regulatory Agreement, and the anticipated annual income from paragraph 6 and, if applicable, from paragraph 7 will be \$_____. In determining whether an individual or a family qualifies as a "lower-income" tenant, appropriate adjustments for the size of the family have been made. Thus, the family or individual(s):

_____ constitutes a Lower-Income Tenant.

_____ Does not constitute a Lower-Income Tenant.

Signature of Borrower's Authorized Agent

Date

REQUEST FOR VERIFICATION OF EMPLOYMENT

PART I - REQUEST

1. Name and Address of Employer

2. Name and Address of Apt. Project

Stuart Gardens II Apartments
1326C Garden Drive
Newport News, Virginia 23607

3. My signature below authorizes verification
of my employment information

4. I certify that this verification has been sent
directly to the employer and has not passed through
the hands of the applicant or any other interested
party. _____

Signature of Apartment Manager

5. Employer Identification #

6. Name and Address of Applicant

Date

PART II - VERIFICATION

7. Present Position:

8. Date of Employment:

9. Current Base Pay \$ _____

(check one)

_____ Annual _____ Monthly _____ Hourly _____ Weekly

10. Average hours worked each week _____

11. Year-to-Date Earnings \$ _____

Overtime _____ Commissions _____ Bonus _____

PART III - EMPLOYER CERTIFICATION

Signature

Name and Title

Date

SUBJECT: Income Certification - explanation of income certificates

In order for the revenue bonds issued to finance this multifamily housing project to qualify as tax-exempt under Sections 103 (a) and 142 (a) (7) of the Internal Revenue Code of 1986, as amended, either (i) 20 percent or more of the units in each multi-family residential rental project must be occupied by individuals whose income is 50 percent or less of the "area median gross income" or (ii) 40 percent or more of the units must be occupied by individuals whose income is 60 percent or less of the area median gross income, depending on which test is elected. The Newport News Redevelopment and Housing Authority has elected the 40-60 test as its "applicable income limit." In determining whether an individual or family meets the "applicable income limit," appropriate adjustments for family size must be made. The purpose of the Income Certification is to assist in determining whether the occupants of a particular unit satisfy the "applicable income limit" requirements for federal tax purposes.

Sections 1, 2, 3 and 8 of the Certificate asks the occupants to list their names, relationship, ages, and whether they are students. Section 3 of the Certificate asks whether any of the students listed in Section 1 are able to file a joint return for federal income tax purposes (i.e., are they married). Section 6 of the Certificate asks each occupant to list his/her anticipated annual income, as defined. Finally, Section 7 asks the occupants to estimate the value of all "capital investments" (excluding "necessary items"), the estimated amount of income expected to be derived from these "capital investments", and the amount of income (that has already been included in Section 6 of the Certificate) expected to be derived from these "capital investments".

The information provided in Sections 1 through 8 of the Certificate should be sufficient to determine whether an individual(s) or the family meets the "applicable income limit" for federal income tax purposes.

The Income Tax Regulations provide that the occupants of a unit shall not be considered to be within the "applicable income limit" if all of the occupants are students no one of whom is entitled to file a joint return for federal income tax purposes. Thus, if Section 1 of the Certificate indicates that all of the occupants are students, and if Section 8 of the Certificate indicates that none of the students are able to file a joint return for federal income tax purposes, the occupants are not within the "applicable income limit" even if the occupants have no income.

Assuming the occupants of the units are not all students, none of whom are entitled to file a joint return for federal income tax purposes, the next step in filling out the Certificate is to determine the "anticipated annual income" of the occupants of the unit for the "certification year." The "certification year" is the twelve-month period of time that begins on the date the unit is first occupied. Thus, if the Certification is completed before the prospective occupants move in, the occupants should recertify the Certificate on the date they actually move into the unit so that you may determine whether they qualify as being within the "applicable income limit."

All payments from all sources received by the Family head (even if temporarily absent) and each additional member of the Family household excluding only the income from employment of children (including foster children) under the age of 18 years that are members of the household should be included in "anticipated annual income." For example, if a 17-year old son or daughter has a part- or full-time job that pays \$5,000 per year and has income from bank deposits of \$100 per year, only the \$100 should be listed. Sections 2 and 3 of the Certificate indicate the various relationships of the occupants in a household

and their ages. Once the anticipated annual income in Section 6 of the Certificate has been totaled, you should determine whether the occupants have "capital investments", including capital investments of any children in the family, of more than \$5,000 listed in Section 1) of the Certificate. If the "capital investments" exceed \$5,000, "anticipated annual income" will be the sum of the amount totaled in Section 6 of the Certificate plus the greater of, if any, (a) the actual amount of income in Section 7(b), minus the amount of income enumerated in Section 7(c), if any, or (b) the "imputed amount of income" minus the amount of income enumerated in Section 7(c), if any. The "imputed amount of income" is the value of the assets listed in Section 7(a) of the Income Certification multiplied by the "current passbook savings rate" as determined by the United States Department of Housing and Urban Development. The "anticipated annual income" of Section 6 of the Certificate plus, if the capital investments exceed \$5,000, the necessary adjustments of Section 7 of the Certificate, as discussed in the preceding paragraph, should be entered in the blank in Section 6 of the Certificate. If the amount entered into the blank in Section 6 of the Certificate does not exceed (1) 42% of the median gross income for the area, in the case of an individual; (2) 48% of the median gross income for the area in the case of a family of two; (3) 54% of the median gross income for the area in the case of a family of three; or (4) 60% of the median gross income for the area in the case of a family of four, then the occupants qualify as being within the "applicable income limit". The appropriate line within action of the Certificate should be checked. (In the case of a family that has more than four members, you should consult the Issuer for the applicable percentages.) If the amount entered in the blank in Section 8 of the Certificate exceeds the applicable percent of median gross income in the area described in the previous sentence, the occupants do not qualify as being within the "applicable income limit".

The "applicable income limit" requirement must be met for the "qualified project period." Thus, 40 percent of the occupants at any one time must satisfy the "applicable income limit requirements" beginning at the time when 10 percent of the units are first occupied. For example, if a project contains 200 units, the "applicable income limit" restrictions need not be met until 20 units have been occupied. However, as soon as 20 units have been occupied, 8 units must actually be occupied by occupants whose income is 60 percent or less of the area median gross income, i.e., it is not sufficient that 8 units are reserved for individuals whose income is 60 percent or less of the area median gross income.

It should be noted that a unit occupied by an individual or family whose income at the commencement of such occupancy falls within the "applicable income limit" is treated as occupied by such an individual or family during their occupancy of such unit, even though their income subsequently exceeds the "applicable income limit," until their income exceeds 140 percent of the "applicable income limit", at which time such unit will cease to be treated as occupied by a tenant who meets the "applicable income limit." Further, if a tenant has occupied a unit for a length of time and decides to add a roommate, the "anticipated annual income" of the new tenant when he/she first occupies the unit, and the "anticipated annual income" of the existing tenant when he/she first occupied the unit must be aggregated to determine whether the unit may continue to be certified as being occupied by individuals whose income falls within the "applicable income limit." If, however, the occupants of a unit move into another unit in the project, the second unit will be treated as occupied by an occupant whose income falls within the "applicable income limit" only if the occupant qualified as being within the "applicable income limit" at the time of the move. Moreover, if a qualifying occupant moves out of a unit, such unit is treated as occupied by an individual or family whose income falls within the "applicable income limit" until reoccupied at which time the character of the unit shall be redetermined.

Finally, if in Section 5 of the Certificate an occupant is unable to provide an Employer verification because he/she is currently unemployed and the occupant is unable to provide a copy of his/her federal income tax return because a return was not filed, such occupant may not be included as meeting the "applicable income limit."

EXHIBIT "B"

COMPLIANCE CERTIFICATE

To: Newport News Redevelopment and Housing Authority
227 27th Street
Newport News, VA 23607

c/o Vitus Development IV, LLC
Seattle, WA 98121

Re: Stuart Gardens II Apartments, City of Newport News, Virginia

Pursuant to Section 4 of the Regulatory Agreement and Declaration of Restrictive Covenants dated as of July 1, 2026 (the "Regulatory Agreement"), the undersigned on behalf of Stuart Gardens II Housing Partners LP, a Virginia limited partnership (the "Borrower"), hereby certifies with respect to the operation and management of Stuart Gardens II Apartments (the "Project"), that as of the date shown above:

- (1) The total number of Low Income Tenants, as defined in the Regulatory Agreement, is ____.
- (2) The number of units in the Project rented is ____ and the number of Available Units, as defined in the Regulatory Agreement, is 239.
- (3) The percentage that the number of units occupied constitutes of the total number of units is ____%.
- (4) 100% of the Available Units are occupied by Low Income Tenants.
- (5) The information contained in this report is true, accurate and correct as of the date hereof.
- (6) As of the date hereof, the Borrower is not in default under any covenant or agreement contained in the Regulatory Agreement.
- (7) At least 40% of the Available Units in the Project were occupied by Low Income Tenants as required in Section 4 of the Regulatory Agreement.
- (8) All new tenants of the Project and all Low Income Tenants whose incomes are subject to annual verification since the date of the immediately preceding report and certification have executed an income certification as required by Section 4 of the Regulatory Agreement.
- (9) The lowest percentage of the Available Units in the Project that were occupied or treated as being occupied by Low Income Tenants during the month preceding the date hereof was ____%.
- (10) The attached rent roll, which designates the date of initial occupancy, the number of bedrooms, the unit number, the tenant name, the household size (if applicable), and whether the tenant is a Low Income Tenant, is true, accurate and correct.

(11) As of the first day of the month hereof, the following is true, accurate and correct.

NEW TENANTS

Unit #___	Street <u>Address</u>	Tenant Name <u>Last, First</u>	Date In. <u>Occup.</u>	# <u>Bdr.</u>	# <u>HH</u>	Ten. <u>Type</u>	Annual <u>Income</u>	Rent \$___

TENANT DELETIONS

Unit #___	Street <u>Address</u>	Tenant Name <u>Last, First</u>	Date In. <u>Occup.</u>	# <u>Bdr.</u>	# <u>HH</u>	Ten. <u>Type</u>	Annual <u>Income</u>	Rent \$___

IN WITNESS WHEREOF, the undersigned has signed this Compliance Certificate as of

_____.

STUART GARDENS II HOUSING PARTNERS, LP,
a Virginia limited partnership

By: Stuart Gardens II Housing Management, LLC,
a Virginia limited liability company,
its General Partner

By: Vitus Development III, LLC,
a Delaware limited liability company,
its Member and Manager

By: _____
Name: Stephen R. Whyte
Title: President

(to be accompanied by current income certifications as required by Section 4 of the Regulatory Agreement)

(to be accompanied by exceptions, if any)

EXHIBIT "C"

LEGAL DESCRIPTION

All that certain lot or parcel of land together with all improvements thereon located and being in the City of Newport News, VA and being more particularly described as follows:

TRACT I

ALL THOSE certain lots, pieces or parcels of land, situate in the City of Newport News, Virginia, designated and described as "C 15.15 Ac." and "D 5.24 Ac." as shown on Sheets 1 and 2 of a certain plat entitled "PHYSICAL SURVEY OF LOT 2 & PART OF LOT 3, SECTION "C" STUART GARDENS NEWPORT NEWS, VIRGINIA KNOWN AS PARCELS "C" & "D" -STUART GARDENS-PHASE II FOR STUART GARDENS ASSOCIATES, PHASE II A VIRGINIA LIMITED PARTNERSHIP," dated July 1980, prepared by Robert T. Addison & Associates, Ltd., Surveyors-Planners, Portsmouth, Virginia, recorded in the Clerk's Office of the Circuit Court of the City of Newport News, Virginia in Map Book 12 at Page 38.

TRACT II

TOGETHER WITH those certain non-exclusive easements as set forth in Second Amended and Restated Access and Shared Amenities Easement Agreement dated __, 2026 and recorded __, 2026 as Instrument No. ____.

**Rider to Restrictive
Covenants - Multifamily**

**U.S. Department of Housing
and Urban Development**
Office of Housing

OMB Approval No. 2502-0598
(Exp. 12/31/2027)

The public reporting burden for this collection of information is estimated to average 0.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering, and maintaining the data needed, and completing and reviewing the collection of information. Comments regarding the accuracy of this burden estimate and any suggestions for reducing this burden can be sent to U.S. Department of Housing and Urban Development, Office of the Chief Data Officer, 451 7th St SW, Room 8210, Washington, DC 20410-5000. Do not send completed forms to this address. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a valid OMB control number. HUD collects this information to obtain supportive documentation that must be submitted to HUD for approval. HUD uses this information to ensure that viable projects are developed and maintained. This information is required to obtain benefits derived from the National Housing Act Multifamily Mortgage Insurance Programs. This information collected is authorized under Title II of the National Housing Act (12 USC 1701 et seq.) and the regulations at 24 CFR 200 et seq., and no confidentiality is assured.

Warning: Any person who knowingly presents a false, fictitious, or fraudulent statement or claim in a matter within the jurisdiction of the U.S. Department of Housing and Urban Development is subject to criminal penalties, civil liability, and administrative sanctions.

Project Name: **Stuart Gardens II**
HUD Project No: **051-35897**

This **RIDER TO RESTRICTIVE COVENANTS “Rider”** is made as of **July**, **2026**, by **STUART GARDENS II HOUSING PARTNERS, LP, a Virginia limited partnership** (“Borrower”), **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a National banking association, as trustee (“Trustee”)** and **NEWPORT NEWS REDEVELOPMENT AUTHORITY (“Agency”)**.

Recitals

WHEREAS, Borrower has obtained financing from **Merchants Capital Corp., an Indiana corporation (“Lender”)**, for the benefit of the project known as **Stuart Gardens II (“Project”)**, which loan is secured by a **Multifamily Mortgage, Security Agreement, Assignment of Rents, and Fixture Filing (“Security Instrument”)** dated as of **July**, **2026**, and recorded in the recorder’s office of **Newport News, Virginia (“Records”)** contemporaneously herewith, and is insured by the United States Department of Housing and Urban Development (“HUD”), covering the property described in **Exhibit A** attached hereto;

WHEREAS, Borrower is receiving **tax-exempt bond financing** from the Agency, which Agency is requiring certain restrictions be recorded against the Project Regulatory Agreement and Declaration of Restrictive Covenants;

WHEREAS, HUD requires as a condition of its insuring Lender’s financing to the Project, that the lien and covenants of the Restrictive Covenants be subordinated to the lien, covenants, and enforcement of the Mortgage Loan Documents; and

WHEREAS, the Agency has agreed to subordinate the Restrictive Covenants to the lien, covenants, and enforcement of the Mortgage Loan Documents in accordance with the terms of this Rider.

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

1. In addition to the terms defined in the introduction and Recitals to this Rider, for purposes of this Rider the following terms have the meanings set forth below:
 - a) **"Code"** means the Internal Revenue Code of 1986, as amended.
 - b) **"HUD Regulatory Agreement"** means the Regulatory Agreement for Multifamily Projects (HUD-92466M) entered into between Borrower and HUD with respect to the Project, as the same may be supplemented, amended or modified from time to time.
 - c) **"HUD Requirements"** means the Mortgage Loan Documents and Program Obligations.
 - d) **"Mortgage Loan"** means the mortgage loan made by Lender to the Borrower pursuant to the Mortgage Loan Documents with respect to the Project.
 - e) **"Mortgage Loan Documents"** means the Security Instrument, the HUD Regulatory Agreement and all other documents required by HUD or Lender in connection with the Mortgage Loan.
 - f) **"National Housing Act"** means the National Housing Act, as amended.
 - g) **"Program Obligations"** has the meaning specified in the Security Instrument.
 - h) **"Residual Receipts"** has the meaning specified in the HUD Regulatory Agreement.
 - i) **"Surplus Cash"** has the meaning specified in the HUD Regulatory Agreement.
2. In the event of any conflict between any provision contained elsewhere in the Restrictive Covenants and any provision contained in this Rider, the provision contained in this Rider shall govern and be controlling in all respects as set forth more fully herein.
3. Borrower covenants that it will not take or permit any action that would result in a violation of the Code, HUD Requirements or Restrictive Covenants. In the event of any conflict between the provisions of the Restrictive Covenants and the provisions of the HUD Requirements, HUD shall be and remains entitled to enforce the HUD Requirements. Notwithstanding the foregoing, nothing herein

limits the Agency's ability to enforce the terms of the Restrictive Covenants, provided such terms do not conflict with statutory provisions of the National Housing Act or the related regulations. The Borrower represents and warrants that to the best of Borrower's knowledge the Restrictive Covenants impose no terms or requirements that conflict with the National Housing Act and related regulations.

4. Notwithstanding anything in the Restrictive Covenants to the contrary, the provisions hereof are expressly subordinate to the HUD Requirements. In the event of foreclosure (or deed in lieu of foreclosure), the Restrictive Covenants (including without limitation, any and all land use covenants and/or restrictions contained herein) shall automatically terminate.
4. Borrower and the Agency acknowledge that Borrower's failure to comply with the Restrictive Covenants does not and shall not serve as a basis for default under the HUD Requirements, unless a default also arises under the HUD Requirements.
5. Except for the Agency's reporting requirement, in enforcing the Restrictive Covenants the Agency will not file any claim against the Project, the Mortgage Loan proceeds, any reserve or deposit required by HUD in connection with the Security Instrument or HUD Regulatory Agreement, or the rents or other income from the Project other than a claim against:
 - a) available Surplus Cash, if the Borrower is not subject to Residual Receipts restrictions;
 - b) available Residual Receipts authorized for release by HUD, if the Borrower is subject to Residual Receipts restrictions; or
 - c) a HUD-approved collateral assignment of any HAP contract.
7. For so long as the Mortgage Loan is outstanding, Borrower and Agency shall not further amend the Restrictive Covenants, with the exception of clerical, without HUD's prior written consent.
8. Subject to the HUD Regulatory Agreement, the Agency may require the Borrower to indemnify and hold the Agency harmless from all loss, cost, damage and expense arising from any claim or proceeding instituted against Agency relating to the subordination and covenants set forth in the Restrictive Covenants, provided, however, that Borrower's obligation to indemnify and hold the Agency harmless shall be limited to available Surplus Cash or Residual Receipts of the Borrower.

9. No action shall be taken in accordance with the rights granted herein to preserve the tax exemption of the interest on the notes or bonds, or prohibiting the owner from taking any action that might jeopardize the tax-exemption, except in strict accord with Program Obligations.
10. This document may be executed in counterparts, including handwritten and electronic signatures that shall be considered as an original signature for all purposes and shall have the same force and effect as handwritten or manual signatures. "Electronic signatures" shall include manual signatures scanned to an electronic format for transmission (e.g., via portable document format); digital signatures created with the use of electronic authentication software; or such other means of electronic execution as may be sufficient to authenticate the document under governing law. By signing electronically, each party further agrees and consents to waive any objection to the validity, enforceability, and admissibility of any signature contained herewith, to the fullest extent permitted by applicable federal, state, local law, or other requirement.

[signature pages follow]

Borrower Signature Page to HUD Rider to Restrictive Covenants

The signatory below certifies that all of the information provided in this Rider and in any accompanying documentation is true, accurate, and complete, has been made, presented, and delivered for the purpose of influencing an official action of HUD, and may be relied upon by HUD as a true statement of the facts contained therein. The signatory acknowledges that the submission of any false, fictitious, or fraudulent statement, representation, or certification in this Rider or on any accompanying documents may result in criminal, civil, and/or administrative sanctions, including fines, penalties, and/or imprisonment under applicable federal law.

IN WITNESS WHEREOF, the parties hereto have executed this Rider as of the day and year first written above.

STUART GARDENS II HOUSING PARTNERS, LP,
a Virginia limited partnership

By: Stuart Gardens II Housing Management, LLC,
a Virginia limited liability company,
its General Partner

By: Vitus Development III, LLC,
a Delaware limited liability company,
its Member and Manager

By: _____
Stephen R. Whyte, President

STATE OF _____)
COUNTY OF _____) SS:

Before me, a Notary Public in and for said County and State, personally appeared Stephen R. Whyte, President of Vitus Development III, LLC, a Delaware limited liability company, which is the Member and Manager of Stuart Gardens II Housing Management, LLC, a Virginia limited liability company, which is the General Partner of Stuart Gardens II Housing Partners, LP, a Virginia limited partnership, who, after having been duly sworn, acknowledged the execution of the foregoing HUD Rider to Restrictive Covenants for and on behalf of Stuart Gardens II Housing Partners, LP.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and official seal in said County, State of _____, as of this ____ day of _____, 2026.

My Commission Expires: _____

Notary Signature

County of Residence: _____

Notary Printed

WARNING: Federal law provides that anyone who knowingly or willfully submits (or causes to submit) a document containing any false, fictitious, misleading, or fraudulent statement/certification or entry may be criminally prosecuted and may incur civil administrative liability. Penalties upon conviction can include a fine and imprisonment, as provided pursuant to applicable law, which

includes, but is not limited to: 18 USC 1001, 1010, 1012; 31 USC 3729, 3802; 24 CFR Parts 25, 28 and 30; and 2 CFR Parts 180 and 2424.

Agency Signature Page to HUD Rider to Restrictive Covenants

The signatory below certifies that all of the information provided in this Rider and in any accompanying documentation is true, accurate, and complete, has been made, presented, and delivered for the purpose of influencing an official action of HUD, and may be relied upon by HUD as a true statement of the facts contained therein. The signatory acknowledges that the submission of any false, fictitious, or fraudulent statement, representation, or certification in this Rider or on any accompanying documents may result in criminal, civil, and/or administrative sanctions, including fines, penalties, and/or imprisonment under applicable federal law.

IN WITNESS WHEREOF, the parties hereto have executed this Rider as of the day and year first written above.

**NEWPORT NEWS REDEVELOPMENT AND
HOUSING AUTHORITY**

By: _____
Name: _____
Title: _____

COMMONWEALTH OF VIRGINIA:

CITY OF NEWPORT NEWS: to wit:

The foregoing instrument was acknowledged before me, this ____ day of July, 2026, by _____, _____ of the Newport News Redevelopment and Housing Authority, a political subdivision of the Commonwealth of Virginia, in its behalf. He/she is personally known to me or has presented satisfactory identification to me.

(SEAL)

Notary Public

My Commission Expires: _____

Registration No.: _____

WARNING: Federal law provides that anyone who knowingly or willfully submits (or causes to submit) a document containing any false, fictitious, misleading, or fraudulent statement/certification or entry may be criminally prosecuted and may incur civil administrative liability. Penalties upon conviction can include a fine and

imprisonment, as provided pursuant to applicable law, which includes, but is not limited to: 18 USC 1001, 1010, 1012; 31 USC 3729, 3802; 24 CFR Parts 25, 28 and 30; and 2 CFR Parts 180 and 2424.

Trustee Signature Page to HUD Rider to Restrictive Covenants

The signatory below certifies that all of the information provided in this Rider and in any accompanying documentation is true, accurate, and complete, has been made, presented, and delivered for the purpose of influencing an official action of HUD, and may be relied upon by HUD as a true statement of the facts contained therein. The signatory acknowledges that the submission of any false, fictitious, or fraudulent statement, representation, or certification in this Rider or on any accompanying documents may result in criminal, civil, and/or administrative sanctions, including fines, penalties, and/or imprisonment under applicable federal law.

IN WITNESS WHEREOF, the parties hereto have executed this Rider as of the day and year first written above.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as trustee

By: _____
Printed: _____
Title: _____

STATE OF GEORGIA:

_____ OF _____: to wit:

The foregoing instrument was acknowledged before me, this _____ day of July, 2026, by _____, _____ of U.S. Bank Trust Company, National Association, a national banking association, in its behalf. He/she is personally known to me or has presented satisfactory identification to me.

(SEAL)

Notary Public

My Commission Expires: _____

Registration No.: _____

WARNING: Federal law provides that anyone who knowingly or willfully submits (or causes to submit) a document containing any false, fictitious, misleading, or fraudulent statement/certification or entry may be criminally prosecuted and may

incur civil administrative liability. Penalties upon conviction can include a fine and imprisonment, as provided pursuant to applicable law, which includes, but is not limited to: 18 USC 1001, 1010, 1012; 31 USC 3729, 3802; 24 CFR Parts 25, 28 and 30; and 2 CFR Parts 180 and 2424.

Exhibit A

Legal Description

All that certain lot or parcel of land together with all improvements thereon located and being in the City of Newport News, VA and being more particularly described as follows:

TRACT I

ALL THOSE certain lots, pieces or parcels of land, situate in the City of Newport News, Virginia, designated and described as "C 15.15 Ac." and "D 5.24 Ac." as shown on Sheets 1 and 2 of a certain plat entitled "PHYSICAL SURVEY OF LOT 2 & PART OF LOT 3, SECTION "C" STUART GARDENS NEWPORT NEWS, VIRGINIA KNOWN AS PARCELS "C" & "D" -STUART GARDENS-PHASE II FOR STUART GARDENS ASSOCIATES, PHASE II A VIRGINIA LIMITED PARTNERSHIP," dated July 1980, prepared by Robert T. Addison & Associates, Ltd., Surveyors-Planners, Portsmouth, Virginia, recorded in the Clerk's Office of the Circuit Court of the City of Newport News, Virginia in Map Book 12 at Page 38.

TRACT II

TOGETHER WITH those certain non-exclusive easements as set forth in Second Amended and Restated Access and Shared Amenities Easement Agreement dated __, 2026 and recorded __, 2026 as Instrument No. ____.

EXHIBIT F

**Draft Tax Certificate and Agreement between the Issuer, the Borrower and the Trustee
dated July __, 2026**

\$24,000,000
NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
MULTIFAMILY HOUSING REVENUE BONDS
(STUART GARDENS II APARTMENTS), SERIES 2026

TAX CERTIFICATE AND AGREEMENT

THIS TAX CERTIFICATE AND AGREEMENT (this "**Tax Certificate**"), dated July __, 2026 (the "**Issue Date**"), is entered into by and between the Newport News Redevelopment and Housing Authority, a political subdivision of the Commonwealth of Virginia (the "**Issuer**"), Stuart Gardens II Housing Partners, LP, a Virginia limited partnership (the "**Borrower**"), and U.S. Bank Trust Company, National Association (the "**Trustee**") in connection with the issuance by the Issuer on the date hereof of its \$24,000,000 Multifamily Housing Revenue Bonds (Stuart Gardens II Apartments), Series 2026 (the "**Bonds**").

WHEREAS, on the date hereof (the "**Issue Date**") the Issuer is issuing the Bonds, the proceeds of which, together with certain other available funds, are expected to be used to make a loan to the Borrower to finance the rehabilitation, renovation, construction, improvement and equipping of a multifamily residential rental housing development, consisting of approximately 239 one-bedroom, two-bedroom and three-bedroom affordable housing apartment units, known as the Stuart Gardens II Apartments, located in the City of Newport News, Virginia (the "**Project**").

WHEREAS, under the Internal Revenue Code of 1986, as amended, the Treasury Regulations (including Treasury Regulations issued from time to time applicable to the Bonds) promulgated thereunder and the rulings with respect thereto, the interest paid and to be paid on state or local governmental bonds will be excludable from gross income for federal income tax purposes if the Issuer and certain other benefited parties comply with certain limitations and requirements imposed on the use and operation of the facilities deemed financed or refinanced with the Bonds and on the use and investment of proceeds, if any, of the Bonds and certain other moneys relating to the Bonds; and

WHEREAS, the Issuer and the Borrower have determined to enter into this Tax Certificate (including all exhibits hereto) in order to set forth certain terms and conditions relating to the use and investment of proceeds of the Bonds and of certain other moneys relating to the Bonds in order to assure that interest on the Bonds will be excludable from gross income for federal income tax purposes;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and pursuant to Section 1.148-2(b)(2) of the Treasury Regulations, the Issuer and the Borrower hereby certify, covenant and agree in good faith as follows:

PART I GENERAL

Section 1.1 *Purpose of Certificate.* The Issuer, the Borrower and the Trustee acknowledge that Williams Mullen ("**Bond Counsel**") will rely on the covenants, representations and certifications made herein as a part of its diligence in rendering its opinion that interest on the Bonds is excludable from gross income for federal income tax purposes.

Section 1.2 *Delivery of Bonds; Definition of Proceeds.* The Bonds are being issued and delivered by the Issuer to Colliers Securities LLC (the "**Underwriter**") pursuant to a Bond Purchase Agreement, dated July __, 2026, among the Issuer, the Borrower and the Underwriter (the "**Bond Purchase Agreement**"). The par amount of the Bonds is \$24,000,000 (the "**Sale Proceeds**"). "**Net Sale Proceeds**" equals the Sale Proceeds less amounts deposited in any "reasonably required reserve fund," as defined in Treas. Reg. Section 1.148-1. "**Net Proceeds**" equals Net Sale Proceeds plus investment earnings realized during the period in which funds have been deposited by the Trustee at the direction of the Borrower with the Underwriter, as hereinafter defined, to cash collateralize the Bonds from July __, 2026 (the "**Closing**") through October 1, 2028, and thereafter, at the election of the Borrower, through the Project construction period. Pursuant to a Remarketing Agreement dated as of July __, 2026 (the "**Remarketing Agreement**"), the Underwriter has agreed to remarket the Bonds for the Borrower under the terms thereof.

Section 1.3 *Terms of Bonds.* Interest on the Bonds shall be payable on each April 1 and October 1, commencing October 1, 2026. The Bonds are subject to optional redemption and mandatory redemption in accordance with the satisfaction of the applicable terms and conditions set forth in the Indenture of Trust (as hereinafter defined in Section 1.4 below), and are subject to mandatory tender on the Initial Mandatory Tender Date for purchase on October 1, 2028. The Bonds have a maturity date of October 1, 2030.

Section 1.4 *Security for the Bonds.* The Bonds are issued pursuant to the Virginia Housing Authorities Law, Chapter 1, Title 36 of the Code of Virginia, as now in effect and as from time to time hereafter amended or supplemented (the "**Act**"), Resolutions of the Issuer have been adopted on April 15, 2025, October 21, 2025, and June 16, 2026 (collectively, the "**Resolution**"), and an Indenture of Trust, dated as of July 1, 2026 (the "**Trust Indenture**"), between the Issuer and the Trustee have been agreed upon to provide funds to make a loan (the "**Loan**") to the Borrower from the Issuer pursuant to a Loan Agreement, dated as of July 1, 2026 (the "**Loan Agreement**"), between the Issuer and the Borrower. To evidence its obligation under the Loan Agreement, the Borrower will deliver a promissory note dated the date hereof to the Issuer (the "**Note**").

Section 1.5 *Cash Collateral.* The Bonds will be collateralized from the Closing through the Initial Mandatory Tender Date by cash deposited by the Borrower with the Trustee that may consist of US Treasury Securities or other Eligible Investments (the "**Cash Collateral**"). In accordance with the Verification Report for the Multifamily Housing Revenue Bonds (Stuart Gardens II Apartments), Series 2026 prepared by _____ (the "**Verification Report**"), the Cash Collateral held by the Trustee in the Bond Fund under the Indenture will be sufficient to satisfy the debt service requirements on the Bonds on the Initial Mandatory Tender Date on October 1, 2028 and certain other financial benchmarks outlined herein. A copy of the Verification Report is attached hereto as Exhibit A.

Section 1.6 *Reasonable Expectations and Reliance on Other Parties.*

(a) Unless otherwise indicated, the representations and expectations of the Issuer regarding the amount and use of the proceeds of the Bonds and other amounts described in this Tax Certificate and the use of the Project are based entirely on representations of the Borrower herein and discussions of the undersigned officer of the Issuer and with (i) employees and officers of the Borrower, (ii) counsel to the Borrower, (iii) the Verification Report provider, and (iv) the Remarketing Agent, and such other discussions and investigations as any officer of the Issuer or the Borrower has determined is required in order to enable such individuals in good faith to certify as to the representations set forth herein.

(b) Except as set forth in Section 1.6(a) above, the expectations of the Issuer set forth herein are based in part upon representations of the Underwriter and other parties set forth herein and in the exhibits attached hereto. The Issuer and the Trustee are not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation made herein or in the exhibits attached hereto.

(c) The expectations of the Borrower described herein are based in part upon representations of the Underwriter and representations of other parties as set forth herein and in the exhibits attached hereto. The parties other than the Issuer are not aware of any facts or circumstances that would cause them to question the accuracy or reasonableness of any representation made herein or in the exhibits attached hereto.

Section 1.7 *Capitalized Terms.* Capitalized terms used in this Tax Certificate and not otherwise defined herein shall have the meanings given to them in the Trust Indenture, Loan Agreement or the Regulatory Agreement and the Declaration of Restrictive Covenants by and among the Borrower, the Issuer and the Trustee and dated as of July 1, 2026 (the “**Regulatory Agreement**”).

PART II QUALIFIED RESIDENTIAL RENTAL PROJECT REQUIREMENTS

Section 2.1 *Qualification of Project as Qualified Residential Rental Project.* The Project qualifies as a “**qualified residential rental project**” within the meaning of Section 142(a)(7) of the Internal Revenue Code of 1986, as amended (the “**Code**”) based in part on the following representations, warranties and covenants of the Borrower:

(a) All of the buildings in the Project will be rehabilitated, renovated, constructed, improved and equipped and owned for federal income tax purposes by the same person (the Borrower or an affiliate thereof) and will be located on a single tract of land as described in the Legal Description attached as Exhibit C to the Regulatory Agreement. Additionally, (i) all of the apartment units in the Project will be residential units or functionally related and subordinate facilities; (ii) the land on which the Project is located, and the portions of the Project that will be functionally related and subordinate facilities will be commensurate with the character and size of the Project; (iii) none of the apartment units in the Project will be used on a transient basis by being leased for a period of less than 30 days or by being used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium or rest

home; and (iv) all of the units will be available to the public generally without preference or priority except as necessary to comply with low and moderate income limits.

(b) The residential units in the Project will be similarly rehabilitated, renovated, constructed, improved and equipped and all will contain separate facilities for living, sleeping, eating, cooking and sanitation and each unit will contain a living area, a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator, and sink, all of which are separate and distinct from similar areas of other apartment units in the Project.

(c) At all times during the "**qualified project period**" (defined as the period beginning on the latest of the first day on which 10% of the residential units in the Project are occupied or the Issue Date, and ending on the latest of (i) the date which is 15 years after the date on which 50% of the residential apartment units in the Project are occupied, (ii) the first day on which no tax-exempt bonds issued for the Project are outstanding or (iii) the date on which assistance, if any, provided for the Project under Section 8 of the United States Housing Act of 1937 terminates) each residential unit in the Project will be rented or available for rental on a continuous basis.

(d) Any office space financed as part of the Project will be located on the premises of the Project and not more than a de minimis amount of the functions to be performed at such office will not be directly related to the daily operations of the Project.

Section 2.2 Use of Net Proceeds. The Sale Proceeds and other sources of funds will initially be allocated to the Project and other costs as set forth in Exhibit B. No less than ninety-five percent of the Net Proceeds of the Bonds will be spent for amounts chargeable to the Project's capital account or would be so chargeable with a proper election (the "**Qualifying Costs**"). As such, the Issuer will not use more than \$1,150,000 of the Net Proceeds of the Bonds to pay any cost that is not a Qualifying Cost. If such funds are needed for such purpose, that amount will be equal to 5% of the Sale Proceeds of the Bonds or \$1,150,000 as reduced by Sale Proceeds used to pay Issuance Costs (as defined in Section 3.4 hereof) which would equal \$0, since the Borrower represents that such expenses will be funded from sources of funds other than the Sales Proceeds. **The Borrower and Issuer reserve the right to reallocate Sale Proceeds and other sources of funds as permissible under Treasury Regulation Section 1.148-6.**

Section 2.3 Income Restrictions

(a) The Issuer and the Borrower have elected that the Project will be subject to the requirement that not less than 40% of the units will be occupied by individuals whose income is 60% or less of area median gross income ("**AMI**"). Pursuant to the tax credit Land Use Restriction Agreement (the "**LURA**") as required by Virginia Housing, a state housing agency of the Commonwealth of Virginia ("**Virginia Housing**"), 26 of the housing units will be at 40% AMI, 124 of the housing units will be at 50% AMI and 100 housing units will be at 60% AMI.

(b) At all times during the Qualified Project Period, not less than 40% of the units of the Project (the "**Low Income Units**") will be occupied by individuals whose income is 60% or less of area median gross income on the date of initial occupancy (the "**Income Limit**") adjusted for family size. Any Low Income Unit that is occupied by a tenant complying with the

Income Limit on the date of occupancy shall continue to be treated as if occupied by such a tenant so long as such tenant's annual income does not exceed 140% of the Income Limit. If a tenant's income increases beyond 140% of the Income Limit, with the consequence that less than 40% of the apartment units in each portion of the Project are rented to tenants who qualify within the Income Limit, the Borrower will rent the next available residential unit in the Project that is of comparable or smaller size to a tenant who qualifies within the Income Limit.

(c) At all times during the Qualified Project Period, the income of the residents of the Low Income Units will be determined, at least annually, on the basis of the current income of the residents, in a manner consistent with HUD Guidelines for determinations under Section 8 of the United States Housing Act of 1937 (including adjustments for family size).

(d) The Borrower hereby covenants to determine, at least annually and on the basis of the current income of residents, whether the income of residents of the Low Income Units exceeds the Income Limit and to comply with the income certification requirements set forth in the Regulatory Agreement among the Issuer, the Borrower and the Trustee with respect to the Project. The Borrower also covenants during the Qualified Project Period to file with the Issuer and the Internal Revenue Service copies of Form 8703 - "**Annual Certification of Residential Rental Project**" for each calendar year within 30 days of each anniversary of the Issue Date of the Bonds following the planned completion of the rehabilitation, renovation, construction, improvement and equipping of the Project and the occupancy of the affordable housing units in the Project by qualified residents.

PART III PRIVATE ACTIVITY BOND REQUIREMENTS

Section 3.1 *Limitation on Acquisition of Land.* Sale Proceeds in the amount of \$0 will be allocated to the acquisition of land. Therefore, no more than twenty-five percent (25%) of the Net Proceeds of the Bonds will be used directly or indirectly for the acquisition of land or any interest therein.

Section 3.2 *Limitation on Acquisition of Existing Property.* No Sale Proceeds were allocated to the acquisition or purchase price of any existing building located within the Project at the time the facility was purchased by the Borrower and its affiliates in December, 2022. The Borrower hereby covenants that all rehabilitation expenditures (as defined in Section 147(d)(3) of the Code) financed with Sale Proceeds from the Bonds with respect to any buildings, if any, in the Project may not equal or exceed fifteen percent (15%) of the portion of the cost of renovating such building (and/or related equipment) to be financed with the Bond proceeds. A structure other than a building (and equipment therefor) may be utilized for rehabilitation expenditures (as defined in Section 147(d)(3) of the Code) with respect to such property and will not equal or exceed one hundred percent (100%) of the portion of the cost of rehabilitating and renovating such property to be financed with the Bond proceeds.

Section 3.3 *Limitation on Weighted Average Maturity of Bonds.* The weighted average maturity of the Bonds (___ years) does not exceed 120% of the average reasonably expected economic life of the facilities being financed (average economic life of 40 years x 120% = 48 years). In Exhibit C, the Borrower has set forth the reasonably expected economic life of the Project and the reasonably expected weighted average economic life of the Project as a whole.

Section 3.4 *Issuance Costs.* No Sale Proceeds are expected to be used to finance "Issuance Costs". Therefore, no more than two-percent of the Sale Proceeds of the Bonds will be used to finance Issuance Costs. "Issuance Costs" of the Bonds include, but are not limited to: (a) underwriter discount and fees; (b) counsel fees, including bond counsel and underwriter's counsel, as well as any other specialized counsel fees; (c) financial advisor fees; (d) rating agency fees; (e) trustee fees and trustee's counsel fees; (f) paying agent and certifying and authenticating agent fees related to the issuance of the Bonds; (g) accountant fees related to the issuance of the Bonds; (h) one time administrative charges payable by the Borrower to the Issuer at Closing; (i) publication costs associated with the financing proceedings; and (j) costs of engineering and feasibility studies necessary to the issuance of the Bonds.

The Borrower shall provide for any Issuance Costs of the Bonds in excess of the limit stated above from other available money, which other available money shall not be proceeds derived from the sale of any obligation the interest on which is excluded from gross income under Section 103 of the Code.

Section 3.5 *Prohibited Facilities.* No portion of the Sale Proceeds will be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises.

Section 3.6 *Volume Cap.* The Virginia Department of Housing and Community Development (the "**Department**"), as the state agency authorized to allocate volume cap for the Commonwealth, approved the Borrower's request for volume cap allocation in the amount of \$24,000,000 with respect to the Bonds, as evidenced by letters from the Department dated June 1, 2026 awarding a tax exempt Bond allocation award from the Local Housing Authority in the amount of \$24,000,000.

Section 3.7 *Public Hearing and Approval.* The issuance of the Bonds was approved by the City Council of the City of Newport News, Virginia (the "**City**") on December 9, 2025 following a public hearing held by the Issuer on April 15, 2025, notice of which was published on April 1, 2025 and April 8, 2025, respectively, in The Virginian Pilot, a newspaper of general circulation in the City.

Section 3.8 *Capital Expenditures.* All costs of the Project will be capital expenditures for federal income tax purposes.

Section 3.9 *Delegation.* With respect to the determination required pursuant to Section 42(m)(2)(d) of the Code, the Issuer delegates to the Virginia Housing state agency with respect to the Project the obligation to make the determination that the amount of tax credits awarded to the Project does not exceed the amount that is necessary for the financial feasibility of the Project and its viability as a qualified low-income housing project through the tax credit period.

PART IV ARBITRAGE

Section 4.1 *Bond Proceeds.* On the basis of the facts, estimates and circumstances in existence on the date hereof, the Issuer and Borrower reasonably expect Sale Proceeds in the

amount of \$24,000,000 to be deposited into the Project Fund and used to finance costs of the Project.

Section 4.2 *[Reserved]*

Section 4.3 *Purpose Investment; Program Investment.*

(a) The Loan Agreement provides for payments by the Borrower of principal, premium, if any, and interest in amounts and at times sufficient to pay the principal of, premium, if any, and interest on the Bonds at maturity or upon redemption. As set forth in Section 4.4 of the Loan Agreement, the Borrower will also pay the Issuer a one time administrative fee in connection with the Loan consisting of an issuance fee in an amount equal to one tenth of the outstanding principal amount of the Bonds at Closing, or \$115,000, payable on the Issue Date (collectively, the "**Administrative Fees**"). There will be no ongoing fees (whether as an issuance fee or otherwise) owed or payable to the Issuer after the Closing.

(b) Bond Counsel has advised that Section 148 of the Code generally prohibits the use of the proceeds of a tax-exempt bond issue to acquire "**investment property**" (as defined in Section 148(b)(2) of the Code) which is reasonably expected to produce a yield over the term of the issuance that is "**materially higher**" (as used in Section 148(b)(1) of the Code) than the yield on the bond issue. The Loan Agreement constitutes "**investment property**." The Loan Agreement is a "**purpose investment**" though, because it was made to carry out the governmental purpose of the Bonds.

(c) Bond Counsel has advised that the Loan Agreement is a purpose investment that is also a "**program investment**" because (i) at least 95% of the cost of the Loan Agreement represents a loan to a person providing housing and related facilities, (ii) at least 95% of the receipts of the Loan Agreement are used to pay principal, interest, or redemption prices on items that financed the program, to pay or reimburse administrative costs of those issues or of the program, to pay or reimburse anticipated losses directly related to the program, to finance additional purpose investments for the same general purposes of the program, or to redeem and retire government obligations at the next earliest possible date of redemption, (iii) the program documents prohibit any obligor on a purpose investment financed by the program or any related party to that obligor from purchasing bonds of an issue that financed the program in an amount related to the amount of the purpose investment acquired from that obligor, and (iv) the issuer has not waived the right to treat the investment as a program investment.

(d) Bond Counsel has advised that, as provided under Treasury Regulations Section 1.148-2(d)(2)(iii), the yield on purpose investments acquired with the proceeds of a tax-exempt bond issue will not be deemed to be "**materially higher**" than the yield on the bond issue if its yield does not exceed the yield on the Bonds by more than one and one-half (1.50%) percentage points.

(e) The Issuer reasonably expects not to receive any payments under the Loan Agreement except for (i) payments by the Borrower of principal, premium, if any, and interest in amounts and at times sufficient to pay the principal of, premium, if any, and interest on the Bonds at maturity or upon redemption; and (ii) the one time Administrative Fees described above in

Section 4.3(a). Based on these expectations, the Borrower Counsel has been advised that as of the date hereof, the yield on the Loan Agreement is not expected to exceed the yield on the Bonds by more than one and one-half percentage points. In determining payments and receipts on purpose investment "qualified administrative costs" as described in Treasury Regulations Section 1.148-5(e)(3) are taken into account. In the event that the Issuer receives additional amounts under the Loan Agreement related to the issuance and carrying of the Bonds, it will consult with Bond Counsel to ensure that such additional amounts will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 4.4 *Funds and Accounts.*

(a) General. The following funds and accounts have been established by the Indenture:

- (i) the Project Fund,
- (ii) the Costs of Issuance Fund;
- (iii) the Bond Fund, and the Negative Arbitrage Account and Remarketing Proceeds Account therein;
- (iv) the Collateral Fund;
- (v) the Expense Fund; and
- (vi) the Rebate Fund.

(b) Project Fund.

(i) Sale Proceeds in the amount of \$24,000,000 will be deposited in the Project Fund and as the Trustee receives amounts from the Mortgage Lender or the Equity Bridge Lender for deposit to the Collateral Fund, Sale Proceeds will be released from the Project Fund to pay costs of the Project. Notwithstanding the direct use of such Sale Proceeds, the Issuer and the Borrower will allocate the Sale Proceeds for federal tax purposes to the Project as described in Exhibit B. The Sale Proceeds deposited in the Project Fund will be invested in Eligible Investments. All investment earnings on deposit in the Project Fund shall be credited to the Negative Arbitrage Account of the Bond Fund. As amounts are released from the Project Fund portions of the Eligible Investments will be reallocated from the Project Fund to the Collateral Fund pursuant to Section 4.04 of the Trust Indenture.

(ii) The Sale Proceeds may be deposited in the Project Fund at the election of the Borrower and may be used to purchase State and Local Government Series Securities ("SLGS") from the United States Department of the Treasury, Bureau of Public Debt on or after the Issue Date, or elect for such funds to be invested in other Eligible Investments under the Trust Indenture. SLGS subscription documents, if such investments are elected to be utilized by the Borrower, will be attached hereto as Exhibit D. Earnings on the SLGS or other Eligible Investments will be deposited into the Negative Arbitrage Account of the Bond Fund.

(iii) The Trustee shall deposit into the specified accounts and sub accounts of the Project Fund all amounts as specified in Section 4.1 above or as otherwise directed by the Borrower. The Trustee shall receive and deposit into the Project Fund Account amounts received as future installments of funds required to be furnished by the [Tax Credit Investor] collectively, the 99.90% member of the Borrower (the “Tax Credit Investor”) in accordance with the provisions of the Amended and Restated Operating Agreement dated as of July 1, 2026 between the Borrower and the Tax Credit Investor (the “Operating Agreement”).

(iv) The rehabilitation, renovation, construction, improvements and equipping of the Project is anticipated to commence in August of 2026 and is expected to be completed in approximately seventeen (17) months after Closing, near the end of January 31, 2028. Thus, amounts in the Project Fund are reasonably expected to be applied to costs of the Project within three years of the date hereof. The Borrower has incurred or expects to incur within six months of the date hereof substantially binding obligations to third parties to expend at least five percent (5%) of the Net Sale Proceeds for such purposes. The allocation of the Net Sale Proceeds (and investment proceeds thereon) to expenditures for the aforementioned purposes will proceed with due diligence to the completion thereof with respect to the Project. Therefore, Net Sale Proceeds may be invested at an unrestricted yield for a period not to exceed three years from the date hereof and, thereafter, shall be invested at a yield not in excess of the yield on the Bonds plus 0.125%. Investment earnings on obligations acquired with such proceeds may be invested at an unrestricted yield for a period not exceeding three years from the date hereof or one year from the receipt thereof, whichever period ends later and, thereafter, shall be invested at a yield not in excess of the yield on the Bonds plus 0.125%.

(c) Cost of Issuance Fund. No Sale Proceeds are expected to be deposited into the Cost of Issuance Fund. Amounts in the Costs of Issuance Fund, if any, shall be used to pay Costs of Issuance of the Bonds. Any amounts remaining on deposit in the Costs of Issuance Fund 30 days after the Issue Date shall be returned to or at the direction of the Borrower. The Cost of Issuance Fund is not pledged to payment of the Bonds and is not reasonably expected to be used to pay principal or interest thereon. Amounts in the Costs of Issuance Fund may be invested without yield restriction.

(d) Bond Fund.

(i) The Bond Fund (and the Negative Arbitrage Account and Remarketing Proceeds Account therein) and the moneys and Eligible Investments therein shall be used solely and exclusively for the payment of debt service as it becomes due on the October 1, 2026 interest payment date, and on each April 1 and October 1 thereafter and on the Initial Mandatory Tender Date when Bonds are outstanding, and Bond Service Charges, if any, as they become due and at stated maturity, or upon voluntary redemption, mandatory redemption or acceleration.

(ii) The Bond Fund (other than the Negative Arbitrage Account and the Remarketing Proceeds Account) will be used primarily to achieve a proper matching of the revenues of the Borrower and debt service on the Bonds within each Bond Year. Amounts deposited in the Bond Fund (other than the Negative Arbitrage Account and the Remarketing Proceeds Account) will be depleted at least once each Bond Year except for a reasonable carryover

amount, if any, not to exceed the greater of (i) the earnings on the Bond Fund (other than the Negative Arbitrage Account and the Remarketing Proceeds Account) for the immediately preceding Bond Year, or (ii) one-twelfth of the debt service due on the Bonds for the immediately preceding Bond Year. To the extent the Bond Fund (other than the Negative Arbitrage Account and the Remarketing Proceeds Account) functions as described in the preceding sentence, it is treated for federal tax purposes as a "**bona fide debt service fund.**" Amounts deposited in the Bond Fund (other than the Negative Arbitrage Account and the Remarketing Proceeds Account) may be invested at an unrestricted yield for a period not to exceed 13 months from the date of initial deposit. Thereafter, such amounts shall be invested at a yield not in excess of the yield on the Bonds plus 0.001%.

(iii) On the Issue Date, \$0 will be deposited into the Negative Arbitrage Account Earnings from a source other than Sale Proceeds, and earnings on the Project Fund and the Collateral Fund are expected and will be transferred into the Negative Arbitrage Account on a regular basis after Closing. All amounts in the Negative Arbitrage Account are reasonably expected to be used to pay interest on the Bonds from the Issue Date to the Mandatory Tender Date. Amounts in the Negative Arbitrage Account shall not be invested at a yield in excess of the yield on the Bonds.

(e) Collateral Fund. Proceeds of the Mortgage Loan and the Equity Bridge Loan made to the Borrower by the Mortgage Lender equity contributions made to the Borrower by the Investor Member, respectively, and the Equity Bridge Lender will be deposited into the Collateral Fund, if such funds are available, prior to the disbursement of funds from the Project Fund to pay costs of the Project in an amount equal to the amount to be disbursed from the Project Fund, and will serve as cash collateral for the Bonds. Once the Trustee receives amounts from the Mortgage Lender or the Investor Member Equity Bridge Lender for deposit to the Collateral Fund, it will transfer such amount to the Project Fund, release a like amount of funds from the Project Fund to be used to pay costs of the Project and will allocate a portion of the Eligible Investments to the Collateral Fund pursuant to Section 4.04 of the Indenture. The Collateral Fund is pledged to secure the payment of the Bonds. Amounts in the Collateral Fund shall not be invested at a yield in excess of the yield on the Bonds.

(f) Expense Fund. No Sale Proceeds shall be deposited into the Expense Fund. The Expense Fund is not pledged to payment of the Bonds and is not expected to be used to pay principal or interest thereon. Amounts in the Expense Fund may be invested without yield restriction.

(g) Rebate Fund. No Sale Proceeds shall be deposited into the Rebate Fund. The Rebate Fund is not pledged to payment of the Bonds and is not expected to be used to pay principal or interest thereon. Amounts in the Rebate Fund may be invested without yield restriction.

(h) Capitalized Interest Account. Deposits to the Capitalized Interest Account, if created, and the recipient of funds, if any, shall be made on the dates and in the amounts specified in the Indenture. The Trustee shall transfer funds from the Capitalized Interest Account to the Project Loan to pay interest on the Bonds accruing up to and including the completion of the Project. The Trustee shall transfer any surplus proceeds remaining in the Capitalized Interest

Account after completion of the Project into the Project Fund to pay interest on the Bonds at the written direction of the Lender. Funds in the Capitalized Interest Account may be invested without yield restriction.

(i) No Other Funds as Security. Other than as described above there are no funds or accounts established by the Issuer or the Borrower pursuant to the Trust Indenture or otherwise that are reasonably expected to be used to pay debt service on the Bonds or pledged (including negative pledges) as collateral for the Bonds and for which there is a reasonable assurance that amounts on deposit therein will be available to pay debt service on the Bonds if the Borrower encounters financial difficulty.

(j) Replacement Proceeds. Replacement proceeds (as such term is defined in Treasury Regulation Section 1.148-1(c)), if any, may be invested at an unrestricted yield for a period of 30 days beginning on the date that the amounts are first treated as replacement proceeds and, thereafter, shall be invested at a yield not in excess of the yield on the Bonds plus 0.001%. Earnings on such amounts may be invested at an unrestricted yield for a period not to exceed one year from the date of receipt of the amount earned and, thereafter, shall be invested at a yield not in excess of the yield on the Bonds plus 0.001%.

Section 4.5 *Yield.* The Bonds are a variable yield issue (as such term is defined in the Treasury Regulations). For purposes of this Tax Certificate, the Issuer and the Borrower have been advised that the term "**yield**" means (i) with respect to a variable yield issue [such as the Bonds], the yield computed pursuant to Section 1.148-4 of the Treasury Regulations separately for each computation period (as referred to in subparagraph (d) below), including in such computation all payments properly attributable to each such computation period of principal and interest on the Bonds, fees paid and reasonably expected to be paid for a Qualified Guarantee (as defined in Section 1.148-4(f) of the Treasury Regulations) on the Bonds and amounts properly allocable to a Qualified Hedge (as defined in Section 1.148-4(h)(2) of the Treasury Regulations), and (ii) with respect to obligations acquired with amounts described in Section 4.4 hereof, that discount rate that, when used in computing the present value as of the date the investment is first allocated to Gross Proceeds (as defined in Part V of this Tax Certificate) of all unconditionally payable receipts from the investment, produces an amount equal to the present value using the same discount factor as the amounts actually or constructively paid for such obligation. The yield on obligations acquired with amounts described in Section 4.4 hereof and the yield on the Bonds will be calculated by the use of the same frequency interval of compounding interest.

(a) Issue Price. For purposes of calculating yield, the issue price of the Bonds is the first price at which at least 10% of each maturity of the Bonds was sold to the public unless the "hold-the offering-price" rule applies, as described in Treas. Reg. Section 1.148-1(f). The issue price of the Bonds determined as set forth in the preceding sentence, based on the certificates from the Underwriter attached hereto as Exhibit E, is \$24,000,000 (representing the principal amount of the Bonds).

(b) Qualified Guarantee. Fees properly allocable to payments for a qualified guarantee for an issue of tax-exempt bonds are treated as additional interest on that issue for purposes of computing the yield thereon under Treasury Regulations Section 1.148-4(f). However, no qualified guarantees are expected to be procured to provide credit enhancement for the Bonds.

(c) Qualified Hedge. Payments made or received under a qualified hedge (as defined in Treasury Regulations Section 1.148-4(h)) are taken into account in determining the yield on an issue. As of the date hereof, the Issuer has not taken the steps necessary to cause any hedge with respect to the Bonds to be a qualified hedge.

(d) Computation Periods. The yield on the Bonds is computed separately for each computation period. A computation period is the period between computation dates with respect to the Bonds (a "**Computation Period**"). The Issuer may treat the last day of any Bond Year ending on or before July __, 2027 (the "**first required payment date**"), as a computation date with respect to the Bonds. After the first required payment date, the Issuer must consistently treat either the last day of each Bond Year or the last day of each fifth Bond Year or the maturity date of the Bonds, if earlier, as a computation date (the "**Computation Date**") and may not change the Computation Date after the first required payment date.

Section 4.6 *Yield Reduction Payments*. Notwithstanding any of the provisions of Section 4.4 above that require the Issuer to invest Sale Proceeds and any related investment proceeds at a yield not in excess of the yield on the Bonds, the yield on certain investments acquired with proceeds of the Bonds will not be considered to be higher than the applicable yield limitation described in Section 4.4 above if the Issuer makes or causes to be made "**yield reduction payments**" to the United States Treasury at the time and in the amounts described in Section 1.148-5(c) of the Treasury Regulations. The Borrower covenants to consult with Bond Counsel prior to making any "**yield reduction payment**" under Section 1.148-5(c) of the Treasury Regulations.

Section 4.7 *Universal Cap*. Notwithstanding any restrictions on the investment of proceeds of the Bonds and other amounts set forth in Section 4.4 of this Tax Certificate, proceeds of the Bonds and other amounts treated as proceeds of the Bonds are allocated and remain allocated to the Bonds, and are thereby subject to the restrictions contained in this Tax Certificate, only to the extent that the value of such proceeds does not exceed the value of the outstanding obligations of Bonds.

Section 4.8 *No Replacement*. No portion of the Sale Proceeds will be used as a substitute for funds that have a sufficiently direct nexus to the Bonds or the governmental purpose of the Bonds such that one could reasonably conclude that the funds would have been used for the governmental purpose if the proceeds of the Bonds were not used or to be used for that governmental purpose (such funds being "**replacement proceeds**"). The mere availability or preliminary earmarking of amounts for a governmental purpose does not in itself establish a sufficient nexus to cause those amounts to be replacement proceeds. Any amounts that do constitute replacement proceeds as described in the previous sentence will not be used to acquire directly or indirectly securities or obligations or other investment property producing a yield in excess of the yield on the Bonds. To the extent the Borrower has received amounts that are dedicated to pay for costs of the Project, it has sized the Bonds to account for such amounts. If the Borrower receives future amounts for the Project, it will, use such amounts to pay for costs of the Project that are not otherwise financed by proceeds of the Bonds, or will use such amounts to pay interest and principal on the Bonds on the earliest possible date, and at all times will not invest such amounts at a yield in excess of the yield on the Bonds.

Section 4.9 *No Abusive Arbitrage Device.* Neither the Borrower nor the Issuer have engaged in or will engage in a transaction or series of transactions enabling it to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage and which increases the burden on the market for tax-exempt obligations, including selling obligations that would not otherwise be necessary or issuing obligations sooner or allowing them to remain outstanding longer than would otherwise be necessary. No device has been or will be employed in connection with the issuance of the Bonds in order to obtain a material financial advantage (based on arbitrage) apart from savings attributable to lower interest rates.

Section 4.10 *Single Issue for Arbitrage Purposes.* The Bonds have been sold to the Underwriter and are being issued on the same date pursuant to a similar plan of financing and will be paid out of substantially the same source of funds as the Project. Except with respect to the \$23,000,000 Newport News Redevelopment and Housing Authority Multifamily Housing Revenue Bonds (Stuart Gardens I Project) Series 2026 (the "Phase I Project") that is being developed and financed separately from the Project, and which is not being undertaken by the Borrower pursuant to the same identical plan of financing for the Bonds, therefore no other governmental obligations have been, or will be, sold within fifteen (15) days of the sale date of the Bonds, pursuant to a similar plan of financing as the Bond and will not be paid out of substantially the same source of funds as the Bond. Both the Project and the Phase I Project will be treated separately, but calculated as a single issue for arbitrage purposes.

Section 4.11 *Covenants as to Arbitrage.* The Issuer and Borrower agree that so long as any of the Bonds remain outstanding, money on deposit in any fund or account maintained in connection with the Bonds, whether or not such money was derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner that would cause the Bonds to be "**arbitrage bonds**" (within the meaning of Section 148 of the Code and applicable regulations promulgated from time to time thereunder). The Issuer and Borrower shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations.

PART V REBATE

Section 5.1 *General.* The Borrower recognizes that, unless an exception is met, Section 148(f) of the Code requires that an amount equal to the sum of (i) the excess of the aggregate amount earned on all Nonpurpose Investments (defined below) over the amount that would have been earned if such Nonpurpose Investments had a yield equal to the yield with respect to the Bonds, plus (ii) any income attributable to the excess described in (i), be paid to the United States Treasury (the "**Rebate Requirement**"). The Borrower covenants to comply with the Rebate Requirement as set forth in Section 148(f) of the Code and the Treasury Regulations.

For purposes of this Tax Certificate (including determining the Rebate Requirement), the term "**Bond Year**" shall mean each one-year (or shorter) period ending on a date chosen by the Borrower. If no date is selected before the earlier of the final maturity date or the date that is five years from the Issue Date, each Bond Year ends on the anniversary date of the Issue Date and on the final maturity date.

Section 5.2 *Nonpurpose Investments.* The rules contained in this Part V relate to the requirement to comply with the provisions of Section 148(f) of the Code and the Treasury

Regulations. The rules contained in this Part V shall apply to the investment of Gross Proceeds, as defined below, in any security, obligation, annuity contract or any other investment-type property (as such term is defined in Section 1.148-1(b) of the Treasury Regulations) that is not acquired to carry out the governmental purpose of the Bonds ("**Nonpurpose Investments**"). Nonpurpose Investments shall not include Tax-Exempt Bonds (as herein defined). For purposes of this Tax Certificate, the term "**Tax-Exempt Bonds**" shall include (i) obligations the interest on which is excludable from gross income for federal income tax purposes, (ii) stock in a regulated investment company to the extent that at least 95% of the income to the holder of the interest is excludable from gross income under Section 103 of the Code, and (iii) certificates of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series program described in 31 CFR Part 344.

Section 5.3 *Gross Proceeds.* For purposes of this Tax Certificate, the term "**Gross Proceeds**" means:

- (a) Sales Proceeds derived from the sale of the Bonds;
- (b) amounts that are reasonably expected to be or are in fact used to pay debt service on the Bonds;
- (c) amounts pledged as security for the payment of debt service with respect to the Bonds;
- (d) amounts treated as "**transferred proceeds**" of the Bonds, within the meaning of Section 1.148-1(b) of the Treasury Regulations, if any;
- (e) amounts treated as "**replacement proceeds**" of the Bonds, within the meaning of Section 1.148-1(c) of the Treasury Regulations, if any; and
- (f) investment earnings on amounts described in subparagraphs (a)-(e) above.

Section 5.4 *Yield.* Yield, for purposes of complying with the Rebate Requirement, is to be calculated pursuant to Section 4.5 of this Tax Certificate. For purposes of calculating the yield on a Nonpurpose Investment, the purchase price will be the amount paid for such investment or, if different, the fair market value of such investment on the date it becomes Gross Proceeds.

Section 5.5 *Fair Market Price.* For purposes of this Tax Certificate, the purchase price and disposition price of a Nonpurpose Investment will be the fair market value of the investment ("**Fair Market Value**"). This means that a premium may not be paid to adjust the yield on an investment, a lower interest rate than is usually paid may not adjust the yield on an investment and no transaction may result in a smaller profit or larger loss than would have resulted if the transaction had been at arm's length and had the yield on the Bonds not been relevant to either party. An investment that is not of a type traded on an established market, within the meaning of Section 1273 of the Code, is rebuttably presumed to be acquired or disposed of at a price that is not its fair market value. In determining payments and receipts on Nonpurpose Investments, qualified administrative costs are taken into account. Qualified administrative costs are reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage or selling commissions, but not legal and accounting fees, recordkeeping, custody, and

similar costs. General overhead costs and similar indirect costs of the Issuer or the Borrower, such as employee salaries and office expenses and costs associated with computing the Rebate Requirement are not qualified administrative costs. In general, administrative costs are not reasonable unless they are comparable to administrative costs that would be charged for the same investment or a reasonably comparable investment if acquired with a source of funds other than gross proceeds of tax-exempt bonds. The Borrower agrees to maintain records for each such obligation sufficient to establish that the purchase price and the disposition price of each Nonpurpose Investment is Fair Market Value.

Section 5.6 *Record Keeping.* With respect to all Nonpurpose Investments acquired in any fund or account established and held by the Borrower, or by the Trustee on behalf of or for the benefit of the Borrower, the entity in custody of such fund or account or for whose benefit the fund or account is held shall record or cause to be recorded the following information: (i) purchase date, (ii) purchase price, (iii) information establishing that the purchase price is the fair market value as of such date (e.g., the published quoted bid by a dealer in such an investment on the date of purchase), (iv) any accrued interest paid, (v) face amount, (vi) coupon rate, (vii) periodicity of interest payments, (viii) disposition price, (ix) any accrued interest received, and (x) disposition date. To the extent any investment becomes a Nonpurpose Investment by becoming Gross Proceeds after it was originally purchased, it shall be treated as if it were acquired at its fair market value at the time it becomes a Nonpurpose Investment. To the extent any investment ceases to be a Nonpurpose Investment by ceasing to be Gross Proceeds prior to the date it is disposed of or matures, it shall be treated as if it were disposed of at its fair market value at the time it ceased to be a Nonpurpose Investment.

Section 5.7 *Retention of Records.* Amounts determined to be required to be paid to the United States in compliance with the Rebate Requirement shall be paid by the Borrower to the United States in accordance with the rules set forth in the Treasury Regulations. Records of all determinations made hereunder shall be retained by the Borrower or by the Trustee, on behalf of or for the benefit of the Borrower until three years after the complete retirement of the Bonds.

Section 5.8 *Bona Fide Debt Service Fund Exception.* Moneys in a bona fide debt service fund shall not be taken into account for a Bond Year if the gross earnings thereon are less than \$100,000; an issue with an average annual debt service not in excess of \$2,500,000, may be treated as satisfying this \$100,000 limitation.

Section 5.9 *Engagement of Experts.* The Borrower covenants that it will engage a firm nationally recognized in the calculation of rebate, to perform the calculations necessary to comply with the Rebate Requirement, as set forth in Section 148(f) of the Code and the Treasury Regulations.

Section 5.10 *Survival of Bonds.* Notwithstanding anything in this Tax Certificate to the contrary, the obligations set forth in this Part V shall survive the defeasance or payment in full of the Bonds.

Section 5.11 *Payment of Rebate.* The Issuer will pay, from amounts provided by the Borrower, the amount determined to be required to be paid to the United States in compliance with the Rebate Requirement. Each payment shall be made not later than sixty (60) days after each

computation date. Each payment, when added to all previous rebate payments with respect to the Bonds, must be in an amount not less than ninety percent (90%) of the Rebate Requirement as of each computation date. All of the Rebate Requirement must be paid to the United States within sixty (60) days after the final maturity date of the Bonds. Payment shall be made to the applicable Internal Revenue Service and be accompanied by Form 8038-T.

Section 5.12 *Expenditure Exceptions.* The Bonds will not be subject to rebate if they meet one of the rebate exceptions described in Section 148 of the Code.

PART VI OTHER MATTERS

Section 6.1 *No Pooled Financing Bond.* No portion of the proceeds derived from the sale of the Bonds will be used, directly or indirectly, to make or finance loans to any borrower other than the Borrower.

Section 6.2 *No Hedge Bond.* The Borrower reasonably expects that at least 85% of the spendable proceeds of the Bonds will be used to carry out the governmental purpose of the issue within the three (3) year period beginning on the date hereof. Additionally, not more than fifty percent (50%) of the proceeds of the Bonds will be invested in nonpurpose investments having a substantially guaranteed yield for four years or more.

Section 6.3 *No Federal Guarantee.* The Borrower will not, directly or indirectly, use or permit the use of any proceeds of the Bonds, or take or omit to take any action, that would cause the Bonds to be considered "**federally guaranteed**" within the meaning of Section 149(b) of the Code.

Section 6.4 *Change in Use.* The Borrower reasonably expects that the property financed with the proceeds of the Bonds will be used as a "**qualified residential rental project**" within the meaning of Section 142(a)(7) of the Code during the term during which the Bonds are outstanding. The Borrower further represents, warrants and covenants that such use will not change unless an opinion of Bond Counsel is received with respect to such proposed change in use of the proceeds of the Bonds or the Project.

Section 6.5 *Twenty-Five Percent (25%) Test.* The Borrower hereby covenants to utilize twenty five percent (25%) or more of the Sales Proceeds derived from the purchase of the Note to finance the aggregate basis of the rehabilitation, renovation, construction, improvement and equipping of the Project.

Section 6.6 *Information Reporting.* The Issuer and the Borrower certify that the information required by Section 149(e) of the Code and set forth in Internal Revenue Service Form 8038 relating to the Bonds (a copy of which is attached as Exhibit F hereto) was provided to the Issuer by the Borrower and reflects the reasonable expectations of the Borrower with respect to the Bonds and the proceeds thereof as of the date of this certificate.

Section 6.7 *Reimbursement.* No Sale Proceeds are expected to be applied to reimburse the Borrower for costs incurred and paid with funds of the Borrower prior to the date hereof (the "**Expenditures**").

(a) Official Intent. Each of the Expenditures (other than Expenditures described in subsection (d) below) relating to the Project were paid no earlier than 60 days prior to April 15, 2025 (the "**Intent Date**"), the date that the Issuer made its declaration of official intent for such Expenditures (the "**Reimbursement Declaration**") which is attached to this Tax Certificate as Exhibit F, in accordance with the provisions of Treasury Regulations Section 1.150-2. The Reimbursement Declaration was, on the date it was made, intended to constitute written documentation on behalf of the Issuer setting forth the Issuer's reasonable expectation to reimburse itself for the Expenditures described in the Reimbursement Declaration with the proceeds of a borrowing. The Reimbursement Declaration sets forth a general description of certain components of the Project and the maximum amount of obligations expected to be issued with respect to the Expenditures described therein as of the dates the Reimbursement Declaration was made. The Issuer has taken no action subsequent to the adoption of the Reimbursement Declaration that is inconsistent with such intent.

(b) Reasonableness of Official Intent. As of the date the Reimbursement Declaration was made, the Issuer reasonably expected to reimburse the Expenditures described in the Reimbursement Declaration with the proceeds of a borrowing. The Issuer does not have a pattern of failing to reimburse Expenditures for which an intention to reimburse such expenditures was declared and which were actually paid by the Issuer other than in circumstances that were unexpected and beyond the control of the Issuer.

(c) Reimbursement Period Requirement. Proceeds to be applied to reimburse the Borrower for the Expenditures will be so applied not later than the later of the date that is (i) 18 months after the Expenditures being reimbursed were paid and (ii) 18 months after the date on which the portion of the Project to which such Expenditures relates was abandoned or placed in service within the meaning of Treasury Regulation Section 1.150-2(c). In no event may proceeds derived from the sale of the Bonds be allocated to reimburse the Borrower for Expenditures more than three years after the date such Expenditures were paid.

(d) Preliminary Expenditures and De Minimis Exception. No Proceeds will be used to reimburse the Borrower for Expenditures paid earlier than 60 days prior to the date that the Issuer made its Reimbursement Declaration unless (i) such Expenditures constitute "Preliminary Expenditures," which include architectural, engineering, surveying, soil testing, issuance costs and similar costs that are incurred prior to commencement of the rehabilitation, renovation, construction, improvement and equipping of the Project, but not land acquisition, site preparation and similar costs incident to commencement of construction, and the proceeds applied to reimburse the Borrower for such Preliminary Expenditures do not exceed 20% of the proceeds of the Bonds; or (ii) such Expenditures are applied to costs of issuance or to amounts not in excess of the lesser of \$100,000 or five (5) percent of the proceeds of the Bonds.

Section 6.8 *Substantial User Requirement.* No person who will be a user of more than 5% of the Project after the Issue Date, and no related person to such user, was a user of the Project in the 5-year period before the Issue Date and will receive 5% or more of proceeds of the Bonds for the user's interest in the Project (excluding use in the period from the date 60 days before the Intent Date to the Issue Date). No Affiliate of the Borrower will purchase or hold any of the Bonds at any time such debt instruments are outstanding.

Section 6.9 *Additional Post Issuance Compliance Matters.*

(a) Post-Issuance Compliance and Record Keeping. It is the intent of the Issuer that any post-issuance compliance responsibilities required by the Code be delegated to the Borrower to the extent permissible.

(b) Remedial Actions. In the event an action takes place (or is anticipated to take place) that will cause the Project not to be used for qualified uses under Section 142 of the Code, the Borrower will consult with Bond Counsel as soon as practicable about taking remedial action as described in Treas. Reg. Section 1.142-2. As advised by Bond Counsel, the Borrower will take all actions necessary to ensure that the "**nonqualified bonds**" (as defined in Treasury Regulations Section 1.141-2) are properly remediated in accordance with the requirements of the Treasury Regulations. The Borrower and the Issuer are familiar with the Internal Revenue Service's Voluntary Compliance Agreement Program pursuant to which issuers of tax-exempt debt may voluntarily resolve violations of the Code and applicable Treasury Regulations on behalf of their bondholders or themselves through closing agreements with the Internal Revenue Service.

Section 6.10 *Authority to Execute Tax Certificate.* The person executing this document on behalf of the Issuer is an authorized representative of the Issuer and is acting for and on behalf of the Issuer in executing this Tax Certificate. To the best of the knowledge and belief of such person, there are no other facts, estimates or circumstances that would materially change the expectations as set forth herein, and said expectations are reasonable.

The person executing this document on behalf of the Borrower is an authorized representative of the Borrower and is acting for and on behalf of the Borrower in executing this Tax Certificate. To the best of the knowledge and belief of such person, there are no other facts, estimates or circumstances that would materially change the expectations as set forth herein, and said expectations are reasonable

Section 6.11 *Amendment.* Notwithstanding any provision of this Tax Certificate, the Issuer and the Borrower may amend this Tax Certificate and thereby alter any actions allowed or required by this Tax Certificate if such amendment is based on a written opinion of Bond Counsel.

Section 6.12 *Counterparts.* This Tax Certificate may be executed in several counterparts, each of which, taken together, shall be an original and all of which shall constitute one and the same instrument.

[Signature Page Follows]

Dated the day and year first written above.

**NEWPORT NEWS REDEVELOPMENT AND HOUSING
AUTHORITY**

By: _____
Name: Thaddeus Holloman
Title: Chairman

COMMONWEALTH OF VIRGINIA:

CITY OF NEWPORT NEWS: to wit:

The foregoing instrument was acknowledged before me, this ____ day of July, 2026, by Thaddeus Holloman, Chairman of the Newport News Redevelopment and Housing Authority, a political subdivision of the Commonwealth of Virginia, in its behalf. He/she is personally known to me or has presented satisfactory identification to me.

(SEAL)

Notary Public

My Commission Expires: _____

Registration No.: _____

[Signature Page to Tax Certificate and Agreement]

Dated the day and year first written above.

STUART GARDENS II HOUSING PARTNERS, LP,
a Virginia limited partnership

By: Stuart Gardens II Housing Management, LLC,
a Virginia limited liability company,
its General Partner

By: Vitus Development III, LLC,
a Delaware limited liability company,
its Member and Manager

By: _____
Name: Stephen R. Whyte
Title: President

COMMONWEALTH OF VIRGINIA)
COUNTY OF _____)

On July __, 2026, before me, _____, (insert name of notary)
Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence
to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s)
on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

WITNESS my hand and official seal.

Notary Public, State of _____

My Commission Expires: _____

[Signature Page to Tax Certificate and Agreement]

Dated the date and year first above written.

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee**

Name: Zacchaeus Buckner
Title: Vice President

STATE OF GEORGIA:

COUNTY OF _____: to wit:

The foregoing instrument was acknowledged before me, this _____ day of July, 2026, by Zacchaeus Buckner, a Vice President of U.S. Bank Trust Company, National Association, a national banking association, in its behalf. He/she is personally known to me or has presented satisfactory identification to me.

(SEAL)

Notary Public

My Commission Expires: _____

[Signature Page to Tax Certificate and Agreement]

EXHIBIT INDEX

Exhibit A	Verification Report
Exhibit B	Sources and Uses
Exhibit C	Economic Life Calculation
Exhibit D	SLGS Subscription
Exhibit E	Issue Price Certificate
Exhibit F	IRS Form 8038
Exhibit G	Reimbursement Bond Resolution

EXHIBIT A
VERIFICATION REPORT

EXHIBIT B

SOURCES AND USES PROVIDED BY BORROWER

Sources of Funds

Bond Proceeds (Par)	\$24,000,000.00
Bond Proceeds (Premium)	
Mortgage Loan	
Federal Tax Credit Equity	
Deferred Developer Fee	
Total	<u>\$</u>

Uses of Funds

	\$24,000,000.00
Construction Costs	
Financing Costs	
Deferred Developer Fee	
Operating Reserve & Escrows	
Payment of Bond Principal	
Total	<u>\$</u>

EXHIBIT C

ECONOMIC LIFE CALCULATION

Description of Asset	Guideline ADR Mid-Point Life (Yrs)	Adjustment for Assets Placed in Service (Yrs)	Adjusted Life (Yrs)	Financed Cost of Asset (\$)	Financed Proportion (%)	Portion of Economic Life (Yrs)
Building	40.0	0.00	40.0	\$24,000,000	100.0%	40.0
Total				\$24,000,000	100.0%	40.0

Note: Proceeds in the amount of \$0 are allocated to the purchase of land and were removed from this calculation.

EXHIBIT D
SLGS SUBSCRIPTION

EXHIBIT E

ISSUE PRICE CERTIFICATE

\$24,000,000

**Newport News Redevelopment and Housing Authority
Multifamily Housing Revenue Bonds
(Stuart Gardens I Apartments),
Series 2026**

The undersigned, on behalf of Collier Securities LLC (the “Underwriter”), on behalf of itself, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. Sale of the Bonds. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Exhibit A attached to the Bond Purchase Agreement dated July __, 2026 among the Underwriter, Stuart Gardens II Housing Partners, LP, a Virginia limited partnership (the “Borrower”), and the Newport News Redevelopment and Housing Authority (the “Issuer”).

2. Defined Terms.

(a) “Issuer” means the Newport News Redevelopment and Housing Authority, a political subdivision of the Commonwealth of Virginia, duly organized and validly existing under the laws of the Commonwealth of Virginia, and its successors and assigns.

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

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

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

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury

Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer and the Borrower with respect to certain of the representations set forth in the Tax Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Williams Mullen, Richmond, Virginia, Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038, and other federal income tax advice that it may give to the Issuer and the Borrower from time to time relating to the Bonds.

Dated: July __, 2026

EXHIBIT E

IRS FORM 8038

See Tab No. _____, Exhibit _____

To be Provided

EXHIBIT F
REIMBURSEMENT RESOLUTION

(See Attached)

**RESOLUTION OF THE NEWPORT NEWS REDEVELOPMENT AND HOUSING
AUTHORITY EVIDENCING THE INTENT TO ISSUE MULTIFAMILY
AFFORDABLE RESIDENTIAL HOUSING FACILITY REVENUE BONDS IN AN
AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$93,000,000 FOR THE
BENEFIT OF STUART GARDENS HOUSING PARTNERS, LP AND STUART
GARDENS II HOUSING PARTNERS, LP**

WHEREAS, the Newport News Redevelopment and Housing Authority, a political subdivision of the Commonwealth of Virginia (the “**Authority**”), is empowered by the Virginia Housing Authorities Law in Chapter 1, Title 36 of the Code of Virginia, as amended (the “**Act**”), to issue its revenue bonds to promote the availability of affordable housing for all citizens of the Commonwealth of Virginia (the “**Commonwealth**”) by providing, among other things, safe, decent and sanitary housing for those citizens with low or moderate incomes and assisting in the financing of multifamily affordable residential housing facilities; and

WHEREAS, such assistance will benefit the inhabitants of the City of Newport News, Virginia (the “**City**”) and the Commonwealth, through the promotion of affordable housing opportunities and of the safety, health and welfare of its citizens; and

WHEREAS, the Authority has received a request from Stuart Gardens Housing Partners, LP and Stuart Gardens II Housing Partners LP, both Virginia limited partnerships, along with their affiliates (collectively, the “**Borrower**”), to issue multifamily affordable residential housing facility revenue bonds in an aggregate principal amount not to exceed \$93,000,000, consisting of \$45,000,000 for one of the two parcels (“**Phase I**”) upon which the Stuart Gardens Apartments are located, and \$48,000,000 for the second parcel where the rest of the housing facilities are situated (“**Phase II**”) (collectively, the “**Bonds**”). The Bonds shall be issued in one or more series, at one time or from time to time, to finance or refinance a portion of the cost of acquiring, renovating, rehabilitating, improving and equipping an existing residential affordable rental unit housing project consisting of an aggregate total of 491 units, with Phase I consisting of 252 units, comprised of 59 1-2 story apartment buildings located on a 21.15-acre lot, and Phase II consisting of 239 units, comprised of 50 1-2 story apartment buildings located on a 18.98-acre lot, both of which share certain common area improvements, together with the payment of costs of issuance with respect to the Bonds and capitalized interest, reserve funds and any other expenditures related to the financing (collectively, the “**Project**”); and

WHEREAS, preliminary plans for the establishment of a credit facility to finance the Project consist of the issuance of the Bonds and the award of state and federal low income housing tax credits from the Commonwealth of Virginia and pursuant to Section 42 of the Internal Revenue Code (“**LIHTC**”) to the Borrower, together with equity contributions made by the Borrower and other sources of funds, as necessary, have been described in general terms to the Authority (the “**Plan of Financing**”); and

WHEREAS, the Borrower has represented that the Project will be financed through the issuance of one or more series of Bonds, at one time or from time to time; and

WHEREAS, pursuant to proper notice, the Authority will conduct a public hearing on the Applications of the Borrower for the issuance of the Bonds in compliance with the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended (the “**Code**”) and Section 15.2-4906 of the Code of Virginia (the “**Virginia Code**”) on April 15, 2025, and shall determine along with the Borrower at a later date whether the Authority shall provide a Certificate of Public Hearing to the City Council of the City (the “**City Council**”) and if at such time that the Authority will recommend that the City Council provide “governing body approval” of the issuance of the Bonds by the Authority; and

WHEREAS, the Borrower and the Authority shall comply with all applicable provisions of the Act; and

WHEREAS, the Borrower currently proposes that the Project reserve at least forty percent (40%) of the housing units contained therein for occupancy by persons whose income is less than sixty percent (60%) of the area median gross income, as required by Section 142(d)(1)(B) of the Code; and

WHEREAS, each member of the Authority has, before entering upon his or her duties during his or her present term of office, taken and subscribed to the oath prescribed by Section 49-1 of the Code of Virginia of 1950, as amended; and

WHEREAS, no member of the Board of Commissioners of the Authority has any personal or business interest in the Borrower or the Bonds or has otherwise engaged in conduct prohibited under the Conflict of Interests Act, Chapter 31, Title 2.2 of the Code of Virginia of 1950, as amended (the “**Conflict of Interests Act**”) in connection with this Resolution or any other official action of the Authority in connection therewith:

NOW, THEREFORE, BE IT RESOLVED BY THE NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY:

1. It is hereby found and determined that the Project and the approval of the Plan of Finance and the issuance of the Bonds will be in the public interest and will promote the availability of affordable housing and safe, decent and sanitary housing for those citizens with low or moderate income in the Commonwealth and the City.

2. The Authority hereby plans to assist the Borrower in facilitating the Plan of Financing by undertaking the issuance of its tax-exempt revenue Bonds if approved by the City Council in an aggregate amount not to exceed \$93,000,000 upon terms and conditions mutually agreeable to the Authority and the Borrower. The Bonds will be issued pursuant to documents satisfactory to the Authority and in accordance with a Final Resolution for each series of Bonds. The Bonds may be issued in one or more series at one time or from time to time.

3. It having been represented to the Authority that it is necessary for the Borrower to proceed immediately with certain actions regarding the Project and the Plan of Financing, therefore the Authority agrees that the Borrower may proceed to undertake actions to facilitate work on the Project and the Plan of Financing, enter into contracts with respect to the acquisition, renovation,

rehabilitation, equipping and improvement of the Project, and take such other steps as it may deem appropriate in connection with the Project and the Plan of Financing, provided, however, that nothing in this Resolution shall be deemed to authorize the Borrower to obligate the Authority without its consent in each instance to the payment of any moneys or the performance of any acts in connection with the Project and the Plan of Financing. The Authority agrees that the Borrower may be reimbursed from the proceeds of the Bonds for all expenditures and costs so incurred by it, provided such expenditures and costs are properly reimbursable under the Act, the Code, and any other applicable federal or state laws.

4. The Borrower has represented to the Authority that interest on the Bonds is intended to be generally excluded from the gross income of the holders thereof for federal and Virginia income tax purposes, and that the Borrower shall pay to the authority an administrative fee for issuing and carrying the Bonds, due to the Bonds' expected maturity, equal to one-half of 1% of the original principal amount of the Bonds, at closing.

5. All eligible tax-exempt costs and expenses in connection with the Plan of Financing and the acquisition, renovation, rehabilitation, equipping and improvement of the Project, including the fees and expenses of the Authority, Bond Counsel, and counsel for the Authority shall be paid by the Borrower or, to the extent permitted by applicable law, from the proceeds of the Bonds. If for any reason such Bonds are not issued, it is understood that all such expenses shall be paid by the Borrower and that the Authority shall have no responsibility therefore.

6. In adopting this Resolution the Authority intends to take "official action" toward the issuance of the Bonds and to establish its "official intent" to issue tax-exempt bonds within the meaning of Treasury Regulation Section 1.150-2 as promulgated under the Code, and to allow the Borrower to be reimbursed from the proceeds of the Bonds for any expenditures paid by the Borrower to finance or refinance the acquisition, renovation, rehabilitation, equipping and improvement of the Project and the planning therefore prior to the issuance of the Bonds, all within the meaning of regulations issued by the Internal Revenue Service pursuant to Sections 103 and 141 through 150 and related sections of the Code.

7. The Borrower intends to utilize the proceeds from the sale of the Bonds and LIHTC proceeds or other debt incurred or equity obtained to pay the costs of the Project in an amount not currently expected to exceed \$93,000,000. Such amount may be revised as the Bond issue is sized and structured, but the aggregate principal amount of the Bonds, without taking into account original issue premium, shall not be increased without the approval of the Authority. Any taxable debt incurred by the Borrower to finance the Project may be refinanced with tax-exempt bonds as approved by Bond Counsel.

8. The Bonds shall not be a general obligation debt of the Commonwealth or any political subdivision thereof, including the Authority or the City, and neither the Commonwealth, nor any political subdivision thereof, including the Authority or the City, nor any officials, officers, commissioners and/or employees, past, present or future, of any or all of them, are or shall be personally liable thereon. The Bonds, together with the premium, if any, and the interest payable thereon, shall be a limited obligation of the Authority payable solely by the Borrower from revenues, receipts and payments specifically pledged therefor pursuant to the terms of the Bonds

and the related financing documents. Neither the faith and credit nor the taxing power of the Commonwealth, or any political subdivision thereof, including the City, shall be pledged to the payment of the principal of the Bonds, the premium, if any, or the interest thereon or other costs incident thereto. The Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

9. The Borrower hereby agrees to satisfy all applicable federal, state and local laws with respect to the Project, including, but not limited to, any applicable fair housing requirements.

10. After a public hearing is conducted, the Authority may submit a Public Hearing Certificate to the City Council at any time within one (1) year of the date of such public hearing, and at that time the Authority will request and recommend that the City Council provide “governing body approval” of the issuance of the proposed Bonds and the Plan of Financing within the meaning of Section 15.2-4906 of the Virginia Code and Section 147(f) of the Code by City Council, and in such event the Chairman, Vice-Chairman or Secretary of the Authority shall transmit to the City Council a copy of this Resolution and a Certificate of Public Hearing with a reasonably detailed summary of the Authority’s public hearing held on this date with respect to the Project. If required by the Authority, a Fiscal Impact Statement regarding the Project as executed by the Borrower and the Authority as required by Section 15.2-4907 of the Virginia Code shall be filed with the City Council at that time as well.

11. The Authority agrees, subsequent to the City Council’s granting of the “governing body approval” for the issuance of Bonds by the Authority, and with the direction and assistance of Bond Counsel and the Borrower, to apply to the Virginia Department of Housing and Community Development (“VDHCD”), in its capacity as “allocation administrator” for tax-exempt private activity bonds, bond allocations from the Local Housing Authority Pool, the Governor’s Discretionary Pool, or any other governmental source of bond dollar allocations, for one or more allocations totaling an aggregate amount not to exceed \$93,000,000 of local housing authority “volume cap” for the Bonds to be issued with respect to the Project.

12. Any obligation of the Authority to exercise its powers to issue the Bonds as requested by the Borrower is contingent upon the satisfaction of all legal requirements and the Authority (including its officers, commissioners, employees and agents) shall not be liable and hereby disclaims all liability to the Borrower and all other persons or entities for any damages, direct or consequential, resulting from the Authority’s failure to issue the Bonds for the Project for any reason, including but not limited to the failure of the City Council to approve the issuance of the Bonds.

13. No tax-exempt Bonds may be issued pursuant to this Resolution until such time as (a) the issuance of the Bonds has been approved by the City Council, (b) the Project has been awarded through the VDHCD an allocation or allocations from the Local Housing Authority or the Governor’s Discretionary Fund Pool for Tax-Exempt Bond Allocation “volume cap” funds in accordance with applicable provisions of the Virginia Code and any regulations or executive orders issued in connection therewith, and (c) the substantially final terms and details of the Bonds to be issued, have been approved by subsequent resolution of the Authority.

14. The provisions of this Resolution are hereby declared to be separable, and if any section, phrase or provision of this Resolution shall be declared invalid, such invalidity shall not affect the validity of the remainder of the sections, phrases and provisions of this Resolution.

15. The Authority hereby appoints Williams Mullen, as requested by the Borrower, to serve as Bond Counsel.

16. By submitting its request for this Inducement Resolution to the Authority, the Borrower has agreed to indemnify and hold harmless the Authority, its officers, commissioners, employees and agents from and against all liabilities, obligations, claims, damages, penalties, losses, costs and expenses in any way connected with the Project, the Plan of Finance or the Bonds.

17. The approval of the issuance of the Bonds does not constitute an endorsement to a prospective purchaser of the Bonds or the creditworthiness of the Plan of Finance, the Borrower or the Project.

18. The Authority shall perform such other acts and adopt such further resolutions as may be required to implement its undertakings hereinabove set forth.

19. This Resolution shall take effect immediately upon its adoption.

Date: April 15, 2025

CERTIFICATE

The undersigned, secretary of the Newport News Redevelopment and Housing Authority (the “**Authority**”), does hereby certify that the foregoing resolution was adopted at a meeting of the Board of Commissioners of the Authority, duly called and held on April 15, 2025 at which meeting a quorum of the directors was present and acting throughout, and that such resolution has not been repealed, amended or supplemented and is in full force and effect on the date hereof.

			Voting		
Member Name	Present	Absent	Yes	No	Abstaining
Lisa Wallace-Davis, Chair					
Thaddeus Holloman, Vice-Chair					
William Black, Commissioner					
Andrea R. Diggs, Commissioner					
Barbara Holley, Commissioner					
George Knight, Commissioner					

WITNESS my hand and seal of the County this 15th day of April, 2025.

NEWPORT NEWS REDEVELOPMENT AND
HOUSING AUTHORITY

By: _____
Lisa Wallace-Davis, Chair

(S E A L)

EXHIBIT G

**Draft Preliminary Official Statement and Exhibits Regarding the Public Sale of the Bonds
dated July __, 2026**

NEW ISSUE – BOOK-ENTRY ONLY

RATING: Moody's: "Aa1/VMIG-1"
See "RATING" herein

In the opinion of Williams Mullen, under current laws and assuming compliance with certain covenants and agreements and the accuracy of certain representations and certifications described herein, interest on the Bonds is excludable from the gross income of the holder(s) of the Bonds for purposes of federal income taxation pursuant to the Internal Revenue Code of 1986, as amended (the "Code"), except as provided in Section 147(a) of the Code with respect to any period during which the Bonds are held by a person who is a "substantial user" of any facility financed or refinanced by the Bonds or by a "related person," as such terms are used in Section 147(a) of the Code and the regulations adopted thereunder, and except as set forth herein under the heading "TAX MATTERS." For purposes of federal income taxation, interest on the Bonds is not treated as a specific item of tax preference for purposes of calculating the federal alternative minimum tax on individuals. However, for taxable years beginning after December 31, 2022, such interest is included in the "adjusted financial statement income" (as defined in Section 56a of the Code) of certain corporations in determining the applicability and amount of the federal corporate alternative minimum tax imposed under Section 55(b) of the Code. Bond Counsel is further of the opinion that under current law, the interest on the Bonds is excludable from gross income for purposes of income taxation by the Commonwealth of Virginia. See further discussion under the heading "TAX MATTERS" herein.

\$24,000,000*

**NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
MULTIFAMILY HOUSING REVENUE BONDS
(STUART GARDENS II APARTMENTS)
SERIES 2026**

Dated: Date of Delivery**Maturity: As shown below****Initial Mandatory Tender Date: As shown below**

The above-captioned bonds (the "Bonds") will be issued under the provisions of the Indenture of Trust, dated as of July 1, 2026 (the "Indenture"), between the Newport News Redevelopment and Housing Authority (the "Issuer") and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The Bonds will be issued for the purpose of making a loan (the "Loan") to Stuart Gardens II Housing Partners, LP, a Virginia limited partnership (the "Borrower"), to finance the costs of the rehabilitation, renovation, construction, improvement and equipping of the multifamily housing rental facility consisting of approximately 239 rental units and related facilities and located in Newport News, Virginia, as more fully described under "THE PROJECT AND THE PRIVATE PARTICIPANTS" herein. Capitalized terms used on this cover page that are otherwise not defined shall have the meanings provided in Appendix A attached hereto.

The Bonds will be issued as fully registered bonds in book-entry form and book-entry interests in the Bonds will be available for purchase in principal amounts of \$5,000 or any integral multiple of \$1,000 in excess thereof. Interest on the Bonds is payable on April 1* and October 1*, commencing October 1*, 2026. Owners of book-entry interests in the Bonds will not receive physical delivery of bond certificates. The Depository Trust Company, Brooklyn, New York ("DTC") will act as a securities depository for the Bonds. DTC, or its nominee, will receive all payments with respect to the Bonds from the Trustee. DTC is required by its rules and procedures to remit such payments to participants in DTC for subsequent disbursement to the owners of book-entry interests. See "THE BONDS – Book-Entry System" herein.

The Bonds, when, as and if issued will be special, limited obligations of the Issuer, payable solely from the revenues and other moneys assigned by the Indenture to secure that payment, which include the payments required to be made by the Borrower under the Loan Agreement, dated as of July 1, 2026 (the "Loan Agreement"), between the Borrower and the Issuer.

At all times the Bonds will be secured by Eligible Investments and Available Money sufficient to pay, without need for reinvestment, all of the interest and principal on the Bonds when due to the Initial Mandatory Tender Date, as further described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE PLEDGED REVENUES (AS DEFINED IN THE INDENTURE) AND FROM OTHER MONEY PLEDGED UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA (THE "COMMONWEALTH") NOR THE FAITH AND CREDIT OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER AND THE CITY OF NEWPORT NEWS, VIRGINIA (THE "CITY")) ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST OR PREMIUM, IF ANY, ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER AND THE CITY) TO LEVY ANY TAXES WHATSOEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT EXCEPT FROM THE FUNDS PLEDGED THEREFOR. THE ISSUER HAS NO TAXING POWER.

The Bonds are not secured by or payable from any taxes, revenues or assets of the Issuer except for the Issuer's interest in the Loan Agreement (including the payments payable thereunder to the Issuer by the Borrower, but excluding certain rights of the Issuer to payment of fees, expenses and indemnification) and amounts held pursuant to the Indenture as described herein.

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

The Bonds are subject to optional redemption prior to the Initial Mandatory Tender Date. See "THE BONDS – Optional Redemption" herein.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. THIS COVER PAGE IS NOT INTENDED TO BE A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THIS ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

<u>Initial Mandatory Tender Date</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Interest Rate to Initial Mandatory Tender Date</u>	<u>Price</u>	<u>CUSIP</u>
October 1, 2028*	October 1, 2030*	\$24,000,000*	___%	___%	_____

The Bonds are offered, subject to prior sale, when, as and if issued by the Issuer and accepted by the Underwriter, subject to, among other things, the approving opinion of Williams Mullen, Richmond, Virginia ("Bond Counsel"). Certain legal matters will be passed upon for the Underwriter by Robinson & Cole LLP, Washington, D.C., for the Issuer by its counsel, Kaufman & Canoles, P.C., Newport News, Virginia, and for the Borrower by its counsel, Winthrop & Weinstine, P.A., Minneapolis, Minnesota. It is expected that the Bonds will be available for delivery in definitive form on or about July __, 2026 through the services of DTC against payment therefor.



The date of this Official Statement is _____, 2026.

* Preliminary; subject to change.

REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds identified on the cover hereof. No person has been authorized to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information and expression of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor the sale of any of the Bonds shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof.

Neither the Issuer nor any of its Commissioners, officers, officials, agents, employees or representatives have reviewed this Official Statement or investigated the statements or representations contained herein, except for those statements relating to the Issuer set forth under the captions “THE ISSUER” and “NO LITIGATION – The Issuer” herein. Except with respect to the information contained under such captions, neither the Issuer nor any of its Commissioners, officers, officials, agents, employees or representatives makes any representation as to the completeness, sufficiency and truthfulness of the statements set forth in this Official Statement. Members of the governing body of the Issuer and any other officer or official of the Issuer executing the Bonds are not subject to personal liability by reason of the issuance of the Bonds. The Issuer assumes no responsibility for this Official Statement and has not reviewed or undertaken to verify any information contained herein.

The Trustee has not participated in the preparation of this Official Statement or any other disclosure documents relating to the Bonds. Except for information under the heading “THE TRUSTEE” herein, the Trustee has or assumes no responsibility as to the accuracy or completeness of any information contained in this Official Statement or any other such disclosure documents.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Upon issuance, the Bonds will not be registered by the Issuer under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or, other than the Issuer (to the extent described herein) approved the Bonds for sale.

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

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OFFICIAL STATEMENT

\$24,000,000*

**NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
MULTIFAMILY HOUSING REVENUE BONDS
(STUART GARDENS II APARTMENTS)
SERIES 2026**

INTRODUCTION

This Official Statement, including the Appendices, is furnished in connection with the original issuance and sale by the Newport News Redevelopment and Housing Authority (the “Issuer”) of the Bonds identified on the cover page (the “Bonds”). The Bonds are being issued by the Issuer pursuant to an Indenture of Trust (the “Indenture”), dated as of July 1, 2026, between the Issuer and U.S. Bank Trust Company, National Association, as Trustee (the “Trustee”). The Trustee is expected to also serve as Registrar. Capitalized terms used but not otherwise defined herein are defined in Appendix A.

The Issuer will loan the proceeds of the sale of the Bonds (the “Loan”) to Stuart Gardens II Housing Partners, LP, a Virginia limited partnership (the “Borrower”), pursuant to a Loan Agreement (the “Loan Agreement”), dated as of July 1, 2026, between the Issuer and the Borrower to finance the costs of the renovation, rehabilitation, construction, improvement and equipping of the multifamily rental housing facility consisting of approximately 239 rental units and related facilities and located in Newport News, Virginia (the “Project”), to be owned by an affiliate of the Borrower. See “THE PROJECT AND THE PRIVATE PARTICIPANTS” herein. Pursuant to the Loan Agreement, the Borrower has agreed to make payments to the Issuer in amounts sufficient to pay the principal of and interest on the Bonds when due (the “Bond Debt Service Charges”) to the extent that amounts otherwise available for such payment are insufficient therefor. The Loan will be secured and evidenced by a promissory note in the principal amount of \$24,000,000* (the “Promissory Note”) from the Borrower to the Issuer, and assigned by the Issuer to the Trustee. The Loan Agreement, except for Unassigned Issuer’s Rights and the Promissory Note will be assigned without recourse by the Issuer to the Trustee.

Simultaneously with the issuance of the Bonds, the Borrower will obtain a mortgage loan (the “FHA Insured Mortgage Loan”) from Merchants Capital Corp., an Indiana corporation (the “FHA Lender”), which FHA Insured Mortgage Loan will be insured by the Federal Housing Administration (“FHA”) under Section 221(d)(4) of the National Housing Act of 1934, as amended, and applicable regulations promulgated thereunder. Subject to the conditions set forth in the FHA Loan Documents (as such term is defined below), at the time of closing of the Bonds and from time to time thereafter, Available Money, including, without limitation, FHA Lender Funds, in the aggregate amount of \$24,000,000* will be advanced to the Trustee for deposit into the Collateral Fund to enable the Trustee to disburse an equivalent amount of Bond proceeds from the Project Fund. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein. None of the owners of the Bonds, the Trustee or the Issuer will have rights with respect to the FHA Insured Mortgage Loan or under the FHA Loan Documents. Furthermore, none of the owners of the Bonds, the Trustee or the Issuer will have a lien on any funds, accounts or reserves established, maintained and/or collected by the FHA Lender in connection with the FHA Insured Mortgage Loan. FHA does not provide enhancement with respect to the Loan or the Bonds.

The aggregate funds on deposit in the Project Fund and the Collateral Fund, together with the Initial Deposit to the Interest Account of the Bond Fund, if any, as invested pursuant to the Indenture, have been calculated to be sufficient to pay, at all times, principal and interest on the Bonds as and when they become due to the Initial Mandatory Tender Date. Interest on the Bonds will be paid from amounts on deposit in

* Preliminary; subject to change.

the Bond Fund and Bond Debt Service Charges will otherwise be paid first from amounts on deposit in the Interest Account or the Remarketing Proceeds Account of the Bond Fund, as applicable, second, from amounts on deposit in the Collateral Fund, and third, from amounts on deposit in the Project Fund (such foregoing funds, collectively, the “Special Funds”), and investment earnings thereon. Amounts on deposit in the Special Funds will be invested in Eligible Investments. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

The Bonds shall bear interest on the outstanding principal amount thereof at a rate equal to %* per annum from their date, payable on each April 1* and October 1*, commencing October 1, 2026* (each an “Interest Payment Date”).

The Bonds are subject to mandatory tender for purchase, subject to satisfaction of the applicable terms and conditions set forth in the Indenture, on October 1, 2028* (the “Initial Mandatory Tender Date”). All Holders must tender their Bonds for purchase on the Initial Mandatory Tender Date. The Bonds may be remarketed and a new interest rate for the Bonds may be determined on the Initial Mandatory Tender Date in accordance with the terms of the Indenture. If the Bonds are remarketed on the Initial Mandatory Tender Date, the terms of the Bonds after such date may differ materially from the description provided in this Official Statement. Therefore, prospective purchasers of the Bonds on and after the Initial Mandatory Tender Date cannot rely on this Official Statement, but rather must rely upon any disclosure documents prepared in connection with such remarketing.

The Bonds are subject to optional redemption prior to the Initial Mandatory Tender Date as set forth herein under “THE BONDS.”

The Bonds are special, limited obligations of the Issuer, and the principal of and interest thereon will be payable solely from the revenues and other moneys assigned by the Indenture to secure such payment. **At all times the Bonds will be secured by Eligible Investments and Available Money sufficient to pay, without need for reinvestment, all of the interest and principal on the Bonds when due to the Initial Mandatory Tender Date, as further described herein. See “PLAN OF FINANCING” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.**

The Borrower will be required to operate the Project in compliance with a Regulatory Agreement and Declaration of Restrictive Covenants, dated as of July 1, 2026, but effective as of the Closing Date, between the Issuer and the Borrower (the “Regulatory Agreement”). The Regulatory Agreement requires, among other things, that the Project be operated as a qualified residential rental project with at least 40% of the completed units in the Project occupied by Low Income Tenants, *i.e.*, tenants whose income does not exceed 60% of the area median income (“AMI”), adjusted for family size, during the Qualified Project Period (as such term is defined in the Regulatory Agreement) in accordance with Section 142(d) of the Internal Revenue Code of 1986, as amended (the “Code”). Failure to comply with these requirements could result in the loss of the federal tax exemption of the Bonds retroactive to their date of issuance. See “THE PROJECT AND THE PRIVATE PARTICIPANTS – Regulatory Restrictions” and “TAX MATTERS” herein and “APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT” attached hereto.

In addition to the rental restrictions imposed upon the Project by the Regulatory Agreement, the Project will be further encumbered by a tax credit restrictive covenant (the “Tax Credit Extended Use Agreement”), to be executed by the Borrower in connection with the federal low-income housing tax credits (the “Federal Tax Credits”) anticipated to be granted for the Project and in compliance with the requirements of Section 42 of the Code, which will require, among other things, that the Borrower lease

* Preliminary; subject to change.

100% of the units as follows: (i) 24 of the units in the Project to tenants whose household incomes do not exceed 40% of AMI; (ii) 103 of the units in the Project to tenants whose household incomes do not exceed 50% of AMI; and (iii) 112 of the units in the Project to tenants whose household incomes do not exceed 60% of AMI.

In connection with the GRRP Loan (as defined herein) such financing arrangement was awarded to the Borrower via the GRRP Program through HUD. The Borrower will execute a GRRP Use Agreement further restricting the affordability of the Project until August 28, 2049, requiring that 100% of units be reserved exclusively for Low-Income Families (as defined therein), and restricting rents for such units to 30% of 80% of applicable AMI. See “THE PROJECT AND THE PRIVATE PARTICIPANTS – Regulatory Restrictions” herein.

Simultaneously with the closing of the FHA Insured Mortgage Loan, the Borrower will execute a Regulatory Agreement for Multifamily Projects required by FHA (the “HUD Regulatory Agreement”) with respect to the Project in order to provide for, among other things, a reserve fund for replacements, as well as escrows for taxes, insurance and mortgage insurance premiums, which will be held by the FHA Lender. In the event of conflict between the provisions of the Note (Multistate) (the “FHA Note”) secured by a first-lien priority Multifamily Mortgage, Security Agreement, Assignment of Rents, and Fixture Filing (Virginia) (the “FHA Mortgage”) on the Project, the HUD Regulatory Agreement and certain other documents required by FHA or the FHA Lender (collectively, the “FHA Loan Documents”) and the Indenture, the Loan Agreement, the Promissory Note or the Regulatory Agreement, the FHA Loan Documents will control.

Brief descriptions of the Issuer, the Bonds, the security for the Bonds, the Borrower, the Project, the private participants, the Indenture, the Loan Agreement and the Regulatory Agreement, are included in this Official Statement. All references herein to the Indenture, the Loan Agreement, the Regulatory Agreement and other documents and agreements are qualified in their entirety by reference to such documents and agreements, copies of which are available for inspection at the offices of the Trustee.

THE ISSUER

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

The Issuer was created by an ordinance adopted by the City Council of the City of Newport News, Virginia (the “City Council”) to promote and further the purposes of the Act. The Issuer is a political subdivision of the Commonwealth of Virginia governed by seven commissioners appointed by the City Council. The Issuer is empowered, among other things, to borrow money and issue evidence of indebtedness in the name of and for the use of the Issuer, to issue bonds and give security therefor and to make loans for assistance in housing rehabilitation by private sponsors. The Bonds will be limited obligations of the Issuer payable solely from the Trust Estate pledge pursuant to the Indenture. The Issuer has no taxing power.

Thaddeus Holloman is the Chair of the Issuer. Lysandra M. Shaw is the Executive Director of the Issuer and also serves as its Secretary. The terms of the Chair and the Executive Director and Secretary each expire on the first meeting of the year of the Issuer on January 19, 2027. The members of the Board of Commissioners of the Issuer and the expiration dates of their respective terms as commissioners are set forth below:

<u>Commissioners</u>	<u>Term Expires</u>
Thaddeus Holloman, Chair	January 23, 2028
Alonzo R. Bell, Jr., Vice-Chair	January 21, 2029
William Black	January 24, 2027
Andrea R. Diggs	January 21, 2029
Barbara Holley	January 23, 2029
George Knight	January 22, 2028
Dr. Helmuth Trieschmann	January 21, 2029

PLAN OF FINANCING

The total costs of the Project and the sources of funds to pay those costs are estimated by the Borrower as follows:

Sources of Funds*

Principal of FHA Insured Mortgage Loan	\$32,060,000
LIHTC & Historic Tax Credit Equity ⁽¹⁾	46,325,045
GRRP Loan	10,000,000
Income from Operations	2,195,036
Surplus Cash Note	2,000,000
Deferred Developer Fee	2,845,853
Total	\$95,425,934

Uses of Funds*

Project Acquisition	\$36,190,688
Total Construction Costs (Including Contingency)	37,936,158
Other Soft Construction Costs & Third Parties	5,905,490
FHA Insured Mortgage Loan Closing & Financing Costs	3,276,990
Costs of Issuance ⁽²⁾	2,455,221
Tax Credit Fees	248,304
Project Reserves and Escrows ⁽³⁾	4,413,083
Developer Fee	5,000,000
Total	\$95,425,934

⁽¹⁾ The Borrower expects to obtain a loan (the "Bridge Loan") from Merchants Bank of Indiana (the "Bridge Lender") in the principal amount of \$19,000,000* to bridge certain installments of the Tax Credit Equity.

⁽²⁾ Includes Underwriter's compensation that is payable on the date of issuance of the Bonds, certain legal fees and expenses, printing, rating agency fees, Trustee fees, Issuer fees, acquisition financing costs, and certain other costs associated with issuance of the Bonds.

⁽³⁾ Includes amounts for operating reserve, replacement reserves and equity bridge loan interest reserve.

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

* Preliminary; subject to change.

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

Sources of Funds*	
Bond Proceeds	\$24,000,000
Available Money	24,000,000
Total	\$48,000,000
 Uses of Funds*	
Project Fund	\$24,000,000
Collateral Fund	24,000,000
Total	\$48,000,000

The Bonds will be initially secured by their own proceeds to be deposited in the Project Fund under the Indenture (plus investment earnings on Eligible Investments deposited with the Trustee on the Closing Date, which have been calculated to be sufficient to pay, without the need for reinvestment, interest on the Bonds to but not including the Initial Mandatory Tender Date). Upon the deposit of a like amount of Available Money in the Collateral Fund as described below, a portion of the proceeds of the Bonds will be disbursed from the Project Fund to the Borrower to pay Project Costs. The aggregate funds on deposit in the Project Fund and the Collateral Fund, together with the Initial Deposit to the Interest Account of the Bond Fund, as invested pursuant to the Indenture, have been calculated to be sufficient to pay, at all times, principal and interest on the Bonds as and when they become due to the Initial Mandatory Tender Date.

FHA Insured Mortgage Loan

Simultaneously with the issuance of the Bonds, the Borrower will close the FHA Insured Mortgage Loan on the Project with the FHA Lender. The FHA Insured Mortgage Loan will be in the original principal amount of \$32,060,000* and will bear interest at a rate equal to [5.30]%* per annum. Subject to the conditions set forth in the FHA Loan Documents, at the time of closing of the Bonds and from time to time thereafter, Available Money, including, without limitation, FHA Lender Funds and proceeds of the Bridge Loan, in the aggregate amount of \$24,000,000* will be advanced to the Trustee on behalf of the Borrower for deposit into the Collateral Fund under the Indenture. The FHA Insured Mortgage Loan will be evidenced by the FHA Note made by the Borrower in favor of the FHA Lender and secured by the FHA Mortgage on the Project, and the FHA Lender will issue, with respect to the FHA Note, a fully amortized mortgage-backed security (“GNMA Security”) guaranteed as to timely payment of interest only or of principal and interest, as the case may be, by the Government National Mortgage Association (“GNMA”). None of the owners of the Bonds, the Trustee or the Issuer will have rights with respect to the FHA Insured Mortgage Loan or under the FHA Loan Documents. Furthermore, none of the owners of the Bonds, the Trustee or the Issuer will have a lien on any funds, accounts or reserves established, maintained and/or collected by the FHA Lender in connection with the FHA Insured Mortgage Loan. FHA does not provide enhancement with respect to the Loan or the Bonds.

Tax Credit Equity

Federal Tax Credit Equity. In addition, as described under the caption “THE PROJECT AND THE PRIVATE PARTICIPANTS – Investor Limited Partners” below, the Borrower has entered into an agreement with The Richman Group Affordable Housing Corporation, a Delaware corporation (the “Federal Investor Limited Partner”) to offer to it, simultaneously with the closing of the Bonds, a limited partnership interest in the Borrower so the Federal Investor Limited Partner may acquire 99.99% of the

* Preliminary; subject to change.

federal tax credits (the “Federal Tax Credits”) and 99.99% of the federal low income housing historic tax credits (the “Federal Historic Tax Credits”) available to the Borrower. The Federal Investor Limited Partner is expected to make an aggregate capital contribution of Federal Tax Credit equity in the approximate amount of \$29,673,555* when fully funded. The Federal Investor Limited Partner is also expected to make an aggregate capital contribution of Federal Historic Tax Credit equity in the approximate amount of \$[7,197,410]* when fully funded.

State Tax Credit Equity. The Borrower has entered into an agreement with Commonwealth Advisors Capital LLC, a Virginia limited liability company (the “State Investor Limited Partner,” and together with the Federal Investor Limited Partner, the “Investor Limited Partners”). Simultaneously with the closing of the Bonds, the State Investor Limited Partner will acquire 100% of the state historic tax credits (the “State Historic Tax Credits” and together with the Federal Tax Credits and the Federal Historic Tax Credits, the “Tax Credit Equity”) anticipated to be granted to the Project. The State Investor Limited Partner is expected to make an aggregate capital contribution of State Historic Tax Credit equity in the approximate amount of \$[9,103,866]* when fully funded.

Bridge Loan

Simultaneously with the closing of the Bonds, the Borrower will close on the Bridge Loan from the Bridge Lender in an amount equal to approximately \$19,000,000* to bridge a portion of the Tax Credit Equity contributions. The Bridge Loan will be secured by an assignment of partnership interests and capital contributions, [a sponsor guaranty], and will be repayable from certain capital contributions. The Bridge Loan will bear interest at a rate of [6.25]%* per annum and will have an [24]-month term*. A portion of the proceeds of the Bridge Loan is expected to be deposited to the Collateral Fund in exchange for the disbursement of an equal amount of Bond proceeds to pay Project Costs.

GRRP Loan

The Borrower has been awarded a Green and Resilient Retrofit Program Loan from HUD in an amount equal to approximately \$10,000,000* (the “GRRP Loan”). The GRRP Loan will be secured by [the Project], will be repayable from 50% of Cash Flow (as defined in the FHA Insured Mortgage Loan Documents), will bear interest at a rate of [1.00]%* per annum, and will mature on [May 1, 2068]*.

Surplus Cash Note

Simultaneously with the issuance of the Bonds, the General Partner will make a surplus cash loan (the “Surplus Cash Note”) in a principal amount equal to approximately \$2,000,000* to the Borrower. The Surplus Cash Note will be [un]secured by [the Project]. The Surplus Cash Note is anticipated to be repaid from [surplus cash generated by Project revenues], will bear interest at a rate equal to long-term AFR, and will have a [480]-month term*.

THE PROJECT AND THE PRIVATE PARTICIPANTS

The information under this heading has been provided solely by the Borrower and has not been independently verified by the Issuer, the Underwriter, FHA, the FHA Lender or any of their respective counsel, members, officers or employees. No representation whatsoever as to the accuracy, adequacy or completeness of such information is made by the Issuer, the Underwriter, FHA, the FHA Lender or any of their respective counsel, members, officers or employees.

* Preliminary; subject to change.

The Borrower

The Borrower is Stuart Gardens II Housing Partners, LP, a Virginia limited partnership, formed for the sole purpose of acquiring, rehabilitating, equipping, and operating the Project. Upon the issuance of the Bonds, Stuart Gardens II Housing Management, LLC, a Virginia limited liability company (the “General Partner”) is expected to own a 0.01% partnership interest in the Borrower, and the Federal Investor Limited Partner is expected to own a 99.99% partnership interest in the Borrower.

Vitus Group, LLC (“Vitus”) has been in the business of acquiring, owning and developing affordable apartment complexes for 30 years. Vitus was formed in 1993, and Vitus and its affiliates have been involved in the development of more than 100 apartment complexes comprising approximately 15,000 apartment units across 29 states and the District of Columbia. These projects include more than 100 low-income housing tax credit projects. Vitus shares like principals with the Borrower.

The Borrower has not acquired and does not intend to acquire any substantial assets or engage in any substantial business activities other than those related to the Project. However, affiliates of the Borrower may engage in the acquisition, development, ownership and management of other similar types of projects that may be competitive with the Project.

Limited Recourse to Borrower

The Borrower and its partners will not (subject to certain exceptions to nonrecourse liability) be personally liable for payments on the Promissory Note, the payments on which are to be applied to pay the principal of and interest on the Bonds; nor will the Borrower (subject to certain exceptions to nonrecourse liability) be personally liable under the other documents executed in connection with the issuance of the Bonds and the making of the Loan. Furthermore, no representation is made that the Borrower will have substantial funds available for the Project. Accordingly, neither the Borrower’s financial statements nor those of its partners are included in this Official Statement.

Investor Limited Partners

Federal Tax Credit Equity. Simultaneously with the closing of the Bonds, the Borrower will sell to the Federal Investor Limited Partner a 99.99% partnership interest in the Borrower intended to allow the Federal Investor Limited Partner to acquire an equivalent percentage of the Federal Tax Credits available to the Borrower. Pursuant to the sale, the equity funding of the Federal Tax Credits is expected to be paid in stages during and after rehabilitation of the Project. Furthermore, the Federal Investor Limited Partner will acquire 99.99% of the Federal Historic Tax Credits available to the Borrower. Pursuant to the sale, the equity funding of the Federal Historic Tax Credits is expected to be paid in stages during and after rehabilitation of the Project. The amounts to be paid for each installment are specified in “PLAN OF FINANCING – Tax Credit Equity – *Federal Tax Credit Equity*” above.

State Tax Credit Equity. Additionally, simultaneously with the closing of the Bonds, the State Investor Limited Partner will acquire 100% of the State Tax Credits. These funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the projections set forth above and neither the Issuer, the Underwriter nor the Borrower makes any representation as to the availability of such funds. The amount to be paid for such installment is specified in “PLAN OF FINANCING – Tax Credit Equity – *State Tax Credit Equity*” above.

The FHA Lender

The FHA Lender will process the FHA Insured Mortgage Loan in accordance with the FHA Insurance Commitment issued by the FHA. The FHA Lender is a mortgage banking firm specializing, among other things, in FHA insured construction and permanent mortgage loans.

Upon satisfaction of certain conditions of the FHA Insurance Commitment, the FHA Lender will make the FHA Insured Mortgage Loan to the Borrower and service the FHA Insured Mortgage Loan and serve as issuer of the GNMA Security to be issued with respect to the FHA Insured Mortgage Loan described elsewhere herein. For issuers approved to participate in the multifamily program, which is comprised of MBS backed by multifamily construction or permanent loans, the minimum net worth requirement is \$1,000,000 plus 1% of the total effective multifamily outstanding obligations in excess of \$25 million up to \$175 million plus 0.20 percent (20 basis points) of the total effective multifamily outstanding obligations in excess of \$175 million. The total effective multifamily outstanding obligation is the sum of: 1) all multifamily securities outstanding, 2) available commitment authority to issue new multifamily pools, and 3) unexpended multifamily construction draws.

General Description of the Project

The Project, known as Stuart Gardens II Apartments, is an existing 239-unit multifamily rental housing facility located at 1326C Garden Drive, Newport News, VA 23607 (the “Project”). The Project contains 94 one-bedroom units, 101 two-bedroom units, and 44 three-bedroom units. The Project was acquired by Vitus in December 2021 for a purchase price of \$30,000,000. Upon closing of the Bonds, rehabilitation of the Project will commence.

Exterior improvements will include new fiber cement siding, historically appropriate wood windows with metal cladding, new roofs, and enhanced site and building lighting. Interior upgrades will feature refinished historic wood flooring (or replacement where necessary), new vinyl flooring in kitchens and bathrooms, and fully renovated kitchens and baths with new cabinets, countertops, and ENERGY STAR® appliances. Building systems will be modernized with complete re-piping of domestic water lines and replacement of heating and cooling systems with high-efficiency ENERGY STAR® heat pumps and water heaters. Site enhancements will include resurfaced parking and driveways, additional exterior lighting, repairs to trip hazards, and construction of an accessible pathway serving the 5% ADA-compliant units.

Rehabilitation of the Project

Description of Improvements. The Borrower expects to spend approximately \$126,578* per unit on rehabilitation for the Project. Rehabilitation for the Project is expected to begin in August of 2026* and be completed approximately 17* months later.

Contractor. The general contractor for the Project is expected to be FTK Construction Services (the “Contractor”). The Contractor has over 25 years of experience in renovating residential multifamily housing developments and has completed projects in 33 states to date.

Architect. The architect for the Project is True Craft Architecture (the “Architect”). The Architect has been the principal architect for over 5,300 multifamily units across 18 states.

* Preliminary; subject to change.

Units Summary

The unit mix of the Project is as follows:

Number Of Units	Composition	Approximate Square Footage
94	One Bedroom	625 & 747
101	Two Bedroom	700 & 938
44	Three Bedroom	1,100
Total: 239		

The HAP Contract

The Project has received the benefit of a Section 8 Housing Assistance Payment Contract (the “HAP Contract”) covering all 239 of the units at the Project. The HAP Contract went into effect on January 1, 2022, and is expected to expire 20 years after that date on January 1, 2042. Subject to all applicable laws and regulations in effect upon expiration, the HAP Contract is expected to be renewed for an additional term of 20 years beginning on [August 1, 2026]*.

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

* Preliminary; subject to change.

Regulatory Restrictions

Regulatory Agreement. The Regulatory Agreement imposes certain requirements with respect to the tax-exempt status of the Bonds under the Code, which include, among other things, that the Project be operated as a qualified residential rental project with at least 40% of the completed units in the Project occupied by Low Income Tenants, i.e., tenants whose income does not exceed 60% of AMI, adjusted for family size, during the Qualified Project Period (as such term is defined in the Regulatory Agreement) in accordance with Section 142(d) of the Code. Failure to comply with these requirements could result in the loss of the federal tax exemption of the Bonds retroactive to their date of issuance.

Tax Credit Extended Use Agreement. In addition, in connection with the Federal Tax Credits allocated to the Borrower in connection with the Project, the Borrower will execute a Tax Credit Extended Use Agreement in accordance with Section 42 of the Code. The Tax Credit Extended Use Agreement will, among other things, require that the Borrower lease approximately 100% of the units as follows: (i) 24 of the units in the Project to tenants whose household incomes do not exceed 40% of AMI; (ii) 103 of the units in the Project to tenants whose household incomes do not exceed 50% of AMI; and (iii) 112 of the units in the Project to tenants whose household incomes do not exceed 60% of AMI.

GRRP Use Agreement. In connection with the GRRP Loan awarded to the Borrower via the GRRP Program through HUD, the Borrower will execute a GRRP Use Agreement further restricting the affordability of the Project until August 28, 2049*, requiring that 100% of units be reserved exclusively for Low-Income Families (as defined therein), and restricting rents for such units to 30% of 80% of applicable AMI.

THE BONDS

General

The Bonds will be dated, will be payable in the amounts and on the dates, will bear interest (computed on the basis of a 360-day year) at the rate, and will mature as described on the cover page. The Bonds will be issued as fully registered bonds in book-entry form and book-entry interests in the Bonds will be available for purchase in principal amounts of \$5,000 or any integral multiple of \$1,000 in excess thereof.

The Trustee, in its capacity as Registrar, will keep all books and records necessary for registration, exchange and transfer of the Bonds.

Discussion of the Bonds being issued only under the Book-Entry System is provided below. Details regarding the procedures for and manner of payment, issuance, exchange and transfer of the Bonds if ever issued in certificated form as provided in the Bond proceedings are also stated below.

Book-Entry System

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

The Depository Trust Company, Brooklyn, New York ("DTC"), will act as securities depository for the Bonds. The Bonds will be initially issued and issuable only as one fully registered Bond certificate

* Preliminary; subject to change.

for each maturity, registered in the name of Cede & Co. as partnership nominee of DTC. Those fully registered Bonds will be deposited with and retained in the custody of DTC.

For ease of reference in this and other discussions, reference to “DTC” includes when applicable any successor securities depository and the nominee of the depository.

For all purposes under the Bond proceedings, DTC will be and will be considered by the Issuer and the Trustee to be the owner or Holder of the Bonds.

Owners of book-entry interests in the Bonds (book-entry interest owners) will not receive or have the right to receive physical delivery of Bonds, and will not be or be considered by the Issuer and the Trustee to be, and will not have any rights as, owners or holders of Bonds under the Bond proceedings.

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in actual ownership. DTC has no knowledge of the book-entry interest owners (or beneficial owners) of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may

not be the book-entry interest owners. Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to book-entry interest owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

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

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. The Issuer may decide to discontinue use of the book-entry system if DTC (or a successor securities depository) determines not to continue to act as securities depository for the Bonds. See "Replacement Bonds" below.

Direct Participants and Indirect Participants may impose service charges on book-entry interest owners in certain cases. Purchasers of book-entry interests should discuss that possibility with their brokers.

The Issuer, the Borrower and the Trustee have no role in the purchases, transfers or sales of book-entry interests. The rights of book-entry interest owners to transfer or pledge their interests, and the manner of transferring or pledging those interests, may be subject to applicable state law. Book-entry interest owners may want to discuss with their legal advisers the manner of transferring or pledging their book-entry interests.

The Issuer, the Borrower and Trustee have no responsibility or liability for any aspects of the records or notices relating to, or payments made on account of, book-entry interest ownership, or for maintaining, supervising or reviewing any records relating to that ownership.

The Issuer and the Borrower cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute to the book-entry interest owners payments of debt service on the Bonds made to DTC as the registered owner, or any notices, or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement.

Replacement Bonds

Replacement Bonds may be issued directly to the beneficial owners of the Bonds other than a Depository, or its nominee, but only in the event that (1) the Depository determines not to continue to act as securities depository for the Bonds (which determination shall become effective no less than ninety (90) days after written notice to such effect to the Issuer and the Trustee); (2) the Trustee has, at the direction of the Borrower, advised a Depository of its determination (which determination is conclusive as to the Depository and beneficial owners of the Bonds) that the Depository is incapable of discharging its duties as securities depository for the Bonds; or (3) the Majority of the Holders of the Bonds have determined (which determination is conclusive as to the Depository and the beneficial owners of the Bonds) that the interests of the beneficial owners of the Bonds might be adversely affected if such book-entry only system of transfer is continued. Upon occurrence of any of the foregoing events, the Borrower shall use commercially reasonable efforts to attempt to locate another qualified securities depository. If the Borrower fails to locate another qualified securities depository to replace the Depository, the Trustee and the Issuer, at the Borrower's expense, shall cause to be authenticated and delivered replacement Bonds, in certificate form, to the beneficial owners of the Bonds. In the event that the Trustee makes the determination noted in (2) or (3) above (provided that the Trustee undertakes no obligation to make any investigation to determine the occurrence of any events that would permit the Trustee to make any such determination), and the Trustee has been directed in writing to notify the beneficial owners of the Bonds of such determination by mailing an appropriate notice to the Depository, it and the Trustee and the Issuer shall cause to be issued replacement Bonds in certificate form to beneficial owners of the Bonds as shown on the records of the Depository provided to the Trustee and the Issuer.

Upon the written consent of one hundred percent (100%) of the beneficial owners of the Bonds, the Trustee shall withdraw the Bonds from any Depository and authenticate and deliver Bonds fully registered to the assignees of that Depository or its nominee. If the request for withdrawal is not the result of any Issuer action or inaction, such withdrawal, authentication and delivery shall be at the cost and expense (including costs of printing, preparing and delivering such Bonds) of the persons requesting such withdrawal, authentication and delivery; otherwise such withdrawal, authentication and delivery shall be at the cost and expense of the Borrower.

Whenever, during the term of the Bonds, the beneficial ownership thereof is determined by a book entry at a Depository, (i) the requirements in the Indenture of holding, delivering or transferring Bonds shall be deemed modified to require the appropriate Person or entity to meet the requirements of the Depository as to registering or transferring the book entry to produce the same effect and (ii) delivery of the Bonds will be in accordance with arrangements among the Issuer, the Trustee and the Depository notwithstanding any provision of the Indenture to the contrary.

The Trustee and the Issuer shall enter into any letter of representation with a Depository to implement the Book-Entry System of bond registration described above.

Neither the Trustee nor any of its agents shall have any responsibility or liability for any actions taken or not taken by DTC.

Optional Redemption

On each redemption date the Trustee shall transfer to the Registrar, but only from and to the extent of funds held by the Trustee under the Indenture available for such purpose, an amount sufficient to pay the redemption price of all Bonds or portions thereof to be redeemed on such redemption date. In the event the Trustee has not received or does not otherwise have available funds under the Indenture sufficient to pay the redemption price of the Bonds on the date fixed for redemption, no funds shall be transferred to the Registrar, all funds shall remain on deposit in the Special Funds, and the Trustee shall give notice of the cancellation of such redemption in the manner set forth in the Indenture.

(a) The Bonds are subject to optional redemption prior to maturity from Available Money, at the direction of the Borrower (with delivery of a Cash Flow Projection, if required pursuant to paragraph (c) below), in whole or in part, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest, but without premium, to the date fixed for redemption, (i) prior to the Initial Mandatory Tender Date, on any Business Day on or after April 1, 2028*, and (ii) after the Initial Mandatory Tender Date, on any Business Day that is nearest to the date falling at fifty percent (50%) of the subsequent remarketing period between the most recent Mandatory Tender Date and the next Mandatory Tender Date or the Maturity Date, as applicable.

(b) Other than as set forth in paragraph (a) above, the Bonds are not subject to optional redemption prior to the Maturity Date.

(c) If, to pay the redemption price, the Trustee is required to sell or otherwise dispose of Eligible Investments shown in the most recent Cash Flow Projection delivered to the Rating Agency before the maturity or mandatory tender date of such Eligible Investments, then a new Cash Flow Projection shall be provided to the Trustee (with a copy to the Rating Agency) with the direction described in paragraph (a) above, and the Trustee shall utilize the amounts and take the actions set forth in such Cash Flow Projection to pay the redemption price of the Bonds called for redemption.

Notice of Redemption

Not less than twenty (20) days prior to the redemption date, the Trustee shall give written notice of redemption to the Holders (with a copy to the Borrower, the Investor Limited Partners and the Remarketing Agent) by first class mail, postage prepaid, at their respective addresses appearing on the Register.

Neither failure of any Holder to receive such notice nor any defect in any notice so mailed will affect the sufficiency of the proceedings for the redemption of any of the Bonds. Each notice of redemption will state, among other things, the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment, that the interest on the Bonds designated for redemption will cease to accrue from and after such redemption date and, if less than all of the Bonds outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed.

Further notices of redemption shall be sent by first-class mail or overnight delivery service to any Holder owning, on the date such notice is sent, Bonds in the aggregate principal amount of \$1,000,000 or more. In the event the Bonds are called for redemption under circumstances resulting in discharge of the Indenture more than ninety (90) days before the redemption date, additional official and further notice of redemption satisfying the requirements of the Indenture shall be given not less than thirty (30) nor more than sixty (60) days prior to such redemption date.

* Preliminary; subject to change.

Redemption is conditioned on the Trustee's possession and/or receipt of sufficient Available Money for such redemption on or prior to the redemption date; if sufficient moneys are not available, the redemption of the Bonds for which notice was given shall not be made. Any notice of the redemption of Bonds may state that such notice is conditional and that if the conditions for redemption of such Bonds on the scheduled redemption date are not satisfied (including the availability of funds sufficient to redeem such Bonds), such Bonds will not be redeemed on such date and any Bonds tendered for payment on such date will be returned to the Holders thereof. The cancellation of such redemption shall immediately be confirmed in a subsequent notice given immediately in substantially the same manner as the original notice of redemption.

Notwithstanding the foregoing, as long as the Bonds are in book-entry form notice of redemption will be given in accordance with the requirements of DTC.

Mandatory Tender

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

Mandatory Tender Dates. The Mandatory Tender Dates shall consist of (1) the Initial Mandatory Tender Date; and (2) any subsequent dates for mandatory tender of the Bonds established by the Borrower with the consent of the Remarketing Agent in connection with a remarketing of the Bonds pursuant to the Indenture.

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

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

Purchase of Tendered Bonds. The Trustee shall utilize the following sources of payments to pay the tender price of the Bonds not later than 2:30 p.m. Local Time on the Mandatory Tender Date in the following priority: (1) amounts representing proceeds of remarketed Bonds deposited in the Remarketing Proceeds Account to pay the principal amount, plus accrued interest, of Bonds tendered for purchase; (2) amounts on deposit in the Collateral Fund to pay the principal amount of Bonds tendered for purchase; (3) amounts on deposit in the Interest Account of the Bond Fund to pay the accrued interest, if any, on Bonds tendered for purchase; (4) amounts on deposit in the Project Fund to pay the accrued interest, if any, on the Bonds tendered for purchase; and (5) any other Available Money available or made available for such purpose at the written direction of the Borrower.

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

Mandatory Tender Notice

Notice to Holders. Not less than thirty (30) days preceding a Mandatory Tender Date, the Trustee shall give written notice of Mandatory Tender to the Holders of the Bonds then Outstanding (with a copy to the Borrower, the Investor Limited Partners, and the Remarketing Agent) as set forth in an exhibit to the Indenture by e-mail or first class mail, postage prepaid, at their respective addresses appearing on the Register stating:

(1) the Mandatory Tender Date and that (i) all Outstanding Bonds are subject to Mandatory Tender for purchase on the Mandatory Tender Date; (ii) all Outstanding Bonds must be tendered for purchase no later than 12:00 Noon Local Time on the Mandatory Tender Date; and (iii) the Holders will not have the right to elect to retain their Bonds;

(2) the address of the designated office of the Trustee at which the Holders should deliver their Bonds for purchase and the date of the required delivery;

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

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

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

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

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

At all times the Bonds will be secured by Eligible Investments and Available Money sufficient to pay, without need for reinvestment, all of the interest and principal on the Bonds when due to the Initial Mandatory Tender Date, as further described herein.

To the extent provided in and except as otherwise permitted by the Indenture, (i) the Bonds will be special, limited obligations of the Issuer, and the Bond Debt Service Charges thereon shall be payable equally and ratably solely from the Issuer Revenues, including but not limited to moneys and investments in the Special Funds, (ii) the payment of Bond Debt Service Charges on the Bonds shall be secured by the assignment of Issuer Revenues under and by the Indenture, and (iii) payments due on the Bonds also shall be secured by the Promissory Note. Issuer Revenues include the payments required to be made by the Borrower under the Loan Agreement and the Promissory Note; all other moneys received or to be received by the Issuer or the Trustee for the account of the Issuer with respect to repayment of the Loan; moneys

and investments in or allocated to the Special Funds; and the income and profit from the investment of the foregoing moneys.

The Issuer has directed the Trustee to deposit all payments made by the Borrower pursuant to the Promissory Note and the Loan Agreement into the Bond Fund established and maintained pursuant to the Indenture. In the event that amounts on deposit in the Bond Fund are insufficient to make the payment of Bond Debt Service Charges due on the next succeeding Bond Payment Date, Bond Debt Service Charges shall be payable as they become due, (i) in the first instance from the money on deposit in the Interest Account or the Remarketing Proceeds Account of the Bond Fund, as applicable, and transferred as necessary to the Bond Fund, (ii) second, from moneys on deposit in the Collateral Fund and transferred as necessary to the Bond Fund, and (iii) third, from moneys on deposit in the Project Fund and transferred as necessary to the Bond Fund. Investment of moneys in the Special Funds will mature or be redeemable at the times and in the amounts necessary to provide moneys to pay Bond Debt Service Charges on the Bonds when due or when otherwise required under the Indenture. All investment earnings from amounts on deposit in the Project Fund and the Collateral Fund will be credited to the Interest Account of the Bond Fund. See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – [Investment of Special Funds][Bond Fund]” attached hereto.

The funds on deposit in the Special Funds will be invested in Eligible Investments. No fees of the Issuer or the Trustee will be payable from the Issuer Revenues.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE PLEDGED REVENUES (AS DEFINED IN THE INDENTURE) AND FROM OTHER MONEY PLEDGED UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA (THE “COMMONWEALTH”) NOR THE FAITH AND CREDIT OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER AND THE CITY OF NEWPORT NEWS, VIRGINIA (THE “CITY”)) ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST OR PREMIUM, IF ANY, ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER AND THE CITY) TO LEVY ANY TAXES WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT EXCEPT FROM THE FUNDS PLEDGED THEREFOR. THE ISSUER HAS NO TAXING POWER.

THE TRUSTEE

The information under this heading has been provided solely by the Trustee and has not been independently verified. No representation whatsoever as to the accuracy, adequacy or completeness of such information is being made.

The Borrower has appointed U.S. Bank Trust Company, National Association to serve as Trustee. The Trustee is a non-depository national banking association organized and existing under the laws of the United States of America, having powers of a bank, including fiduciary powers, and is a member of the Federal Reserve System. The Trustee is to carry out those duties assignable to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy, fairness or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture or the Bonds, or for the validity, sufficiency, or legal effect of any such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the Issuer of any of the Bonds authenticated or delivered pursuant to the Indenture or for the

use or application of the proceeds of such Bonds by the Issuer. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Bonds, or the investment quality of the Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

CERTAIN BONDHOLDERS' RISKS

The following is a summary of certain risks associated with a purchase of the Bonds. There are other possible risks not discussed below. The Bonds are payable from the payments to be made by the Borrower under the Loan Agreement and the Promissory Note, and from amounts on deposit in the Special Funds and the interest earnings thereon. The Borrower's obligation to make payments pursuant to the Loan Agreement and the Promissory Note are nonrecourse obligations with respect to which the Borrower and its partners have no personal liability (except as otherwise provided in the Promissory Note) and as to which the Borrower and its partners have not pledged any of their respective assets. No person should purchase any Bonds without carefully reviewing the following information, which summarizes some, but not all factors that should be carefully considered before such purchase.

General

Payment of the Bond Debt Service Charges, and the Borrower's obligations with respect to the Bond Debt Service Charges, will be secured by and payable from Bond proceeds held in the Project Fund and moneys deposited into the Collateral Fund and the Bond Fund, including the Interest Account and the Remarketing Proceeds Account held in the Bond Fund, and interest earnings thereon. Although the Borrower will execute the Promissory Note to evidence its obligation to repay the Loan, it is not expected that any revenues from the Project or other amounts, except moneys in the Special Funds, and the interest earnings thereon, will be available to satisfy that obligation. The Indenture requires the Trustee to verify, before any disbursement of funds from the Project Fund, that the sum of the funds on deposit in the Project Fund and the Collateral Fund after such disbursement will be at least equal to the then outstanding principal amount of the Bonds. Funds on deposit in the Project Fund, the Collateral Fund, the Interest Account of the Bond Fund, and the interest earnings thereon, have been calculated to be sufficient to pay the debt service on the Bonds.

Limited Security for Bonds

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

Early Redemption of the Bonds

Any person who purchases a Bond should consider the fact that the Bonds are subject to redemption prior to the Initial Mandatory Tender Date. See "THE BONDS – Optional Redemption" herein.

Issuer Limited Liability

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

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE PLEDGED REVENUES (AS DEFINED IN THE INDENTURE) AND FROM OTHER MONEY PLEDGED UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT OF THE COMMONWEALTH NOR THE FAITH AND CREDIT OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER AND THE CITY) ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST OR PREMIUM, IF ANY, ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER AND THE CITY) TO LEVY ANY TAXES WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT EXCEPT FROM THE FUNDS PLEDGED THEREFOR. THE ISSUER HAS NO TAXING POWER.

Enforceability of Remedies upon an Event of Default

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

Infectious Disease Outbreak

An outbreak of a highly contagious, epidemic or pandemic infectious disease such as COVID-19, Zika or Ebola nationally or locally in the Project's market area could adversely affect the Borrower's operations and financial results, including the cost or length of time necessary to complete the rehabilitation of the Project. An increase in delinquencies and/or vacancies could depress rental revenue, and operating costs could increase, resulting in a default by the Borrower on its obligations with respect to the Bonds or the FHA Insured Mortgage Loan, including the taxability of interest paid on, and/or the extraordinary mandatory redemption of, the Bonds.

Tax Exemption

In the event the Borrower does not maintain the Project as a "qualified residential rental project" for the Qualified Project Period, the interest on the Bonds may be or become taxable from the date of original issuance to the Holders of the Bonds for federal income tax purposes. Such an event will not constitute an immediate default under the Loan and is not the basis for an increase in the rate of interest payable on the Bonds or give rise to the payment to the owners of the Bonds of any amount denoted as "supplemental interest," "additional interest," "penalty interest," "liquidated damages" or otherwise, in addition to the amounts payable to the owners of the Bonds prior to the occurrence of the event which results in the interest payable on the Bonds being includable, for federal income tax purposes, in the gross income of the owners of the Bonds.

Secondary Markets and Prices

No representation is made concerning the existence of any secondary market for the Bonds. The Underwriter will not be obligated to repurchase any of the Bonds, nor can any assurance be given that any secondary market will develop following the completion of the offering of the Bonds. Further, there can be no assurance that the initial offering prices for the Bonds will continue for any period of time. Furthermore,

the Bonds should be purchased for their projected returns only and not for any resale potential, which may or may not exist.

Nature of Special, Limited Obligations

The Bonds are special, limited obligations of the Issuer, payable solely from amounts pledged under the Indenture to the payment of principal, interest, and premium, if any, on the Bonds (which includes Loan Payments from the Borrower, amounts in the Special Funds, and other amounts held by the Trustee under the Indenture), and do not give rise to a general obligation or general liability of the Issuer, the Commonwealth or any political subdivision thereof, or a charge against any of their general credit or taxing powers and shall never constitute nor give rise to a pecuniary liability of the Issuer, the Commonwealth or any political subdivision thereof. *The Bonds do not constitute a debt, moral obligation, liability or loan of credit or a pledge of the full faith and credit or taxing powers of the Issuer, the Commonwealth, or any political subdivision thereof.*

Federal Funding and Policy Uncertainties

Federal policies on the federal debt ceiling, foreign trade and tariffs, immigration, climate change, clean energy, taxation and funding, among other topics can shift dramatically between administrations. Such shifts can result in dramatic swings in the level of funding and staffing and policy priorities, and affect general economic conditions, leading to unpredictability. The Issuer currently expects a heightened level of uncertainty in federal policy, funding, staffing, and support for affordable housing, including HUD programs.

Federal funding is subject to federal legislative action, including through the federal budget process and sequestration. Budgetary acts, including sequestration, spending cuts, and tax cuts, could affect the availability of federal funds. Executive actions, including actions seeking to freeze, reduce, eliminate or reallocate federal funding and reduce staffing at federal agencies could also affect the availability of federal funds and the operation of federal programs.

Proposed and potential federal legislative and executive actions and initiatives, and uncertainty created by proposed or attempted actions, could adversely impact the Issuer. Examples of possible actions include, but are not limited to, regulatory changes to programs administered by federal agencies, including HUD, elimination of existing tax credits, cuts to federal spending on housing, operational challenges at federal agencies due to low-staffing levels, and changes to or elimination of tax-exempt bond financing. Legislation and executive action may be subject to legal challenges, and the Issuer makes no representation regarding the outcome of any such challenge.

Federal government shutdowns have occurred in the past and could occur in the future. A lengthy federal government shutdown poses potential direct risks to the Issuer's receipt of funds from federal sources, including HUD-administered programs, and could have indirect impacts due to a shutdown's effect on general economic conditions. The Issuer has not experienced material adverse impacts from federal government shutdowns that have occurred in recent years; however, the Issuer can make no assurances that it would not be materially adversely affected by any future shutdown of the federal government. In addition, federal funding received by the Issuer, including federal funding for HUD-administered programs, could be at risk in the event that the federal government approaches its statutory debt limit. The Issuer cannot predict whether, or to what extent, any specifically federally funded program could be affected in such event.

The Issuer continues to monitor developments involving the federal government.

Summary

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

NO LITIGATION

The Issuer

To the actual knowledge of the Issuer, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or threatened against the Issuer in any way affecting the organization of the Issuer, or the legal or corporate existence of the Issuer, or the title of the members of the Issuer to their respective offices, or any powers of the Issuer under the Constitution or the laws of the Commonwealth pursuant to which the Issuer was created; seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds or the collection of revenues from the Borrower derived from payments under the Loan Agreement, or the pledge thereof; contesting or affecting the validity or enforceability of the Bonds or any of the documents entered into by the Issuer in connection with the transaction described in this Official Statement (the “Issuer Documents”); contesting the power of the Issuer to enter into, execute and deliver the Issuer Documents or to consummate the transactions contemplated by such documents and this Official Statement; contesting in any way the completeness or accuracy of the information in this paragraph or under “THE ISSUER” herein or any amendment or supplement hereto or thereto (nor to the actual knowledge of the Issuer, is there any basis therefor); or wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Issuer Documents, or the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

The Borrower

There is no action, suit, proceeding, inquiry or investigation of which the Borrower has been notified, at law or in equity, before or by any judicial or administrative court or governmental agency or body, state, federal or other, pending or, to the best knowledge of the Borrower, threatened against the Borrower or the General Partner, affecting the existence of the Borrower or the General Partner or the titles of their respective officers to their respective offices, or contesting or affecting as to the Borrower or the General Partner, as applicable, the validity or enforceability of the Bonds, any of the documents entered into by the Borrower in connection with the transaction described in this Official Statement (the “Borrower Documents”) or the execution and delivery or adoption by the Borrower of any Borrower Document, or in any way contesting or challenging the completeness or accuracy of this Official Statement or the powers of the Borrower or the General Partner or their respective authority with respect to the Borrower Documents or the consummation of the transactions contemplated hereby or thereby; nor, to the best knowledge of the Borrower, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Borrower’s or the General Partner’s financial condition or operations or the validity of the authorization, execution, delivery or performance by the Borrower or the General Partner, as applicable, of any Borrower Document.

UNDERWRITING

The Bonds are being purchased by Colliers Securities LLC (the “Underwriter”) at the price listed on the cover page hereof. As consideration for its underwriting of the Bonds, the Underwriter will be paid

an aggregate fee equal to \$ _____, plus \$ _____ to reimburse the Underwriter for certain fees and expenses.

The Underwriter has committed to purchase all of the Bonds if any of such Bonds are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel, and certain other information, and to use its best efforts to sell the Bonds. The Bonds are being offered for sale at the price set forth on the cover page of this Official Statement, which price may be lowered by the Underwriter from time to time without notice. The Bonds may be offered and sold to dealers, including the Underwriter and dealers acquiring Bonds for their own account or any account managed by them, at prices lower than the public offering prices. In the Bond Purchase Agreement, the Borrower has agreed to indemnify the Issuer and the Underwriter with respect to certain matters in connection with the Bonds.

In addition to serving as the Underwriter, Colliers Securities LLC has been designated to serve as Remarketing Agent and will receive a fee for its remarketing services in connection with the remarketing of the Bonds, if any, on the Initial Mandatory Tender Date.

RELATIONSHIPS AMONG THE PARTIES

In connection with the issuance of the Bonds, the Issuer, the Borrower, and the Underwriter are being represented by the attorneys or law firms identified below under the heading “LEGAL MATTERS.” In other transactions not related to the Bonds, each of these attorneys or law firms may have acted as bond counsel or represented the Issuer, the Borrower or the Underwriter or their affiliates, in capacities different from those described herein, and there will be no limitations imposed as a result of the issuance of the Bonds on the ability of any of these firms or attorneys to act as bond counsel or represent any of these parties in any future transactions. Potential purchasers of the Bonds should not assume that the Issuer, the Borrower and the Underwriter or their respective counsel or Bond Counsel have not previously engaged in, or will not after the issuance of the Bonds engage in, other transactions with each other or with any affiliates of any of them, and no assurance can be given that there are or will be no past or future relationships or transactions between or among any of these parties or these attorneys or law firms.

TAX MATTERS

Opinion of Bond Counsel – Federal Income Tax Status of Interest

Except as qualified below, in the opinion of Williams Mullen, Bond Counsel, assuming continuous compliance with the covenants in the Tax Certificate and Agreement to be delivered by the Borrower and the Issuer in connection with the delivery of the Bonds (the “Tax Certificate”), and based on existing statutes, court decisions, regulations and rulings, and subject to the qualifications described in the remaining paragraphs under this heading, interest on the Bonds (a) is excludable from the gross income of the holders of the Bonds for purposes of federal income taxation pursuant to the Internal Revenue Code of 1986, as amended (the “Code”) under existing statutes, regulations and decisions, except as provided in Section 147(a) of the Code with respect to any period during which the Bonds are held by a person who is a “substantial user” of the Project or by a “related person,” as such terms are used in Section 147(a) of the Code and the regulations adopted thereunder, and (b) is not a specific item of tax preference for purposes of the federal alternative minimum tax on individuals. However, for taxable years beginning after December 31, 2022, such interest is included in the “adjusted financial statement income” (as defined in Section 56a of the Code) of certain corporations in determining the applicability and amount of the federal corporate alternative minimum tax imposed under Section 55(b) of the Code. In the event of noncompliance with certain covenants contained in the Tax Certificate, interest on the Bonds would be subject to income taxation

by the United States from the date of issue. The proposed form of the opinion of Bond Counsel appears as Appendix B attached hereto.

Bond Counsel's opinion speaks as of its date, is based on current legal authority and precedent, covers certain matters not directly addressed by such authority and precedent, and represents Bond Counsel's judgment as to the excludability of interest on the Bonds for federal income tax purposes. Bond Counsel's opinion does not contain or provide any opinion or assurance regarding the future activities of the Issuer or the Borrower or about the effect of future changes in the Code, the applicable regulations, or the interpretation or the enforcement thereof by the Internal Revenue Service (the "IRS") and the courts.

Although Bond Counsel is of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, Bonds may otherwise affect the federal tax liability of an owner of the Bonds. The nature and extent of these other federal tax consequences depend on the owner's particular tax status and levels of other income or deductions. Bond Counsel will express no opinion regarding any such other tax consequences and prospective purchasers of the Bonds should consult their own tax advisors with respect thereto.

Reliance and Assumptions; Effect of Certain Changes

In delivering its opinion regarding the federal tax treatment of interest on the Bonds, Bond Counsel is relying upon and assuming the accuracy of certifications and representations of the Issuer, the Borrower, and other persons to facts material to the opinion, which Bond Counsel has not independently verified.

In addition, Bond Counsel is assuming continuing compliance with the Covenants (as hereinafter defined) by the Issuer and the Borrower. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from gross income for purposes of federal income taxation. These requirements include, by way of example and not limitation, restrictions on the use, expenditure and investment of the proceeds of the Bonds and the use of the property financed by the Bonds, limitations on the source of the payment of and the security for the Bonds, and the obligation to rebate certain excess earnings on the gross proceeds of the Bonds to the Treasury of the United States (the "Treasury"). The Indenture, the Loan Agreement, and the Tax Certificate contain covenants (the "Covenants") under which the Issuer and the Borrower have agreed to comply. A failure to comply with the Covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to their date of issue. If such a failure were to occur, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Bonds from becoming includable in gross income for federal income tax purposes. Compliance by the Issuer with its respective Covenants does not require the Issuer to make any financial contribution for which it does not receive funds from the Borrower.

Bond Counsel has no responsibility to monitor compliance with the Covenants after the date of issue of the Bonds.

Certain requirements and procedures contained, incorporated or referred to in the Indenture, the Loan Agreement, and the Tax Certificate, including the Covenants, may be changed and certain actions may be taken or omitted subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion concerning any effect on the excludability of interest on the Bonds from gross income for federal income tax purposes of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than Bond Counsel.

Certain Collateral Federal Tax Consequences

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

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, banks and financial institutions, certain insurance companies, dealers in tax-exempt obligations, certain corporations (including S corporations and foreign corporations), certain foreign corporations subject to the “branch profits tax,” individual recipients of Social Security or Railroad Retirement benefits, owners of an interest in a financial securitization trust, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers attempting to qualify for the earned income tax credit.

Original Issue Premium

Bonds purchased in the initial public offering with yields lower than their applicable interest rates, as shown on the inside cover page hereof, have been sold with “bond premium.” Each such Bond is referred to below as an “OIP Bond.” The excess of (i) the owner’s basis in the OIP Bond immediately after acquisition over (ii) the amount payable at maturity (excluding qualified stated interest) as determined under Section 171 of the Code constitutes the amount of the bond premium. Under the Code, the bond premium is amortized based on the owner’s yield over the remaining term of the OIP Bond (or, in the case of certain callable OIP Bonds, to an earlier call date that results in a lowest yield on the OIP Bond). The owner of an OIP Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period against the bond premium allocable to that period. No deduction is allowed for such amortization of bond premium even though the owner is required to decrease the adjusted basis in the owner’s OIP Bond by the amount of the amortizable bond premium, which will result in an increase in the gain (or decrease in the loss) recognized for federal income tax purposes upon a sale or disposition of the OIP Bond prior to its maturity.

Prospective purchasers of any OIP Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, sale, exchange, or other disposition of, and amortization of bond premium on, such OIP Bonds.

Information Reporting and Backup Withholding

Prospective purchasers should be aware that the interest on the Bonds is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. In addition, interest on the Bonds may be subject to backup withholding if the interest is paid to an owner who or which (i) is not an “exempt recipient” and (ii) (A) fails to furnish an accurate U.S. taxpayer identification number in the manner required, (B) has been notified of a failure to report all interest and dividends required to be shown on federal income tax returns or (C) fails to certify under penalty of perjury that the owner is not subject to withholding. Individuals generally are not exempt recipients, although corporations and other entities generally are.

The reporting and backup withholding requirements do not in and of themselves affect the excludability of interest on the Bonds from gross income for federal income tax purposes, and amounts withheld under the backup withholding rules may be refunded or credited against the owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS.

Internal Revenue Service Audits

The IRS has established a program to audit tax-exempt obligations to determine whether the interest thereon is includable in gross income for federal income tax purposes. If the IRS does audit the Bonds, the IRS will, under its current procedures, treat the Issuer as the taxpayer. As such, the beneficial owners of the Bonds will have only limited rights, if any, to participate in the audit or any administrative or judicial review or appeal thereof. Any action of the IRS, including but not limited to the selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the marketability or market value of the Bonds.

Opinion of Bond Counsel – Virginia Income Tax Consequences

In the opinion of Bond Counsel, under current law, interest on the Bonds is excludable from gross income for purposes of income taxation by the Commonwealth. Bond Counsel will express no opinion regarding (i) other tax consequences arising with respect to the Bonds under the laws of the Commonwealth or (ii) any consequences arising with respect to the Bonds under the tax laws of any state or local jurisdiction other than the Commonwealth. Prospective purchasers of the Bonds should consult their own tax advisors regarding such other Virginia tax consequences or the tax status of interest on the Bonds in a particular state or local jurisdiction other than the Commonwealth.

Changes in Federal and State Tax Law and Regulations

Legislation affecting tax-exempt obligations is regularly considered by the U.S. Congress and various state legislatures. Such legislation may effect changes in federal or state income tax rates and the application of federal or state income tax laws (including the substitution of another type of tax), or may repeal or reduce the benefit of the excludability of interest on the tax-exempt obligations from gross income for federal or state income tax purposes.

The U.S. Department of the Treasury and the IRS and state regulatory authorities are continuously drafting regulations to interpret and apply the provisions of the Code and state law and court proceedings may be filed, the outcome of which could modify the federal or state tax treatment of tax-exempt obligations.

There can be no assurance that legislation proposed or enacted after the date of issue of the Bonds, regulatory interpretation of the Code or state laws or actions by a court involving either the Bonds or other tax-exempt obligations will not have an adverse effect on the Bonds' federal or state tax status, marketability or market price or on the economic value of the tax-exempt status of the interest on the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential consequences of any such proposed or pending federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds and with regard to the tax-exempt status of the interest thereon (see "TAX MATTERS" herein) are subject to the approving legal

opinion of Williams Mullen, Richmond, Virginia, Bond Counsel. A signed copy of that opinion, dated and speaking only as of the date of original delivery of the Bonds, will be delivered to the Underwriter at the time of such original delivery. A copy of such opinion will accompany the Bonds, and a draft of that opinion is attached hereto as Appendix B.

In rendering its approving opinion, Bond Counsel will rely on certifications and representations of fact to be contained in the transcript of proceedings which Bond Counsel will not have independently verified. Certain legal matters will be passed upon for the Underwriter by its counsel, Robinson & Cole LLP, Washington, D.C., for the Issuer by its counsel, Kaufman & Canoles, P.C., Newport News, Virginia, and for the Borrower by its counsel, Winthrop & Weinstine, P.A., Minneapolis, Minnesota.

RATING

Moody's Ratings (the "Rating Agency") has assigned to the Bonds the rating set forth on the cover hereof. The rating reflects only the views of the Rating Agency, and an explanation of the significance of such rating may be obtained from it. No assurance can be given that the rating will be maintained for any given period of time or that the rating may not be revised downward, suspended or withdrawn entirely by the Rating Agency if, in its judgment, circumstances so warrant. Any such downward change in, suspension or withdrawal of the rating may have an adverse effect on the market price of the Bonds. The Underwriter and the Issuer have undertaken no responsibility after issuance of the Bonds to assure the maintenance of the rating or to oppose any such revision, suspension or withdrawal. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

CONTINUING DISCLOSURE

The Borrower will enter into a Continuing Disclosure Agreement, dated as of July 1, 2026 (the "Continuing Disclosure Agreement"), with the Trustee, acting as the Dissemination Agent, obligating the Borrower to send, or cause to be sent, certain financial information with respect to the Project to certain information repositories annually and to provide notice, or cause notice to be provided, to the Municipal Securities Rulemaking Board, if any, of certain enumerated events for the benefit of the beneficial owners and Holders of any of the Bonds, in order to allow the Underwriter to meet the requirements of Section (b)(5)(i) of Securities Exchange Commission Rule 15c2-12 (the "Rule").

A failure by the Borrower to comply with the provisions of the Continuing Disclosure Agreement will not constitute a default under the Indenture or the Loan Agreement (although Holders will have any available remedy at law or in equity for obtaining necessary disclosures). Nevertheless, such a failure to comply is required to be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds.

The Borrower, as a newly formed entity, has not entered into prior continuing disclosure undertakings, nor has it defaulted under any obligations in connection with any issuance of bonds subject to the Rule. See "APPENDIX F – FORM OF CONTINUING DISCLOSURE AGREEMENT" attached hereto.

The Issuer does not have any obligation with respect to the Continuing Disclosure Agreement because the Issuer is not an "obligated party" under the terms of the Rule. The Issuer will not monitor the compliance by the Borrower with the terms of the Continuing Disclosure Agreement.

MISCELLANEOUS

The foregoing references to and summaries or descriptions of provisions of the Bonds, the Loan Agreement, the Indenture and the Regulatory Agreement, and all references to other materials not stated to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof. After the Closing Date, copies of the Loan Agreement, the Indenture, the Promissory Note, and the Regulatory Agreement may be obtained from the Trustee at its designated corporate trust office.

The Borrower and the Issuer have authorized and approved the use and distribution of this Official Statement, although the Issuer has not reviewed or approved any matters herein and assumes no responsibility for the accuracy or completeness of the information herein except for the information under the captions “THE ISSUER” and “NO LITIGATION – The Issuer” in this Official Statement.

[Remainder of Page Intentionally Left Blank]

The Official Statement has been duly authorized, executed and delivered by the Borrower.

STUART GARDENS II HOUSING PARTNERS, LP,
a Virginia limited partnership

By: Stuart Gardens II Housing Management, LLC,
a Virginia limited liability company,
its General Partner

By: Vitus Development III, LLC,
a Delaware limited liability company,
its Member and Manager

By: _____
Name: Stephen R. Whyte
Title: President

APPENDIX A

DEFINITIONS OF CERTAIN TERMS

“Act” means the Virginia Housing Authorities Law, Chapter 1, Title 36 of the Code of Virginia of 1950, as amended.

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

“Adjusted Income” means the adjusted income of a person (together with the adjusted income of all persons of the age of 18 years or older who intend to reside with such person in a dwelling unit), as calculated in the manner prescribed under Section 142(d)(2)(B) of the Code.

“Administrative Fee” means the administrative fees of the Issuer payable under the Loan Agreement.

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

“Area Median Income” or “AMI” means the median yearly income for households of an applicable size in the applicable Primary Metropolitan Statistical Area as most recently determined by the Secretary of Housing and Urban Development under Section 8(f)(3) of the Housing Act, or, if such figures are no longer available, the method of calculation is substantially altered, or the programs under Section 8(f) are terminated, the Issuer shall provide the Borrower with another income determination that is reasonably similar to the method used by the Secretary prior to such termination.

“Authenticating Agent” has the meaning provided in the Indenture.

“Authorized Borrower Representative” means the person or persons designated to act on behalf of the Borrower by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by an officer of the General Partner, which certificate may designate an alternate or alternates. The initial Authorized Borrower Representatives are Stephen R. Whyte, Tarun Chandran and Scott O. Langan.

“Authorized Denomination” means (a) so long as the Bonds are rated “A,” without regard to a modifier (or the equivalent) or higher by a Rating Agency, \$5,000 or any integral multiple of \$1,000 in excess thereof; or (b) at any other time, \$100,000, or any integral multiple of \$0.01 in excess thereof, except that in each case one Bond may be in a principal amount equal to the then Outstanding principal amount of the Bonds.

“Authorized Official” means the Chairman, Vice Chairman, Secretary/Treasurer and the Executive Director of the Issuer, or any one of them individually.

“Available Money” means, as of any date of determination, any of the following, as applicable:

- (a) the proceeds of the Bonds;

- (b) proceeds from the sale of GNMA Securities provided by the FHA Lender;
- (c) amounts advanced by FHA Lender with respect to the FHA Lender Funds deposited directly with the Trustee by the FHA Lender;
- (d) proceeds of the Bridge Loan;
- (e) any other amounts, including the proceeds of refunding bonds, for which the Trustee has received an opinion of counsel to the effect that the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code (or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court) or be avoidable as preferential payments under Section 547 of the Bankruptcy Code should the Issuer or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;
- (f) the Underwriter's Advance;
- (g) the proceeds of any letter of credit;
- (h) remarketing proceeds received from the Remarketing Agent or any purchaser of Bonds, including any amount paid by the Remarketing Agent to the Trustee in excess of the remarketing price of the Bonds (other than funds provided by the Borrower, the Issuer, any Affiliate of either the Borrower or the Issuer); or
- (i) investment earnings derived from the investment of money described in subsection (a), (b), (c), (d), (e), (f), (g), or (h) above.

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

"Bond Counsel" means Williams Mullen, and any other firm of nationally recognized bond counsel experienced in tax-exempt bond financing selected by the Issuer and acceptable to the Borrower.

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

"Bond Fund" means the Bond Fund created in the Indenture.

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

"Bond Purchase Agreement" means the Bond Purchase Agreement, dated _____, 2026, among the Underwriter, the Issuer, and the Borrower.

"Bond Resolution" means that certain resolution authorizing the issuance of the Bonds to finance the Project, adopted by the Issuer on June 16, 2026.

“Bonds” means the Multifamily Housing Revenue Bonds (Stuart Gardens II Apartments) Series 2026, issued by the Issuer pursuant to the Indenture and the Bond Resolution in the original aggregate principal amount of \$24,000,000*.

“Bond Year” means each annual period of twelve (12) months the first of which commences on the date of the original issuance and delivery of the Bonds and the last of which ends on the maturity of the Bonds, except that the first and last Bond Year may be less than twelve (12) months.

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

“Borrower” means Stuart Gardens II Housing Partners, LP, a Virginia limited partnership, and its lawful successors and assigns to the extent permitted by the Loan Agreement.

“Borrower Documents” means, collectively, the Loan Agreement, the Promissory Note, the Regulatory Agreement, and the Tax Certificate.

“Bridge Lender” means Merchants Bank of Indiana.

“Bridge Loan” means that certain loan by the Bridge Lender to the Borrower in the original principal amount of \$19,000,000* to bridge a portion of the Tax Credit Equity contributions.

“Bridge Loan Documents” means, collectively, the Bridge Loan Agreement, by and between the Borrower and the Bridge Lender, dated as of July __, 2026; the Promissory Note with HUD Rider; Pledge and Security Agreement (Borrower), dated as of July __, 2026, entered into by the Borrower, in favor of the Bridge Lender; Pledge and Security Agreement (Investor Limited Partner[s]), dated as of July __, 2026, entered into by the Borrower in favor of the Bridge Lender; Disbursing Agreement, dated as of July __, 2026, by and among the Bridge Lender, the Borrower, and Chicago Title Insurance Company; Guaranty, dated July __, 2026, by Vitus Group, LLC to the Bridge Lender; Guaranty Affidavit; Blocked Account Control Agreement, dated as of July __, 2026, between the Borrower and the Bridge Lender; Developer Fee Subordination Agreement, dated July __, 2026, by and among Vitus Development III, LLC, the Borrower, and the Bridge Lender.

“Business Day” means a day of the week, other than a Saturday or a Sunday, on which commercial banks located in the city in which the principal corporate trust office of the Trustee is located are not required or authorized to remain closed.

“Cash Flow Projection” means a cash flow projection prepared by an Independent firm of certified public accountants, a financial advisory firm, a law firm or other independent third party qualified and experienced in the preparation of cash flow projections for structured finance transactions similar to the Bonds, designated by the Borrower and acceptable to the Remarketing Agent and the Rating Agency, establishing, to the satisfaction of the Remarketing Agent and the Rating Agency, the sufficiency of (a) the amounts on deposit in the Special Funds; (b) projected investment income to accrue on amounts on deposit

* Preliminary; subject to change.

in the Special Funds during the applicable period; and (c) any additional Available Money delivered to the Trustee by or on behalf of the Borrower to pay Bond Debt Service Charges and the Additional Payments, in each instance, when due and payable, including, but not limited to, any cash flow projection prepared in connection with (1) the initial issuance and delivery of the Bonds, (2) a proposed remarketing of the Bonds, as provided in the Indenture, (3) a proposed optional redemption of the Bonds, as provided in the Indenture, and (4) the purchase, sale, or exchange of Eligible Investments or the release of Available Money from the Interest Account of the Bond Fund as provided in the Indenture.

“Closing Date” means July __, 2026, which is the date of issuance of the Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, and all applicable regulations (whether proposed, temporary or final) under the Code and the statutory predecessor of the Code, and any official rulings and judicial determinations under the foregoing applicable to the Bonds.

“Collateral Fund” means the Collateral Fund created pursuant to the Indenture.

“Commonwealth” means the Commonwealth of Virginia.

“Completion Date” means the date of substantial completion of the Project evidenced in accordance with the requirements of the Loan Agreement.

“Construction Period” means the period between the beginning of the acquisition, rehabilitation, renovation, and equipping of the Project and the Completion Date.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of July 1, 2026, between the Borrower and the Dissemination Agent, as it may be amended from time to time.

“Contractual Obligation” means for any Person any obligation, covenant, or condition contained in any evidence of Indebtedness or any agreement or instrument under or pursuant to which any evidence of Indebtedness has been issued, or any other material agreement, instrument or guaranty, to which such Person is a party or by which such Person or any of its assets or properties are bound.

“Costs of Issuance Fund” means the Costs of Issuance Fund created pursuant to the Indenture.

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

“Disbursement Request” shall have the meaning set forth in the Indenture.

“Disbursing Agreement” means the Construction Loan Disbursement Agreement, dated the Closing Date, among the Bridge Lender, the Trustee, the Borrower, the FHA Lender, and the Title Company, as it may be amended from time to time.

“Dissemination Agent” means U.S. Bank Trust Company, National Association, a national banking association, its successors and assigns.

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

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

“Eligible Investments” means any of the following investments which mature (or are redeemable without penalty) at such time or times as to enable timely disbursements to be made from the fund in which such investment is held or allocated in accordance with the terms of the Indenture:

(a) Government Obligations; or

(b) shares or units in any money market mutual fund rated at the time of investment “Aaa-mf” by Moody’s (or the equivalent Highest Rating Category given by the Rating Agency for that Rating Category) that invest substantially in Government Obligations, including mutual funds of the Trustee or its affiliates or for which the Trustee or an affiliate thereof serves as investment advisor or provides other services to such mutual fund and receives reasonable compensation therefor that are registered with the Securities and Exchange Commission and which meet the requirements of Rule 2(a)(7) of the Investment Company Act of 1940, as amended, which may be administered by the Trustee or its affiliates.

The term “Eligible Investments” shall not include the following: (1) any investment with a final maturity or any agreement with a term ending later than the earlier of (i) the current Mandatory Tender Date in effect at the time of investment or (ii) the Maturity Date; (2) any interest only or principal only stripped security; and (3) any investment which may be prepaid or called at a price less than its purchase price prior to stated maturity.

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

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

“Extraordinary Services” and “Extraordinary Expenses” mean all services rendered and all reasonable expenses properly incurred by the Trustee under the Indenture, other than Ordinary Services and Ordinary Expenses. Extraordinary Services and Extraordinary Expenses shall specifically include services rendered or expenses incurred by the Trustee in connection with, or in contemplation of, an Event of Default.

“Favorable Opinion of Bond Counsel” means an opinion of Bond Counsel that the action proposed will not, in and of itself, cause interest on the Bonds to become includable in gross income of the Holders thereof.

“Federal Investor Limited Partner” means The Richman Group Affordable Housing Corporation, a Delaware corporation, and its successors and/or assigns.

“FHA” means the Federal Housing Administration.

“FHA Insurance Commitment” means the commitment for insurance of advances issued by the Federal Housing Commissioner of HUD with respect to the Project, dated December 23, 2025, as may be amended from time to time.

“FHA Insurance Regulations” means the FHA regulations promulgated under the National Housing Act, as amended.

“FHA Insured Mortgage Loan” means the mortgage loan in the approximate original principal amount of \$32,060,000* to be advanced by the FHA Lender to the Borrower and insured by FHA under Section 221(d)(4) of the National Housing Act, as amended.

“FHA Lender” means Merchants Capital Corp., an Indiana corporation, its successors and assigns.

“FHA Lender Funds” means funds of the FHA Lender, other than proceeds of the FHA Insured Mortgage Loan, delivered to the Trustee pursuant to the Indenture and the Loan Agreement.

“FHA Loan Documents” means the documents related to the FHA Insured Mortgage Loan, including the FHA Insurance Commitment, the FHA Note, the FHA Mortgage, the HUD Regulatory Agreement and any and all other documents, agreements, or instruments which evidence or secure the indebtedness evidenced by the FHA Note.

“FHA Mortgage” means the first-lien priority Multifamily Mortgage, Security Agreement, Assignment of Rents, and Fixture Filing (Virginia), dated the date of the FHA Note and insured by HUD, from the Borrower for the benefit of the FHA Lender to secure the repayment of the FHA Note.

“FHA Note” means the Note (Multistate) in the approximate amount of \$32,060,000*, dated as of July 1, 2026, from the Borrower to the FHA Lender to evidence its indebtedness under the FHA Insured Mortgage Loan.

“Fiscal Year” means, with respect to a Person, that period beginning on January 1 of each year and ending on December 31 of the same year or such other fiscal year as shall be designated by such Person as its annual accounting period.

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

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

“General Partner” means Stuart Gardens II Housing Management, LLC, a Virginia limited liability company, its permitted successors and assigns.

“GNMA” means the Government National Mortgage Association, a corporate instrumentality of the United States within the United States Department of Housing and Urban Development organized and existing under the National Housing Act.

“GNMA Documents” means the GNMA Guaranty and the documents related to the GNMA Guaranty.

* Preliminary; subject to change.

“GNMA Guaranty” means the guaranty made by GNMA pursuant to the provisions of Section 306(g) of Title III of the National Housing Act, as amended, and the regulations promulgated under the National Housing Act.

“GNMA Mortgage-Backed Securities Guide” means the GNMA Handbook 5500.3, as it may be amended or modified from time to time, which describes and provides instruction to the participants in the GNMA Mortgage-Backed Securities program.

“GNMA Regulations” means the GNMA regulations promulgated under the National Housing Act.

“GNMA Security” or “GNMA Securities” means a fully modified pass through security in the form of a CLC or a PLC issued by an approved FHA lender and guaranteed by GNMA as to timely payment of principal of and interest on a PLC and as to timely payment of interest only until maturity and timely payment of principal at maturity on a CLC, pursuant to Section 306(g) of the National Housing Act of 1934, as amended, and the regulations promulgated thereunder.

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

“Government Obligations” means non-callable, non-redeemable direct obligations of the United States of America, including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America.

“Highest Rating Category” means, with respect to an Eligible Investment, that the Eligible Investment is rated by a Rating Agency in the highest rating given by that Rating Agency for that Rating Category, provided that such rating shall include but not be below Aa1 or Aa1/VMIG-1 if rated by Moody’s or A-1+ or AA+ if rated by S&P.

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

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

“HUD Regulatory Agreement” means the Regulatory Agreement for Multifamily Projects, dated the date of the FHA Note, between the Borrower and HUD, related to the FHA Insured Mortgage Loan.

“Indebtedness” means for any Person (a) all indebtedness or other obligations of such Person for borrowed money or for the deferred purchase price of property or services; (b) all indebtedness or other obligations of any other Person for borrowed money or for the deferred purchase price of property or services, the payment or collection of which such Person has guaranteed (except by reason of endorsement for deposit or collection in the ordinary course of business) or in respect of which such Person is liable, contingently or otherwise, including, without limitation, by way of agreement to purchase, to provide funds for payment, to supply funds to or otherwise to invest in such other Person, or otherwise to assure a creditor against loss; (c) all indebtedness or other obligations of any other Person for borrowed money or for the deferred purchase price of property or services secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien, upon or in property (including, without limitation, accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such indebtedness or other obligations; (d) all direct or contingent obligations of such Person in respect of letters of credit; (e) all lease obligations which have

been or should be, in accordance with GAAP, capitalized on the books of such Person as lessee; and (f) guaranties of any of the foregoing; provided that Indebtedness does not include accounts payable and accrued expenses incurred in the ordinary course of business.

“Indenture” means the Indenture of Trust, dated as of July 1, 2026, between the Issuer and the Trustee, as amended or supplemented from time to time in accordance with the Indenture.

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

“Information Services” means in accordance with then-current guidelines of the Securities and Exchange Commission, the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor entity or entities designated by the Securities and Exchange Commission.

“Initial Deposit” means the deposit of Available Money in the amount of \$[0], which the Borrower shall cause to be made from the Underwriter’s Advance to the Interest Account of the Bond Fund on the Closing Date.

“Initial Interest Rate” means __. __%.

“Initial Mandatory Tender Date” means October 1, 2028*.

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

“Interest Account” means the Interest Account within the Bond Fund created in the Indenture.

“Interest Payment Date” or “Interest Payment Dates” means (a) each April 1* and October 1*, commencing October 1, 2026*; (b) any date the Bonds are called for redemption prior to maturity; (c) each Mandatory Tender Date; (d) the Maturity Date; and (e) the date of acceleration of the Bonds.

“Interest Period” means, initially, the period from the Closing Date to and including October 1, 2026, and thereafter, the period commencing on each succeeding Interest Payment Date and ending on the last day of that month preceding the next Interest Payment Date.

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

“Interest Rate for Advances” means the rate of 6% per annum or the rate per annum which is 2% plus that interest rate announced by U.S. Bancorp in its lending capacity as a bank as its “Prime Rate” or its “Base Rate,” whichever is greater and lawfully chargeable, in whole or in part.

“Investor Limited Partners” means collectively, the Federal Investor Limited Partner and the State Investor Limited Partner.

* Preliminary; subject to change.

“Issuer” means the Newport News Redevelopment and Housing Authority, a political subdivision of the Commonwealth, duly organized and existing under the laws of the Commonwealth, the issuer of the Bonds under the Indenture, and its successors and assigns.

“Issuer Revenues” means (a) the Loan Payments; (b) all other money received or to be received by the Issuer or the Trustee in respect of repayment of the Loan, including without limitation, all money and investments in the Bond Fund; (c) any money and investments in the Project Fund and the Collateral Fund; and (d) all income and profit from the investment of the foregoing money. The term “Issuer Revenues” does not include any money or investments in the Rebate Fund, nor does it include payment of any Additional Payments due from the Borrower to the Issuer under the Loan Agreement, including payment of the Administrative Fee or reimbursement of any expenses incurred by the Issuer.

“Lien” means any mortgage, deed of trust, lien, charge, security interest or encumbrance of any kind upon, or pledge of, any property, whether owned as of or acquired after the date of the Indenture, and includes the acquisition of, or agreement to acquire, any property subject to any conditional sale agreement or other title retention agreement, including a lease on terms tantamount thereto or on terms otherwise substantially equivalent to a purchase.

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

“Loan Agreement” means the Loan Agreement, dated as of July 1, 2026, between the Issuer and the Borrower and assigned by the Issuer, except for Unassigned Issuer’s Rights, to the Trustee, as amended or supplemented from time to time, in relation to the Bonds.

“Loan Payment Cure Period” means a period of four (4) Business Days following any Loan Payment Date.

“Loan Payment Date” means the fifth Business Day preceding each Bond Payment Date.

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

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

“Low Income Tenants” means persons or families with Adjusted Income which does not exceed 60% of the Area Median Income adjusted for household size. In no event will the occupants of a unit be considered to be Low Income Tenants if all such occupants are students (as defined in Section 152(f)(2) of the Code), unless the unit is occupied:

- (i) by an individual who is (A) a student and receiving assistance under Title IV of the Social Security Act, (B) a student who was previously under the care and placement responsibility of the Commonwealth agency responsible for administering a plan under Part B or Part E of Title IV of the Social Security Act, or (C) enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar federal, Commonwealth, or local laws; or

- (ii) entirely by full-time students if such students are (A) single parents and their children and such parents are not dependents (as defined in Section 152 of the Code, determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof) of another individual and such children are not dependents (as defined in Section 152 of the Code, determined without regard to

subsections (b)(1), (b)(2), and (d)(1)(B) thereof) of another individual other than a parent of such children, or (B) married and entitled to file a joint return.

“Majority of the Holders of the Bonds” means the Holders of more than 50% of the principal amount of the then Outstanding Bonds.

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

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

“Maturity Date” means October 1, 2030*.

“Maximum Interest Rate” means the interest rate equal to the lesser of (a) eight percent (8%) per annum or (b) the maximum interest rate per annum permitted by applicable Commonwealth law.

“Minimum Trustee Rating” means a long term rating of the Trustee’s unsecured obligations with maturities in excess of one (1) year of not less than “A” by S&P, or, if the Trustee does not have such a rating from S&P, it must have a minimum rating of its unsecured obligations with maturities of one (1) year or less of “A-1” from S&P.

“Moody’s” means Moody’s Ratings.

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

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

“Ordinary Services” and “Ordinary Expenses” mean those services normally rendered, and those expenses normally incurred, by a trustee under instruments similar to the Indenture. Without limiting the generality of this definition, Ordinary Services and Ordinary Expenses shall include, without limitation, services provided by the Trustee in connection with the redemption of Bonds as provided in the Indenture and in connection with any meetings of Holders of the Bonds as provided in the Indenture.

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

(a) Bonds cancelled upon surrender, exchange or transfer, or cancelled because of payment on or prior to that date;

(b) Bonds, or the portion thereof, for the payment or purchase for cancellation of which sufficient money has been deposited and credited with the Trustee or the Paying Agents on or prior to that date for that purpose (whether upon or prior to the maturity of those Bonds);

(c) Bonds, or the portion thereof, which are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of the Indenture; and

* Preliminary; subject to change.

(d) Bonds in lieu of which others have been authenticated under the Indenture.

“Paying Agent” means the Trustee acting as such, or any other bank or trust company designated as a Paying Agent by or in accordance with the Indenture.

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

“Plans and Specifications” means the plans and specifications describing the Project as now prepared and as they may be changed as provided in the Indenture from time to time.

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

“Program Obligations” shall have the meaning provided in the FHA Mortgage.

“Project” means the financing for a portion of the costs of the renovation, rehabilitation, construction, improvement, and equipping of the multifamily rental housing facility consisting of approximately 239 rental units and related facilities located at 1326C Garden Drive, Newport News, Virginia 23607, for occupancy by individuals or families of low and moderate income.

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

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

“Project Purposes” means the operation of the Project in accordance with the Act, the Code and the Regulatory Agreement.

“Promissory Note” means the Promissory Note, in the original principal amount of \$24,000,000*, dated the Closing Date, in the form attached to the Loan Agreement as an exhibit, evidencing the obligation of the Borrower to make Loan Payments.

“Rating Agency” means S&P, Moody’s, or any other nationally recognized municipal securities rating agency acceptable to the Holders, and initially means Moody’s so long as Moody’s is rating the Bonds.

“Rebate Analyst” shall have the meaning provided in the Indenture.

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

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

* Preliminary; subject to change.

“Registrar” means the Trustee, until a successor Registrar shall have become such pursuant to applicable provisions of the Indenture; each Registrar shall be a transfer agent registered in accordance with Section 17A(c) of the Securities Exchange Act of 1934.

“Regular Record Date” means the fifteenth (15th) day of the calendar month next preceding an Interest Payment Date applicable to that Bond.

“Regulatory Agreement” means the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of July 1, 2026, but effective as of the Closing Date, between the Issuer and the Borrower, relating to the Bonds, as the same may be amended from time to time.

“Remarketing Agent” means Colliers Securities LLC, a Delaware limited liability company, or any successor as Remarketing Agent designated in accordance with the Indenture.

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

“Remarketing Agreement” means the Remarketing Agreement, dated as of July 1, 2026, between the Borrower and the Remarketing Agent, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

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

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

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

“Remarketing Period” means the period beginning on a Remarketing Date and ending on the last day of the term for which Bonds are remarketed pursuant to the Indenture or the final Maturity Date of the Bonds, as applicable.

“Remarketing Proceeds Account” means the Remarketing Proceeds Account of the Bond Fund created in the Indenture.

“Remarketing Rate” means the interest rate or rates established pursuant to the Indenture and borne by the Bonds then Outstanding from and including each Remarketing Date to, but not including, the next succeeding Remarketing Date or the final Maturity Date of the Bonds, as applicable.

“Responsible Officer” means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or

to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of the Indenture.

"Securities Act" means the United States Securities Act of 1933, as in effect on the Closing Date.

"Securities Depositories" means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax (516) 227 4039 or 4191; Midwest Securities Trust Company, Capital Structures – Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax (312) 663 2343; Pacific Securities Depository Trust Company, Pacific and Company, P.O. Box 7041, San Francisco, California 94120, Fax (415) 393 4128; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax (215) 496 5058; or, in accordance with the then current guidelines of the Securities and Exchange Commission to such other addresses and/or such other securities depositories or, as the Issuer may designate in a request of the Issuer delivered to the Trustee, to no such depositories.

"S&P" means S&P Global Ratings.

"Special Funds" means, collectively, the Bond Fund, the Collateral Fund and the Project Fund, and any accounts therein, all as created in the Indenture.

"Special Record Date" means, with respect to any Bond, the date established by the Trustee in connection with the payment of overdue interest or principal on that Bond.

"State Investor Limited Partner" means Commonwealth Advisors Capital LLC, a Virginia limited liability company, and its successors and/or assigns.

"Subordinate Bond Documents" shall have the meaning provided in the Indenture and the Loan Agreement.

"Supplemental Indenture" means any indenture supplemental to the Indenture entered into between the Issuer and the Trustee in accordance with the Indenture.

"Surplus Cash" shall have the meaning provided in the HUD Regulatory Agreement.

"Tax Certificate" means the Federal Tax Agreement and Non-Arbitrage Certificate of the Issuer and the Borrower, executed by the Issuer and the Borrower on the Closing Date.

"Tendered Bond" means any Bond which has been tendered for purchase pursuant to a Mandatory Tender.

"Title Company" means Chicago Title Insurance Company, its permitted successors and assigns.

"Trustee" means U.S. Bank Trust Company, National Association, a national banking association, until a successor Trustee shall have become such pursuant to the applicable provisions of the Indenture, and thereafter, the term "Trustee" shall mean the successor Trustee.

"Unassigned Issuer's Rights" means all of the rights of the Issuer to enforce compliance with the requirements under the Loan Agreement; to receive Additional Payments under the Loan Agreement; to inspect books and records under the Loan Agreement; to be held harmless and indemnified under the Loan Agreement; to be an insured and to receive notice of material litigation under the Loan Agreement; to receive notices of default and enforce the limitation of liability related to the Regulatory Agreement under

the Loan Agreement; to pursue remedies upon default under the Loan Agreement to the extent provided therein with respect to Unassigned Issuer's Rights; to be reimbursed for attorneys' fees and expenses under the Loan Agreement; to receive notices pursuant to the Loan Agreement; to give or withhold consent to amendments, changes, modifications, alterations and termination of the Loan Agreement under the Loan Agreement; to enforce the limitation of liability under the Loan Agreement; and to receive payment of audit expenses under the Loan Agreement.

"Undelivered Bond" means any Bond that is required under the Indenture to be delivered to the Remarketing Agent or the Trustee for purchase on a Mandatory Tender Date but that has not been received on the date such Bond is required to be so delivered.

"Underwriter" means Colliers Securities LLC, a Delaware limited liability company, its successors and assigns.

"Underwriter's Advance" means an amount equal to the Initial Deposit paid by the Underwriter for deposit to the Interest Account of the Bond Fund in excess of the par public offering price of the Bonds pursuant to the Bond Purchase Agreement.

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APPENDIX B
FORM OF BOND COUNSEL OPINION

July __, 2026

Newport News Redevelopment and Housing Authority
Newport News, Virginia

Colliers Securities LLC
Minneapolis, Minnesota

U.S. Bank Trust Company, National Association
Atlanta, Georgia

\$24,000,000
Newport News Redevelopment and Housing Authority
Multifamily Housing Revenue Bonds
(Stuart Gardens II Apartments)
Series 2026

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the issuance and sale by the Newport News Redevelopment and Housing Authority (the “Issuer”) of its \$24,000,000 Multifamily Housing Revenue Bonds (Stuart Gardens II Apartments), Series 2026, dated the date hereof (the “Bonds”). The Issuer issued the Bonds pursuant to the Virginia Housing Authorities Law, Chapter 1, Title 36 of the Code of Virginia of 1950, as now in effect and as hereafter amended or supplemented from time to time (the “Act”), and pursuant to the terms of the Indenture of Trust dated as of July 1, 2026 (the “Indenture”), between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). Unless otherwise defined, each capitalized term used in this opinion shall have the meaning given to it in the Indenture.

The Issuer loaned the proceeds of the Bonds (the “Loan”) to Stuart Gardens II Housing Partners, LP, a Virginia limited partnership (the “Borrower”) under the Loan Agreement dated as of July 1, 2026 (the “Loan Agreement”), between the Issuer and the Borrower, for the purpose of financing a portion of the cost of the rehabilitation, renovation, construction, improving and equipping of a multifamily rental housing facility known as Stuart Gardens II Apartments consisting of approximately 239 rental units and related facilities (the “Project”) and located on approximately 18.98 acres in the City of Newport News, Virginia (the “City”).

The use and operation of the Project are subject to the provisions of a Regulatory Agreement and Declaration of Restrictive Covenants dated as of July 1, 2026 (the “Regulatory Agreement”), executed by the Borrower for the benefit of the Issuer and the Trustee. The Regulatory Agreement requires, among other things, that the Project be operated as a “qualified residential rental project” within the meaning of and for the period required by Section 142(d) of the Internal Revenue Code of 1986, as amended (the “Code”). The Borrower's obligation to make payments under the Loan Agreement is evidenced by a promissory note dated the date hereof (the “Note”) from the Borrower to the Issuer, which the Issuer has assigned to the Trustee.

The Bonds are secured by the Indenture, which assigns to the Trustee (except Reserved Rights), as security for the Bonds, all right, title and interest of the Issuer in and to (i) the Revenues, including, without limitation, all Loan Payments and other amounts receivable by or on behalf of the Issuer under the Loan Agreement with respect to the repayment of the Loan, (ii) the Special Funds, including all accounts in such Special Funds and all money deposited therein and the investment earnings on such money, (iii) all right, title and interest of the Issuer in the proceeds derived from the sale of the Bonds, and any securities in which money in the Special Funds are invested, and (except for money required to be rebated to the United States of America under the Code) the proceeds derived therefrom, and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind pledged, assigned or transferred, as and for additional security under the Indenture by the Issuer or by anyone on its behalf, or with its written consent, to the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture, (iv) the Note, except for the Reserved Rights and (v) the Loan Agreement, except for the Reserved Rights.

In connection with this opinion, we have examined (a) the Constitution of the Commonwealth of Virginia, (b) the applicable laws of (i) the Commonwealth of Virginia, including, without limitation, the Act, and (ii) the United States of America, including, without limitation, the Code, and (c) copies of proceedings and other documents relating to the sale and issuance of the Bonds by the Issuer, including the resolutions adopted by the Issuer on April 15, 2025, October 21, 2025 and June 16, 2026, authorizing the issuance of the Bonds, such other matters as we have deemed necessary to render the opinions contained herein.

As to questions of fact material to our opinion, we have relied upon, and are assuming the accuracy of, certifications and representations of the Issuer, the Borrower, officers of the Borrower and other public officials and certain other third parties contained in certificates and other documents delivered at closing, including, without limitation, certifications as to the use of the proceeds of the Bonds, without undertaking to verify them by independent investigation.

We have assumed that all signatures on documents, certificates and instruments examined by us are genuine, all documents, certificates and instruments submitted to us as originals are authentic and all documents, certificates and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates and instruments relating to this financing have been duly authorized, executed and delivered by all parties other than the Issuer, and we have further assumed the due organization, existence and powers of such other parties other than the Issuer.

Based on the foregoing, we are of the opinion that, under current law:

1. The Issuer is a political subdivision of the Commonwealth of Virginia, duly organized and existing under the laws of the Commonwealth of Virginia and has the power to execute and deliver the Financing Documents to which it is a party, to perform the agreements on its part contained in the Financing Documents to which it is a party, to issue the Bonds and to apply the proceeds from the issuance and sale of the Bonds as set forth in the Indenture.

2. The Bonds have been duly authorized, executed and delivered in accordance with the Act and, subject to the exceptions set forth below, are valid and binding limited obligations of the Issuer payable solely from the revenues and receipts derived under the Indenture and the Trust Estate. The Bonds do not create or constitute a debt or a pledge of the faith and credit of the Commonwealth of Virginia or any political subdivision thereof, including without limitation, the City or the Issuer.

3. The Financing Documents to which the Issuer is a party have been duly authorized, executed and delivered by the Issuer and, subject to the exceptions set forth below, constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms.

4. Under current law, interest on the Bonds (a) is excludable from gross income for purposes of federal income taxation (except during any period while the Bonds are held by a “substantial user” of the Project or a “related person” within the meaning of Section 147(a) of the Code) and (b) is not a specific item of tax preference for purposes of the federal alternative minimum tax on individuals. However, for taxable years beginning after December 31, 2022, such interest is included in the “adjusted financial statement income” (as defined in Section 56A of the Code) of certain corporations in determining the applicability and amount of the federal corporate alternative minimum tax imposed under Section 55(b) of the Code. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

In delivering this opinion, we are assuming continuing compliance with the Covenants (as defined below) by the Issuer and the Borrower, so that interest on the Bonds will remain excludable from gross income for federal income tax purposes. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from gross income for purposes of federal income taxation. These requirements include, by way of example and not limitation, restrictions on the use, expenditure and investment of the proceeds of the Bonds and the use of the property financed by the Bonds, limitations on the source of the payment of and the security for the Bonds, and the obligation to rebate certain excess earnings on the gross proceeds of the Bonds to the United States Treasury. The Financing Documents delivered by the Issuer and the Borrower at closing contain covenants (the “Covenants”) with which the Issuer and the Borrower have agreed to comply. Failure by the Issuer or the Borrower to comply with their respective Covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to their date of issue. In the event of noncompliance with the Covenants, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Bonds from becoming includable in gross income for federal income tax purposes. Compliance by the Issuer with its respective Covenants does not require the Issuer to make any financial contribution for which it does not receive funds from the Borrower.

We have no responsibility to monitor compliance with the Covenants after the date of issue of the Bonds.

Certain requirements and procedures contained, incorporated or referred to in the Financing Documents, including the Covenants, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. We express no opinion concerning any effect on the excludability of interest on the Bonds from gross income for federal income tax purposes of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than this firm.

5. Interest on the Bonds is not subject to taxation as income by the Commonwealth of Virginia.

The enforceability of the obligations of the parties under the Financing Documents is subject to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium and similar laws, now or hereafter in effect, relating to or affecting the enforcement of creditors' rights. The enforceability of such obligations is also subject to usual equitable principles, which may limit the specific enforcement of certain remedies but which do not affect the validity of such documents. Certain indemnity provisions may be unenforceable pursuant to court decisions invalidating such indemnity agreements on grounds of public policy.

Our services as Bond Counsel to the Issuer have been limited to rendering the foregoing opinion based on our review of such legal proceedings and other documents as we deem necessary to approve the validity of the Bonds and the income tax status of the interest on them and the enforceability of the Financing Documents. We express no opinion as to the business or financial resources of the Issuer or the Borrower or the ability of the Issuer or the Borrower to provide for the payment of the Bonds or the accuracy, completeness or sufficiency of any information that may have been relied upon by any owner of the Bonds in making the decision to purchase the Bonds. The opinions set forth herein are made as of the date hereof, and we assume no obligation to supplement this opinion letter if any applicable laws change after the date hereof or if we become aware after the date hereof of any facts that might change the opinions expressed herein.

Very Truly Yours

WILLIAMS MULLEN

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following, in addition to the information provided under “THE BONDS,” summarizes certain provisions of the Indenture, to which reference is made for the detailed provisions thereof.

Creation of Trust

That to secure the payment of Bond Debt Service Charges on the Bonds according to their true intent and meaning, to secure the performance and observance of all of the covenants, agreements, obligations and conditions contained therein and in the Indenture, and to declare the terms and conditions upon and subject to which the Bonds are intended to be issued, held, secured and enforced, and in consideration of the premises and the acceptance by the Trustee of the trusts created in the Indenture and of the purchase and acceptance of the Bonds by the Holders, and for other good and valuable consideration the receipt and sufficiency of which will be acknowledged, the Issuer will assign to the Trustee, and to its successors in trust and its and their assigns, all right, title and interest of the Issuer and to (a) the Issuer Revenues, including, without limitation, all Loan Payments and other amounts receivable by or on behalf of the Issuer under the Loan Agreement in respect of repayment of the Loan; (b) the Special Funds, including all accounts in those funds and all money deposited therein and the investment earnings on such money, and the earnings derived from the investment of any of the foregoing sums as provided in the Indenture; (c) all right, title and interest of the Issuer in the proceeds derived from the sale of the Bonds, and any securities in which money in the Special Funds is invested, and (except for money in the Rebate Fund and otherwise required to be rebated to the United States of America under the Code) the proceeds derived therefrom, and any and all other real or personal property of every name and nature from time to time after the date of the Indenture by delivery or by writing of any kind pledged, assigned or transferred, as and for additional security under the Indenture by the Issuer or by anyone in its behalf, or with its written consent, to the Trustee, which is authorized by the Indenture to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture; and (d) the Loan Agreement, except for the Unassigned Issuer’s Rights (the foregoing collectively referred to as the “Trust Estate”).

Creation of Funds; Allocation of Bond Proceeds

The funds and accounts described under this caption, designated as indicated, are created in the Indenture. Each fund is to be maintained in the custody of the Trustee as a separate account. The funds and accounts are as follows:

- (1) the Bond Fund designated “Bond Fund,” and therein, the “Interest Account” and the “Remarketing Proceeds Account”;
- (2) the Project Fund designated “Project Fund”;
- (3) the Collateral Fund designated “Collateral Fund”;
- (4) the Costs of Issuance Fund designated “Costs of Issuance Fund”; and
- (5) the Rebate Fund designated “Rebate Fund.”

On the Closing Date, proceeds of the sale of the Bonds (including without limitation, premium, if any, and interest accrued thereon) in the amount of \$24,000,000* shall be deposited by the Trustee to the Project Fund. In addition, the Trustee shall cause, from proceeds of the Underwriter's Advance, the Initial Deposit to be deposited to the Interest Account of the Bond Fund.

Application of Loan Payments

So long as there are any Outstanding Bonds, any payments made by the Borrower pursuant to the Promissory Note and the Loan Agreement shall be paid on each Loan Payment Date directly to the Trustee and deposited into the Bond Fund, to be used to pay the interest and principal (if any) on the Bonds on the next succeeding Interest Payment Date; provided that so long as there are amounts available therefor, for purposes of paying interest on the Loan when due the Trustee shall debit the Interest Account in the amount of interest due on the Bonds on each Interest Payment Date and transfer the same to the Bond Fund to pay interest due on the Bonds on each Interest Payment Date; and provided further that so long as there are amounts available therefor, for purposes of making principal payments on the Loan when due the Trustee shall debit the Collateral Fund and transfer the same to the Bond Fund to pay the principal of the Bonds on the date set for redemption of the Bonds or payment of the Bonds on the Maturity Date.

Disbursements from the Project Fund

(a) Requisitions. Subject to the provisions described in this paragraph (a) and paragraph (b) below, the Trustee shall make disbursements from the Project Fund to pay Project Costs only upon the receipt of a written request of the Borrower in accordance with the Disbursing Agreement, the Loan Agreement, and the Indenture substantially in the form attached as an exhibit to the Loan Agreement (a "Disbursement Request").

(b) Project Fund. When the Trustee receives a Disbursement Request for a disbursement from the Project Fund in accordance with the provisions described in paragraph (a) above, "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT – Disbursements from the Project Fund," "—FHA Lender Funds" attached hereto, and the Disbursing Agreement, subject to the following paragraph, the Trustee shall confirm that Available Money equal to or greater than the sum of (1) the amount set forth in the Disbursement Request and (2) all prior disbursements made, is on deposit in the Collateral Fund and is at least equal to the then Outstanding principal amount of the Bonds. Upon confirmation of the items above, the Trustee shall thereafter disburse the funds from the Project Fund to pay Project Costs in the requested amount pursuant to the Disbursement Request directly to (i) the FHA Lender, or at the direction of the FHA Lender as provided in "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT – FHA Lender Funds" attached hereto, to the extent the corresponding deposit of Available Money to the Collateral Fund was made by or at the direction of the FHA Lender (as confirmed in the Disbursement Request) or (ii) the Borrower (or any other party designated in the Disbursement Request) to the extent the corresponding deposit of Available Money to the Collateral Fund was made by or at the direction of the Borrower or such other party. Any interest earnings on the Project Fund shall be credited to the Interest Account of the Bond Fund.

Pursuant to the provisions described under the caption "Collateral Fund" below, there shall be deposited in the Collateral Fund Available Money in such amounts as may be necessary to allow the Trustee to disburse funds from the Project Fund upon the Trustee's receipt of a Disbursement Request from the Borrower to pay Project Costs.

* Preliminary; subject to change.

For purposes of complying with the requirements described under this caption, the Trustee may conclusively rely on the Disbursement Request executed by the Borrower and shall be protected in acting or refraining from acting upon the Disbursement Request, which may be submitted by email (pdf). All payments made from the Project Fund shall be presumed by the Trustee to be made for the purposes certified in said written requests, and the Trustee shall not be required to see to the application of any payments made from the Project Fund or to inquire into the purposes for which withdrawals are being made from the Project Fund. The Trustee shall not be bound to make an investigation into the facts or matters stated in any form of Disbursement Request. The Trustee shall not be responsible for determining whether the funds on hand in the Project Fund are sufficient to complete the Project. The Trustee shall not be responsible to collect lien waivers. The Trustee shall have no responsibility whatsoever to disburse or transfer funds absent written instructions from the Borrower. The Trustee shall not be liable or accountable for the use or application by the Borrower of any of the Bonds or the proceeds thereof or for the use or application of any money paid over by the Trustee in accordance with the provisions described under this caption.

(c) Records. The Trustee shall cause to be kept and maintained adequate records pertaining to the Project Fund and all disbursements therefrom as provided in the Indenture. If requested by the Issuer, the Borrower, the Federal Investor Limited Partner, or the State Investor Limited Partner, the Trustee shall file copies of the records pertaining to the Project Fund and disbursements therefrom with the Issuer, the Borrower, and the Investor Limited Partners.

The proceeds of the Bonds shall be used exclusively to pay costs that (i) are (1) capital expenditures (as defined in Section 1.150-1(a) of the Code's regulations) and (2) not made for the acquisition of existing property, to the extent prohibited in Section 147(d) of the Code, and (ii) are made exclusively with respect to a "qualified residential rental project" within the meaning of Section 142(d) of the Code so that the Project and the land on which it is located will have been financed 25% or more by the proceeds of the Bonds for the purpose of complying with Section 42(h)(4)(B) of the Code; provided, however, the foregoing representation, covenant and warranty is made for the benefit of the Borrower and its partners and neither the Trustee nor the Issuer shall have any obligation to enforce this covenant nor shall they incur any liability to any person, including without limitation, the Borrower, the partners of the Borrower, any other affiliate of the Borrower or the Holders of the Bonds for any failure to meet the intent expressed in the foregoing representation, covenant and warranty; and provided further, that failure to comply with this representation, covenant and warranty shall not constitute a default or Event of Default under the Indenture.

Upon the occurrence and continuance of an Event of Default under the Indenture because of which the principal amount of the Bonds has been declared to be due and immediately payable pursuant to the provisions described under the caption "Acceleration" below, any money remaining in the Project Fund shall be promptly transferred by the Trustee to the Bond Fund.

Bond Fund

There shall be deposited in the Bond Fund (a) interest earnings on the Project Fund and the Collateral Fund and (b) amounts set forth under this caption.

The Bond Fund (and the Interest Account and the Remarketing Proceeds Account therein) and the money and Eligible Investments therein shall be used solely and exclusively for the payment of Bond Debt Service Charges as they become due and at the stated maturity, or upon redemption, Mandatory Tender, or acceleration, all as provided in the Indenture and in the Loan Agreement. Any Extension Payment received by the Trustee in connection with an extension of the Mandatory Tender Date pursuant to the Indenture shall be deposited in the Interest Account of the Bond Fund.

The Trustee shall transmit to the Paying Agent, as appropriate, from money on deposit in the Bond Fund, amounts sufficient to make timely payments of Bond Debt Service Charges on the Bonds. The Issuer authorizes and directs the Trustee to cause withdrawal of money from the Bond Fund which is available for the purpose of paying, and is sufficient to pay, Bond Debt Service Charges on the Bonds as they become due and payable, for the purposes of paying or transferring money to the Paying Agent which is necessary to pay such Bond Debt Service Charges. Amounts credited to or on deposit in the Interest Account shall be transferred to the Bond Fund on each Loan Payment Date in order to provide for the payment of Bond Debt Service Charges on the next succeeding Bond Payment Date. To the extent available, the Trustee shall transfer money on deposit in the Remarketing Proceeds Account to the Bond Fund on the Mandatory Tender Date for the purpose of paying the purchase price of the Bonds.

In the event that amounts on deposit in the Bond Fund on any Loan Payment Date are insufficient to make the payment of Bond Debt Service Charges due on the next succeeding Bond Payment Date, the Trustee shall transfer funds in the following order to the Bond Fund and use such funds, together with amounts then on deposit in the Bond Fund, to pay the Bond Debt Service Charges due on the next succeeding Bond Payment Date:

- (1) first, from amounts on deposit in the Interest Account or the Remarketing Proceeds Account of the Bond Fund, as applicable;
- (2) second, from amounts on deposit in the Collateral Fund; and
- (3) third, from amounts on deposit in the Project Fund.

Investment of Special Funds

(a) On the Closing Date, money on deposit in the Project Fund will be held by the Trustee uninvested until disbursed to the Borrower on the Closing Date in accordance with an approved Disbursement Request.

(b) Any amounts deposited in the Special Funds (including amounts, if any, remaining on deposit in the Project Fund after the Closing Date) shall be invested at all times in Eligible Investments as directed in paragraph (c) below or otherwise in writing by the Authorized Borrower Representative; provided, however, in the absence of written instructions from the Authorized Borrower Representative to the Trustee, amounts in the Special Funds shall be invested in money market funds described in subsection (b) of the definition of Eligible Investments.

(c) The Trustee has been directed to purchase, on the Closing Date, a portfolio of Eligible Investments in amounts and maturing on such dates as will provide sufficient money to pay interest on the Bonds when due and the purchase price of the Bonds on the Mandatory Tender Date, in accordance with a Cash Flow Projection prepared by The Arbitrage Group, Inc., in connection with the initial issuance and delivery of the Bonds, with respect to amounts on deposit in the Interest Account of the Bond Fund, the Collateral Fund, and the Project Fund. The Trustee shall not sell or otherwise dispose of such Eligible Investments unless the Trustee and the Rating Agency have received a new Cash Flow Projection and written directions from the Borrower. The Trustee is permitted to purchase, sell or exchange Eligible Investments only in accordance with such Cash Flow Projection and may release from the Interest Account of the Bond Fund the amount, if any, set forth in such Cash Flow Projection to or at the written direction of the Borrower.

(d) After the Initial Mandatory Tender Date, the Trustee shall invest such amounts in obligations specified in subsection (b) of the definition of Eligible Investments or in an Eligible Investment, as directed in writing by the Borrower.

(e) Any investment under the Indenture shall not bear a yield which is in excess of the yield on the Bonds; provided that the Trustee has no duty to monitor the yield on any investment or any obligation to limit the yield on any investment the Borrower directs the Trustee to make or that the Trustee otherwise makes pursuant to the Indenture. Investments permitted under this caption may be purchased from the Trustee or from any of its affiliates and they may charge their customary fees. The Trustee shall have no liability whatsoever for any loss, fee, tax or other charge incurred in connection with any investment, reinvestment, sale or liquidation of an investment under the Indenture. The Trustee shall be entitled to rely on any written direction of the Borrower as to the suitability and legality of the directed investments and such written direction shall be deemed to be a certification that such directed investments constitute Eligible Investments. Ratings of Eligible Investments shall be determined at the time of initial purchase of such Eligible Investments and without regard to ratings subcategories and the Trustee shall have no responsibility to monitor the ratings of Eligible Investments including at the time of reinvestment of earnings thereof. The Trustee shall have no responsibility whatsoever to determine whether any investments made pursuant to the Indenture are or continue to be Eligible Investments. Any deposit or investment directed by the Borrower shall constitute a certification by the Borrower to the Trustee that the assets so deposited or to be purchased pursuant to such directions are Eligible Investments. In no event shall the Trustee be deemed an investment manager or adviser in respect of any selection of investments under the Indenture.

(f) As long as no Event of Default shall have occurred and be continuing, the Borrower shall have the right to designate the investments to be sold and to otherwise direct the Trustee in the sale or purchase of the investments made with the money in the Special Funds provided that the Trustee shall be entitled to conclusively assume the absence of any such Event of Default unless the Responsible Officer of the Trustee has notice thereof as described in the applicable provisions under the Indenture; if there has been an Event of Default, the Trustee shall have the right to direct the sale of investments. In the absence of such directions from the Authorized Borrower Representative, the Trustee shall invest the proceeds of maturing investments in the Special Funds in Eligible Investments having a maturity date not longer than the earlier of 30 days from the date of purchase, the next Mandatory Tender Date or the Maturity Date, as applicable; provided that if applicable, the Trustee shall invest in United States Treasury Obligations – State and Local Government Series (“SLGS”) that are “Time Deposit” SLGS (and not in “Demand Deposit” SLGS).

(g) The investments described in each of the above paragraphs shall be made by the Trustee pursuant to the direction provided by the Indenture and in accordance with the written direction of the Borrower to be provided on the Closing Date, which shall remain in effect unless and until further written direction is provided by the Borrower.

(h) Amounts, if any, on deposit in the Costs of Issuance Fund shall be invested at the written direction of the Borrower in Eligible Investments until disbursed or returned to the Borrower pursuant to the provisions described under the caption “Costs of Issuance Fund” below.

(i) The Borrower acknowledges that to the extent that regulations of the Comptroller of the Currency grant the Borrower the right to receive brokerage confirmations of security transactions as they occur, the Borrower specifically waives such right to notification to the extent permitted by law and acknowledges that it will receive periodic transaction statements that will detail all investment transactions.

Repayment to the Borrower from the Bond Fund

Except as provided under the caption “Rebate Fund” below, any amounts remaining in the Bond Fund (a) after all of the Outstanding Bonds shall be deemed paid and discharged under the provisions of the Indenture, and (b) after payment of all fees, charges and expenses of the Trustee, the Registrar, the Paying Agents and the Issuer, and of all other amounts required to be paid under the Indenture, the Loan Agreement, the Regulatory Agreement and the Promissory Note, shall be paid to the Borrower to the extent that those amounts are in excess of those necessary to effect the payment and discharge of the Outstanding Bonds.

Rebate Fund

Any provision of the Indenture to the contrary notwithstanding, amounts credited to the Rebate Fund shall be free and clear of any lien under the Indenture.

The Trustee shall furnish to the Borrower all information reasonably requested by the Borrower or its Rebate Analyst with respect to the Bonds and investments of the funds and accounts maintained by the Trustee under the Indenture. The Trustee shall make deposits to and disbursements from the Rebate Fund (including rebate payments to the United States of America required to be made by the Tax Certificate), as well as investments of the amounts therein, in accordance with the written directions received from the Borrower and the Investor Limited Partners pursuant to the Tax Certificate.

All amounts on deposit at any time in the Rebate Fund shall be held by the Trustee in trust to the extent required to pay rebatable arbitrage to the United States of America. A firm of lawyers, accountants, or consultants selected by the Borrower (the “Rebate Analyst”) will calculate the rebate amount as provided in the Tax Certificate within sixty (60) days after the end of each Bond Year during which any Bonds remain Outstanding (or any other date specified by the Rebate Analyst), and within 60 days after the date of redemption of the last maturity constituting a portion of the Bonds, the Rebate Analyst shall calculate the rebate amount for the immediately preceding Bond Year. A copy of each rebate amount calculation shall be provided to the Trustee. The Trustee may conclusively rely upon the calculation made by the Rebate Analyst and shall not be liable or responsible therefor. All amounts in the Rebate Fund shall be used and withdrawn by the Trustee at the written instruction of the Rebate Analyst or the Borrower as required above solely for the purposes set forth under this caption. The Trustee shall withdraw money from the Rebate Fund and remit all required rebate installments and a final rebate payment to the United States of America at the written instruction of the Rebate Analyst of the Borrower. Neither the Trustee nor the Issuer shall have any obligation to pay any amounts required to be rebated under this caption and the Tax Certificate, other than from money held in the Rebate Fund as provided in the Indenture or from other moneys provided to it by the Issuer.

Money in the Rebate Fund shall be invested and reinvested by the Trustee in Eligible Investments at the written direction of the Authorized Borrower Representative. The Trustee shall be entitled to rely on any written direction of the Borrower as to the suitability and legality of the directed investments and such written direction shall be deemed to be a certification that such directed investments constitute Eligible Investments. In the absence of instructions from the Authorized Borrower Representative, money in the Rebate Fund shall be invested in Eligible Investments described in clause (b) of the definition of “Eligible Investments.” At no time shall the Borrower direct that any funds constituting gross proceeds of the Bonds be used in any manner as would constitute failure of compliance with Section 148 of the Code.

The Trustee shall not be responsible for any determination or calculation concerning arbitrage rebate with respect to the Bonds, or for determining whether the yield on any investments made in accordance with the Indenture would cause, or whether any other facts exist which would cause, any of the

Bonds to become arbitrage bonds under Section 148 of the Code. Further the Trustee shall have no other obligation or responsibility whatsoever in connection with any federal or state tax-exempt status of the Bonds or interest thereon.

Collateral Fund

Pursuant to the provisions described under the caption “Disbursements from the Project Fund” above, there shall be deposited in the Collateral Fund Available Money in such amounts as may be necessary to allow the Trustee to transfer funds from the Project Fund, subject to reallocation as provided in the Indenture, upon the Trustee’s receipt of a Disbursement Request from the Borrower. Money in the Collateral Fund shall be invested as directed in writing by the Borrower in Eligible Investments.

The Collateral Fund shall only be used and applied for, and irrevocably committed to, the payment of (a) the Bond Debt Service Charges on the Bonds which are due and payable on any Interest Payment Date, Maturity Date, Mandatory Tender Date with respect to Bonds that are not remarketed, or any date the Bonds are called for redemption prior to maturity; (b) the Bond Debt Service Charges on the Bonds as and when due at any other Bond Payment Date; and (c) the purchase price of the Bonds on the Mandatory Tender Date, to the extent amounts on deposit in the Remarketing Proceeds Account and the Interest Account of the Bond Fund are insufficient therefor. Any interest earnings on the Collateral Fund shall be credited to the Interest Account of the Bond Fund.

Costs of Issuance Fund

The Trustee shall use money on deposit to the credit of the Costs of Issuance Fund to pay the costs of issuance of the Bonds on the Closing Date or as soon as practicable thereafter in accordance with written instructions to be given to the Trustee by the Issuer based on certifications of the Borrower, as set forth in a certificate of the Borrower delivered to the Trustee on the Closing Date or as otherwise directed by the Borrower, upon delivery to the Trustee of appropriate invoices for such expenses. Amounts on deposit in the Costs of Issuance Fund shall also be used by the Trustee to pay the Remarketing Expenses, as directed in writing by the Borrower on the Remarketing Date. Investment earnings on amounts on deposit in the Costs of Issuance Fund shall be retained in such fund. Amounts remaining on deposit in the Costs of Issuance Fund sixty (60) days after the Closing Date, other than amounts deposited pursuant to the Indenture, shall be deposited to the Bond Fund. Amounts deposited in the Costs of Issuance Fund pursuant to the Indenture and remaining on deposit therein thirty (30) days after the Remarketing Date shall be deposited to the Bond Fund. Upon such final disbursement, the Trustee shall close the Costs of Issuance Fund.

Defaults; Events of Default

The occurrence of any of the following events is defined as and declared to be and to constitute an Event of Default under the Indenture:

- (a) Payment of any interest on any Bond shall not be made when and as that interest shall become due and payable;
- (b) Payment of the principal of any Bond shall not be made when and as that principal shall become due and payable, whether at stated maturity, upon acceleration or otherwise;
- (c) Failure by the Issuer to observe or perform any other covenant, agreement or obligation on its part to be observed or performed contained in the Indenture or in the Bonds, which failure shall have continued for a period of thirty (30) days after written notice, by registered or

certified mail, to the Issuer and the Borrower specifying the failure and requiring that it be remedied, which notice may be given by the Trustee and shall be given by the Trustee at the written request of the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding; provided, that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, that failure shall not constitute an Event of Default so long as the Issuer or the Borrower institutes curative action within the applicable period and diligently pursues that action to completion, which must be resolved within 180 days after the aforementioned notice and provides the Trustee certification to that effect; and

(d) The occurrence and continuance of an Event of Default as defined in “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT – Events of Default” attached hereto.

The term “default” or “failure” as used in the Indenture means (1) a default or failure by the Issuer in the observance or performance of any of the covenants, agreements or obligations on its part to be observed or performed contained in the Indenture or in the Bonds, or (2) a default or failure by the Borrower under the Loan Agreement, exclusive of any period of grace or notice required to constitute an Event of Default, as provided above or in the Loan Agreement.

Notice of Default

If an Event of Default shall occur, the Trustee shall give written notice of the Event of Default, by registered or certified mail, to the Issuer, the Borrower, the Investor Limited Partners, the Registrar or the Paying Agent, and the Authenticating Agent, within five (5) days after the Trustee has actual notice of the Event of Default pursuant to the Indenture. If an Event of Default occurs of which the Trustee has notice pursuant to the Indenture, the Trustee shall give written notice thereof, within thirty (30) days after the Trustee’s receipt of notice of its occurrence, to the Holders of all Bonds then Outstanding as shown by the Register at the close of business fifteen (15) days prior to the mailing of that notice.

The Federal Investor Limited Partner and the State Investor Limited Partner shall be entitled to cure any Event of Default under the Indenture within the time frame provided to the Borrower thereunder. The Issuer and the Trustee agree that cure of any default or Event of Default made or tendered by either the Federal Investor Limited Partner or the State Investor Limited Partner shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Acceleration

Upon the occurrence of an Event of Default described in clauses (a) and (b) under the caption “Defaults; Events of Default” above, the Trustee may declare, and upon the written request of the Holders of not less than 25% in aggregate principal amount of Bonds then Outstanding the Trustee shall declare, by a notice in writing delivered to the Issuer and the Borrower, the principal of all Bonds then Outstanding (if not then due and payable), and the interest accrued thereon, to be due and payable immediately. Upon the occurrence of any Event of Default other than those described in clauses (a) and (b) under the caption “Defaults; Events of Default” above, the Trustee, with the written consent of all Holders of Bonds then Outstanding, may declare by a notice in writing delivered to the Issuer and Borrower, the principal of all Bonds then Outstanding (if not then due and payable), and the interest accrued thereon, to be due and payable immediately. Upon such declaration, the principal of and interest on the Bonds shall become and be due and payable immediately. Interest on the Bonds shall accrue to the date determined by the Trustee for the tender of payment to the Holders pursuant to that declaration; provided, that interest on any unpaid principal of Bonds Outstanding shall continue to accrue from the date determined by the Trustee for the tender of payment to the Holders of those Bonds.

The provisions of the preceding paragraph are subject, however, to the condition that if, at any time after declaration of acceleration and prior to the entry of a judgment in a court for enforcement under the Indenture (after an opportunity for hearing by the Issuer and the Borrower),

(a) all sums payable under the Indenture (except the principal of and interest on Bonds which have not reached their stated Maturity Date but which are due and payable solely by reason of that declaration of acceleration), plus interest to the extent permitted by law on any overdue installments of interest at the rate borne by the Bonds in respect of which the default shall have occurred, shall have been duly paid or provision shall have been duly made therefor by deposit with the Trustee or Paying Agents, and

(b) all existing Events of Default shall have been cured, then and in every case, the Trustee shall waive the Event of Default and its consequences and shall rescind and annul that declaration. No waiver or rescission and annulment shall extend to or affect any subsequent Event of Default or shall impair any rights consequent thereon.

Other Remedies; Rights of Holders

With or without taking action as described under the caption “Acceleration” above, upon the occurrence and continuance of an Event of Default, the Trustee may pursue any available remedy, including without limitation actions at law or equity to enforce the payment of Bond Debt Service Charges or the observance and performance of any other covenant, agreement or obligation under the Indenture, the Loan Agreement, the Regulatory Agreement, the Promissory Note, or any other instrument providing security, directly or indirectly, for the Bonds.

If, upon the occurrence and continuance of an Event of Default, the Trustee is requested to do so by the Holders of at least 25% in aggregate principal amount of Bonds Outstanding, the Trustee (subject to the Trustee’s rights, duties and obligations as set forth in the Indenture) shall exercise any rights and powers conferred by the provisions described under this caption and “Acceleration” above as so directed; provided, however, that the Trustee may refuse to follow any direction that it believes conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any Holder (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not any action or forbearance is unduly prejudicial to such Holders) or that would involve the Trustee in personal liability; provided, however, that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such discretion. Prior to taking any action under the Indenture, the Trustee shall be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses cause by taking or not taking such action.

No remedy conferred upon or reserved to the Trustee (or to the Holders) by the Indenture is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to every other remedy given thereunder or otherwise to the Trustee or to the Holders existing as of or after the date of execution of the Indenture.

No delay in exercising or omission to exercise any remedy, right or power accruing upon any default or Event of Default shall impair that remedy, right or power or shall be construed to be a waiver of any default or Event of Default or acquiescence therein. Every remedy, right and power may be exercised from time to time and as often as may be deemed to be expedient.

No waiver of any default or Event of Default under the Indenture, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any remedy, right or power consequent thereon.

As the assignee of all right, title and interest of the Issuer in and to the Loan Agreement (except for the Unassigned Issuer's Rights), the Trustee is empowered to enforce each remedy, right and power granted to the Issuer under the Loan Agreement. In exercising any remedy, right or power thereunder or under the Indenture, the Trustee shall take such action as may be directed by the requisite percentage of the Holders of the Bonds then Outstanding, applying the standards described in the Indenture.

Right of Holders to Direct Proceedings

Anything to the contrary in the Indenture notwithstanding, the Majority of the Holders of the Bonds shall have the right at any time to direct, by an instrument or document in writing executed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or any other proceedings thereunder; provided, that (a) any direction shall not be other than in accordance with the provisions of law and of the Indenture, and (b) the Trustee shall be indemnified as provided in the Indenture.

Rights and Remedies of Holders

A Holder shall not have any right to institute any suit, action or proceeding for the enforcement of the Indenture, for the execution of any trust of the Indenture, or for the exercise of any other remedy under the Indenture, unless (a) there has occurred and is continuing an Event of Default of which the Trustee has been notified as provided in the Indenture, or of which it is deemed to have notice under the Indenture, (b) the Holders of at least 25% in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee and shall have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers granted in the Indenture or to institute the suit, action or proceeding in its own name, and shall have offered indemnity satisfactory to the Trustee as provided for in the Indenture, and (c) the Trustee thereafter shall have failed or refused to exercise the remedies, rights and powers granted in the Indenture or to institute the suit, action or proceeding in its own name.

Notification (or notice), request, opportunity and offer of indemnity (as described above) are conditions precedent in every case, to the institution of any suit, action or proceeding described above.

No one (1) or more Holders of the Bonds shall have any right to affect, disturb or prejudice in any manner whatsoever the security or benefit of the Indenture by its or their action, or to enforce, except in the manner provided therein, any remedy, right or power under the Indenture. Any suit, action or proceedings shall be instituted, had and maintained in the manner provided in the Indenture for the benefit of the Holders of all Bonds then Outstanding. Nothing in the Indenture shall affect or impair, however, the right of any Holder to enforce the payment of the Bond Debt Service Charges on any Bond owned by that Holder at and after the maturity thereof, at the place, from the sources and in the manner expressed in that Bond.

Waivers of Events of Default

The Trustee shall waive any Event of Default under the Indenture and its consequences and may rescind and annul any declaration of maturity of principal of or interest on, the Bonds upon the written request of: (a) the Majority of the Holders of the Bonds in respect of which an Event of Default in the payment of Bond Debt Service Charges exists; or (b) the Holders of at least 25% in aggregate principal amount of all Bonds then Outstanding, in the case of any other Event of Default. There shall not be so waived, however, any Event of Default described in clauses (a) or (b) under the caption "Defaults; Events of Default" above nor shall any declaration of acceleration in connection therewith be rescinded or annulled, unless, at the time of that waiver or rescission and annulment, payments of the amounts provided under the caption "Acceleration" above for waiver and rescission and annulment in connection with acceleration of maturity have been made or provision has been made therefor. In the case of the waiver or rescission and

annulment, or in case any suit, action or proceedings taken by the Trustee on account of any Event of Default shall have been discontinued, abandoned or determined adversely to it, the Issuer, the Trustee and the Holders shall be restored to their former positions and rights under the Indenture, respectively. No waiver or rescission shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

Supplemental Indentures Not Requiring Consent of Holders

Without the written consent of, or notice to, any of the Holders, the Issuer and the Trustee may enter into indentures supplemental to the Indenture for any one or more of the following purposes: (a) to cure any ambiguity, inconsistency or formal defect or omission in the Indenture; (b) to grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that lawfully may be granted to or conferred upon the Holders or the Trustee; (c) to assign additional revenues under the Indenture; (d) to accept additional security and instruments and documents of further assurance with respect to the Project; (e) to add to the covenants, agreements and obligations of the Issuer under the Indenture, other covenants, agreements and obligations to be observed for the protection of the Holders, or to surrender or limit any right, power or authority reserved to or conferred upon the Issuer in the Indenture; (f) to evidence any succession to the Issuer and the assumption by its successor of the covenants, agreements and obligations of the Issuer under the Indenture, the Loan Agreement and the Bonds; (g) to permit the Trustee to comply with any obligations imposed upon it by law; (h) to specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Registrar and any Authenticating Agents or Paying Agents; (i) to achieve compliance of the Indenture with any applicable federal securities or tax law; (j) to make amendments to the provisions of the Indenture relating to arbitrage matters under Section 148 of the Code, if, in the Opinion of Bond Counsel, those amendments would not cause the interest on the Bonds Outstanding to be included in gross income of the Holders for federal income tax purposes which amendments may, among other things, change the responsibility for making the relevant calculations, provided that in no event shall such amendment delegate to the Trustee without its consent, the obligation to make or perform the calculations required under Section 148 of the Code; (k) to maintain the rating then assigned to the Bonds; and (l) to permit any other amendment which is not materially adverse to the Trustee or the Holders. However, the Trustee shall not be responsible for determining if an amendment has an adverse effect on Holders.

The provisions of clauses (h) and (j) above shall not be deemed to constitute a waiver by the Trustee, the Registrar, the Issuer or any Holder of any right which it may have in the absence of those provisions to contest the application of any change in law to the Indenture or the Bonds.

Release of Indenture

If (a) the Issuer shall pay all of the Outstanding Bonds, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Holders of the Outstanding Bonds, all Bond Debt Service Charges due or to become due thereon, and (b) provision also shall be made for the payment of all other sums payable under the Indenture, the Loan Agreement, the Regulatory Agreement and the Promissory Note, then the Indenture shall cease, determine and become null and void (except for those certain provisions surviving by reason of the Indenture in the event the Bonds are deemed paid and discharged pursuant to the provisions described under the caption "Payment and Discharge of Bonds" below), and the covenants, agreements and obligations of the Issuer under the Indenture shall be released, discharged and satisfied.

Thereupon, and subject to the provisions of the Indenture if applicable,

(1) the Trustee shall release the Indenture (except for those certain provisions surviving by reason of the Indenture in the event the Bonds are deemed paid and discharged pursuant to the provisions described under the caption “Payment and Discharge of Bonds” below), and shall execute and deliver to the Issuer any instruments or documents in writing as shall be requisite to evidence that release and discharge or as reasonably may be requested by the Issuer, and

(2) the Trustee and any other Paying Agents shall assign and deliver to the Issuer any property subject at the time to the lien of the Indenture which then may be in their possession, except amounts in the Bond Fund required (i) to be paid to the Borrower as provided under the caption “Repayment to the Borrower from the Bond Fund” above, or (ii) to be held by the Trustee and the Paying Agents as provided under the caption “Rebate Fund” above or otherwise for the payment of Bond Debt Service Charges.

Payment and Discharge of Bonds

All or any part of the Bonds shall be deemed to have been paid and discharged within the meaning of the Indenture, including without limitation, those provisions described under the caption “Release of Indenture” above, if:

(a) the Trustee, as paying agent, and the Paying Agents shall have received, in trust for and irrevocably committed thereto, sufficient money, or

(b) the Trustee shall have received, in trust for and irrevocably committed thereto, noncallable direct obligations of or obligations guaranteed as to full and timely payment by the United States of America which are certified by an Independent public accounting firm or such other firm experienced with such certifications of national reputation to be of such maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient together with any money to which reference is made in subparagraph (a) above, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so irrevocably committed, except as provided in the Indenture), for the payment of all Bond Debt Service Charges on those Bonds at their maturity.

Any money held by the Trustee in accordance with the provisions described under this caption may be invested by the Trustee only in noncallable direct obligations of or obligations guaranteed as to full and timely payment by the United States of America having maturity dates, or having redemption dates which, at the option of the holder of those obligations, shall be not later than the date or dates at which money will be required for the purposes described above. To the extent that any income or interest earned by, or increment to, the investments held as described under this caption is determined from time to time by the Trustee to be in excess of the amount required to be held by the Trustee for the purposes described under this caption, that income, interest or increment shall be transferred at the time of that determination in the manner provided under the caption “Repayment to the Borrower from the Bond Fund” above for transfers of amounts remaining in the Bond Fund.

If any Bonds shall be deemed paid and discharged pursuant to the provisions described under this caption, then within 15 days after such Bonds are so deemed paid and discharged the Trustee shall cause a written notice to be given to each Holder as shown on the Register on the date on which such Bonds are deemed paid and discharged. Such notice shall state the numbers of the Bonds deemed paid and discharged or state that all Bonds are deemed paid and discharged and shall set forth a description of the obligations held pursuant to subparagraph (b) of the first paragraph under this caption.

Amendments Not Requiring Consent of Holders

Without the consent of or notice to the Holders, the Issuer, the Borrower and the Trustee may consent to any amendment, change or modification of the Loan Agreement, the Regulatory Agreement or the Promissory Note as may be required (a) by the provisions of the Loan Agreement, the Regulatory Agreement or the Indenture, (b) for the purpose of curing any ambiguity, inconsistency or formal defect or omission in the Loan Agreement, the Regulatory Agreement or the Promissory Note, (c) in connection with an amendment or to effect any purpose for which there could be an amendment of the Indenture pursuant to the provisions described under the caption “Supplemental Indentures Not Requiring Consent of Holders” above, or (d) in connection with any other change therein which is not materially adverse to the Trustee or the Holders of the Bonds, applying the standards set forth in the Indenture. The Trustee shall not be responsible for determining if an amendment has an adverse effect on the Holders.

Any subsequent amendment to the Indenture or the Loan Agreement is subject to prior written approval of HUD (so long as the Project is subject to a mortgage insured or held by HUD). No amendment to the Indenture or the Loan Agreement shall conflict with the provisions of the Program Obligations.

Amendments Requiring Consent of Holders

Except for the amendments, changes or modifications contemplated under the caption “Amendments Not Requiring Consent of Holders” above, neither the Issuer nor the Trustee shall consent to (a) any amendment, change or modification of the Loan Agreement or the Promissory Note which would change the amount or time as of which Loan Payments are required to be paid, without the giving of notice as provided under this caption of the proposed amendment, change or modification and receipt of the written consent thereto of the Holders of all of the then Outstanding Bonds affected by such amendment, change or modification, or (b) any other amendment, change or modification of the Loan Agreement, the Regulatory Agreement or the Promissory Note without the giving of notice as provided under this caption of the proposed amendment, change or modification and receipt of the written consent thereto of at least the Majority of the Holders of the Bonds affected by such amendment, change or modification.

The consent of the Holders shall be obtained as provided in the Indenture with respect to Supplemental Indentures.

If the Issuer or the Authorized Borrower Representative shall request at any time the consent of the Trustee to any proposed amendment, change or modification of the Loan Agreement, the Regulatory Agreement or the Promissory Note contemplated in clauses (a) or (b) under this caption, upon being indemnified satisfactorily with respect to expenses, the Trustee shall cause notice of the proposed amendment, change or modification to be provided in the manner which is required by the Indenture with respect to notice of Supplemental Indentures. The notice shall set forth briefly the nature of the proposed amendment, change or modification and shall state that copies of the instrument or document embodying it are on file at the designated corporate trust office of the Trustee for inspection by all Holders.

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following summarizes certain provisions of the Loan Agreement, to which reference is made for the detailed provisions thereof.

The Loan and Loan Payments; Issuance of the Bonds

Under the Loan Agreement, the Issuer agrees to issue the Bonds and to loan the proceeds thereof to the Borrower to assist in the financing of the Project. The Borrower agrees to repay the Loan by making Loan Payments at the times required by the Loan Agreement and the Promissory Note delivered to the Trustee in connection with the Bonds. The Loan Payments will generally equal in the aggregate the amount of Bond Debt Service Charges on the Bonds. Furthermore, funds on deposit in the Project Fund and the Collateral Fund are available to pay Bond Debt Service Charges on the Bonds to the extent funds available in the Bond Fund on any Loan Payment Date are insufficient to make such payments.

Disbursements from the Project Fund

Subject to the provisions below and so long as no Event of Default under the Loan Agreement has occurred and is continuing for which the Loan Payments and principal amount of the Bonds has been declared to be immediately due and payable pursuant to the provisions described under the caption “Remedies on Default” below and in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Acceleration,” respectively, disbursements from the Project Fund shall be made only to pay any of the following Project Costs:

- (a) Costs incurred directly or indirectly for or in connection with the acquisition, rehabilitation, and equipping of the Project, including costs incurred in respect of the Project for preliminary planning and studies; architectural, legal, engineering, accounting, consulting, supervisory and other services; labor, services and materials; and recording of documents and title work.
- (b) Premiums attributable to any surety bonds and insurance required to be taken out and maintained during the Construction Period with respect to the Project.
- (c) Taxes, assessments and other governmental charges in respect of the Project that may become due and payable during the Construction Period.
- (d) Costs incurred directly or indirectly in seeking to enforce any remedy against any contractor or subcontractor in respect of any actual or claimed default under any contract relating to the Project.
- (e) Any other costs, expenses, fees and charges properly chargeable to the cost of acquisition, rehabilitation, renovation, construction and equipping of the Project.
- (f) Payment of interest on the Bonds during the Construction Period.
- (g) Payments to the Rebate Fund.

Any disbursements from the Project Fund shall be made by the Trustee only as permitted pursuant to the provisions described in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE

INDENTURE – Disbursements from the Project Fund” hereto and upon the written request of the Borrower in a Disbursement Request in substantially the form attached to the Loan Agreement as an exhibit in compliance with the provisions of the Loan Agreement and of the Disbursing Agreement. No disbursement shall be made by the Trustee upon the basis of any such Disbursement Request except upon satisfaction of the following conditions and pursuant to the following procedures:

(1) An executed certificate of the FHA Lender substantially in the form attached as an exhibit to the Loan Agreement or an executed certificate of the Borrower substantially in the form attached as an exhibit to the Loan Agreement, related to the deposit of Available Money into the Collateral Fund for the applicable Disbursement Request.

(2) All Loan Payments that are then due shall have been paid.

Each Disbursement Request for a disbursement of funds from the Project Fund shall be made in accordance with the Disbursing Agreement and shall be deemed a representation by the Borrower that:

(i) All items for which disbursement is requested thereunder either (A) are presently due and payable, constitute Project Costs properly incurred by the Borrower in connection with the Project being financed with the proceeds of the Loan, or are reimbursable Project Costs properly chargeable against the Loan; or (B) are to be deposited to an escrow fund to be disbursed therefrom solely for Project Costs properly incurred by the Borrower in connection with the Project; and in each case none of the items for which disbursement is requested has formed the basis for any disbursement previously made from the Project Fund.

(ii) Each such item is or was necessary in connection with the acquisition and rehabilitation of the Dwelling Units (as defined in the Regulatory Agreement) of the Project.

(iii) The costs specified in the Disbursement Request, when added to all previous disbursements under the Loan, will result in at least 95% of the aggregate amount of all disbursements having been used to pay costs properly chargeable to the capital account of a qualified residential rental project within the meaning of Section 142(d) of the Code and functionally related and subordinate property thereto.

(iv) The costs specified in the Disbursement Request, when added to all previous and all proposed future disbursements under the Loan, will result in the rehabilitation expenditures, within the meaning of Section 147(d) of the Code, with respect to the Project [equaling or exceeding 15% of the portion of the cost of acquiring the Project] financed with proceeds of the Bonds.

(v) To the knowledge of the Borrower, there is no current or existing event of default pursuant to the terms of the Loan Agreement or the Regulatory Agreement and no event exists which by notice or passage of time or both would constitute an event of default under any of the foregoing documents.

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

(vii) Each expense for which disbursement is requested was or will be paid on or after the date of issuance of the Bonds. Notwithstanding the foregoing, the Borrower may be reimbursed

for Project Costs incurred prior to the Closing Date of the Bonds in accordance with Section 1.150-2 of the Code.

Any money in the Project Fund remaining after the Completion Date and payment, or provision for payment, in full of the Project Costs, at the direction of the Authorized Borrower Representative, promptly shall be paid into the Bond Fund for payment of Bond Debt Service Charges.

All payments made from the Project Fund shall be presumed by the Trustee to be made for the purposes certified in said written requests, and the Trustee shall not be required to see to the application of any payments made from the Project Fund or to inquire into the purposes for which withdrawals are being made from the Project Fund. The Trustee shall not be bound to make an investigation into the facts or matters stated in any written request. The Trustee shall not be responsible for determining whether the funds on hand in the Project Fund are sufficient to complete the Project. The Trustee shall have no responsibility whatsoever to disburse or transfer funds absent written instructions from the Borrower.

FHA Lender Funds and the Bridge Loan

The Borrower has acknowledged that the FHA Lender has determined to fund the FHA Insured Mortgage Loan, on the condition that the FHA Lender originate and service the FHA Insured Mortgage Loan in accordance with the FHA Loan Documents, the FHA Insurance Regulations and the GNMA Regulations, and the FHA Lender will, pursuant to the related FHA Loan Documents, issue the GNMA Securities in accordance with the GNMA Regulations, based on and backed by the FHA Insured Mortgage Loan.

The Borrower will acknowledge that the Bridge Lender has determined to fund the Bridge Loan, on the condition that the Bridge Lender originate and service the Bridge Loan in accordance with the Bridge Loan Documents.

The Borrower will direct the Bridge Lender to deliver or cause to be delivered to the Trustee proceeds of the Bridge Loan upon the Bridge Lender's receipt and approval of a requisition from the Borrower requesting an advance under the Bridge Loan Documents for payments of Project Costs up to an amount equal to the proceeds of the Bonds to be disbursed from the Project Fund.

The Borrower will direct the FHA Lender to deliver or cause to be delivered to the Trustee the FHA Lender Funds upon the FHA Lender's receipt and approval of a requisition from the Borrower requesting an advance under the FHA Insured Mortgage Loan for payments of Project Costs up to an amount equal to the proceeds of the Bonds to be disbursed from the Project Fund.

The Borrower will pay to the FHA Lender all amounts when due under the FHA Note and to abide by the provisions of the FHA Loan Documents and the GNMA Documents.

The Borrower will pay to the Bridge Lender all amounts when due under the Bridge Loan Documents and to abide by the provisions of the Bridge Loan Documents.

Pursuant to the Disbursing Agreement, the Trustee shall, upon receipt from the FHA Lender of (i) the FHA Lender Funds, and (ii) an approved requisition, disburse amounts from the Project Fund, in the exact same amount of the FHA Lender Funds received by the Trustee from the FHA Lender, to the Borrower or to the Title Company by or at the direction of the FHA Lender for application to the payment of the Project Costs set forth in the approved requisition.

The Borrower acknowledges that, to the extent that an advance of FHA Lender Funds as requested by the Borrower is approved by FHA Lender, the Borrower has directed the FHA Lender that all funds be wired by the FHA Lender directly to the Trustee and that such funds shall be disbursed and invested and applied by the Trustee in accordance with the Indenture.

Borrower Required to Pay Costs in Event Project Fund Insufficient

If money in the Project Fund is not sufficient to pay all Project Costs, the Borrower, nonetheless, will complete the Project in substantial accordance with the Plans and Specifications and shall pay all such additional Project Costs from its own funds (or from other public or private financing sources available to the Borrower). The Borrower shall pay all costs of issuing the Bonds. The Borrower shall not be entitled to any reimbursement for any such additional Project Costs or payment of issuance costs from the Issuer, the Trustee or any Holder; nor shall it be entitled to any abatement, diminution or postponement of the Loan Payments.

Completion Date

The Borrower shall notify the Issuer and the Trustee of the Completion Date by the delivery of a Completion Certificate signed by the Authorized Borrower Representative substantially in the form attached as an exhibit to the Loan Agreement. The Completion Certificate shall be delivered as promptly as practicable after the occurrence of the events and conditions referred to in paragraphs (a) through (d) of the Completion Certificate.

Loan Repayment; Delivery of Promissory Note

Upon the terms and conditions of the Loan Agreement and the Promissory Note, the Issuer will make the Loan to the Borrower. In consideration of and in repayment of the Loan, the Borrower shall deliver or cause to be delivered to the Trustee on or before each Loan Payment Date, Loan Payments equal to the amount necessary to pay Bond Debt Service Charges due on the next Bond Payment Date for the Bonds. All such Loan Payments shall be paid to the Trustee in accordance with the terms of the Promissory Note for the account of the Issuer and shall be held and disbursed in accordance with the provisions of the Indenture and the Loan Agreement.

The Borrower shall be entitled to a credit against the Loan Payments required to be made under the Loan Agreement, on any date, equal to the amounts, if any, transferred by the Trustee from the Interest Account of the Bond Fund, the Project Fund or the Collateral Fund on such date for the payment of Bond Debt Service Charges.

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

Upon payment in full of the Bond Debt Service Charges on any or all of the Bonds, in accordance with the Indenture, whether at maturity, upon acceleration or otherwise, or upon provision for the payment of all other obligations in the Loan Agreement and therein having been made in accordance with the provisions of the Indenture, (a) if with respect to less than all of the Bonds then Outstanding, an appropriate notation shall be endorsed on the Promissory Note evidencing the date and amount of the principal payment (or prepayment) equal to the Bonds so paid, or with respect to which provision for payment has been made, and (b) with respect to all of the Bonds then Outstanding, the Promissory Note shall be deemed fully paid, the obligations of the Borrower shall be terminated, and the Promissory Note shall be surrendered by the Trustee to the Borrower for cancellation. Unless the Borrower is entitled to a credit under express terms of

the Loan Agreement or the Promissory Note, all payments on the Promissory Note shall be in the full amount required thereunder.

The Borrower and the Issuer each acknowledge in the Loan Agreement that neither the Borrower nor the Issuer has any interest in the Bond Fund or the Collateral Fund and any money deposited therein shall be in the custody of and held by the Trustee in trust for the benefit of the Holders.

Additional Payments

The Borrower shall pay to the Issuer or the Trustee, as the case may be, as Additional Payments under the Loan Agreement, the following:

(a) To the Issuer or the Trustee, as the case may be, whether or not an Event of Default has occurred under the Loan Agreement, as payment for or reimbursement or prepayment of any and all costs, expenses, and liabilities (1) incurred or paid by the Issuer or the Trustee, as the case may be, in satisfaction of any obligations of the Borrower under the Loan Agreement not performed by the Borrower in accordance with the provisions thereof, (2) incurred as a result of a request by the Borrower or of a requirement of any Borrower Document or the Indenture and not otherwise required to be paid by the Borrower under the Loan Agreement, (3) incurred in the defense of any action or proceeding with respect to the Project or any Borrower Document, or in enforcing any Borrower Document, or arising out of or based upon any other document related to the issuance of the Bonds, or (4) any rebate amount required with respect to the Bonds as required by the Indenture or the Tax Certificate.

(b) To the applicable party, as payment for or reimbursement or prepayment of any Ordinary Services and Ordinary Expenses and Extraordinary Services and Extraordinary Expenses of the Trustee as trustee, registrar, authenticating agent and paying agent, and of any other paying agent, authenticating agent, and registrar on the Bonds under the Indenture, all as provided in the Indenture, as and when the same become due; provided that the Borrower may, without creating an Event of Default under the Loan Agreement, contest in good faith the necessity for any Extraordinary Services and Extraordinary Expenses and the amount of any such Ordinary Services, Ordinary Expenses, Extraordinary Services or Extraordinary Expenses; provided that fees for Ordinary Services provided for by the respective letter agreements agreed to by the Borrower and the Trustee, the Registrar, and any Paying Agents and Authenticating Agents, respectively, shall be considered to be customary.

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

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

(e) To the Issuer in immediately available funds, upon demand, for all costs and expenses, including without limitation reasonable attorneys' fees, paid or incurred by the Issuer in connection with (1) the discussion, negotiation, preparation, approval, execution and delivery of the Bonds, the Indenture, the Regulatory Agreement, the Loan Agreement, and the documents and instruments related thereto; (2) any amendments or modifications to any of the foregoing documents, instruments or agreements and the discussion, negotiation, preparation, approval, execution and delivery of any and all documents necessary or desirable to effect such amendments

or modifications; (3) the servicing and administration of the Loan during the term of the Loan Agreement or thereafter; and (4) the enforcement by the Issuer during the term of the Loan Agreement or thereafter of any of the rights or remedies of the Issuer under the Loan Agreement or under the foregoing documents, or any document, instrument or agreement related thereto, including, without limitation, costs and expenses of collection in the Event of Default, whether or not suit is filed with respect thereto.

(f) To the Issuer, the administrative fee (the “Administrative Fee”) payable on a one-time basis on the Closing Date in an amount equal to one half of one percent of the initial maximum principal amount of the Bonds (\$24,000,000*). The Administrative Fee is not pledged to payment of the Bonds and may be used by the Issuer for any proper purpose. The Administrative Fee is required by the Issuer for the purpose of partially compensating the Issuer for services to be performed by it prior to and during the term of the Loan Agreement but the Issuer is not required to provide an accounting to the Borrower of such services or the Administrative Fee applied to such services.

Upon the payment, prepayment, or incurrence of any such cost, expense, or liability described under this caption by any such party, the Additional Payments in respect thereof shall be payable upon written demand to the Borrower, which demand shall be accompanied by invoices or other appropriate documentation concerning the nature, amount and incurrence of such cost, expense or liability. If the Additional Payments payable as described under this caption are not paid by the Borrower within thirty (30) days of the Borrower’s receipt of such demand, such Additional Payments shall bear interest from such thirtieth (30th) day at the Interest Rate for Advances until the amount due shall have been fully paid.

Special Covenants

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

The Borrower shall maintain its existence, not dissolve or sell, transfer or otherwise dispose of all or substantially all of its assets, not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it, and not sell or transfer the Project; provided, however, that it may do so if the surviving, resulting or transferee entity is other than the Borrower, it assumes in writing all of the obligations of the Borrower under the Loan Agreement and the Regulatory Agreement and it has a net worth equal to or greater than that of the Borrower immediately prior to such consolidation, merger, sale or transfer or if the Bonds are repaid in full. Nothing contained in the Loan Agreement shall limit the rights of (a) any direct or indirect owners of interests in the Borrower to (1) transfer, convey, sell or otherwise dispose (a “Transfer”) their ownership interests to any Affiliate of such owner or of any other owner of interests in the Borrower, or in connection with any estate planning, or by operation of law, or (2) make Transfers among and between themselves; or (3) allow the Investor Limited Partners to transfer its interest to any Affiliate or third party; or (b) Borrower to make Transfers as otherwise permitted by (or subject to the terms and conditions set forth in) the Regulatory Agreement.

Notwithstanding anything to the contrary contained in the Loan Agreement or in any other Subordinate Bond Document, and subject to the consent of HUD and the FHA Lender prior to each occurrence to the extent such consent is required under the FHA Loan Documents, the following shall be

* Preliminary; subject to change.

permitted and shall not require the prior written approval of the Issuer or the Trustee: (i) the transfer by the Investor Limited Partners of their interests in the Borrower in accordance with the terms of the Borrower's Amended and Restated Agreement of Limited Partnership, as it may be amended from time to time (the "Partnership Agreement"); (ii) the removal of the General Partner of the Borrower in accordance with the Partnership Agreement and the replacement thereof with the Investor Limited Partners or any of their affiliates; (iii) the transfer of ownership interests in the Investor Limited Partners; (iv) the transfer of the interests of the Investor Limited Partners in the Borrower to the Borrower's General Partner or any of their affiliates; and (v) any amendment to the Partnership Agreement to memorialize the transfers or removal described above. The parties agree that the provisions described under this caption shall control to the extent of any conflict in any Subordinate Bond Documents.

The Borrower releases the Issuer and the Trustee from, agrees that the Issuer and the Trustee shall not be liable for, and indemnifies, defends and holds the Issuer and the Trustee harmless from and against, any and all liabilities, claims, costs and expenses and reasonable attorneys' fees imposed upon, incurred or asserted against the Issuer or the Trustee on account of: (a) any loss or damage to property or injury to or death of or loss by any person that may be occasioned by any cause whatsoever pertaining to the acquisition, rehabilitation, financing, occupation, possession, management, equipping, furnishing, maintenance, operation and use of the Project or from any work or thing done in or about the Project site, or any sidewalks, passageways, driveways, curbs, vaults and vault space, streets or parking areas on the Project site or adjacent thereto; (b) any breach or default on the part of the Borrower in the performance of any covenant or agreement of the Borrower under the Loan Agreement, the Regulatory Agreement, the Promissory Note or any related document, or arising from any act or failure to act by the Borrower, or any of its agents, contractors, servants, employees or licensees; (c) the Borrower's failure to comply with any requirement of the Loan Agreement; (d) any action taken or omitted to be taken by the Issuer or the Trustee under the Loan Agreement, the Indenture or the Regulatory Agreement; (e) the issuance of the Bonds; and (f) any claim, action or proceeding brought with respect to any matter set forth in clause (a), (b), (c), (d) or (e) above; provided, however, that the indemnification provided under this caption shall not apply to any matter arising or resulting from the gross negligence or willful misconduct of the party proposed to be indemnified under the Loan Agreement.

The Borrower agrees to indemnify the Trustee for and to hold it harmless against all liabilities, claims, costs and expenses incurred without negligence or willful misconduct on the part of the Trustee, on account of any action taken or omitted to be taken by the Trustee in accordance with the terms of the Loan Agreement, the Bonds, the Regulatory Agreement, the Promissory Note or the Indenture, any action taken at the request of or with the consent of the Borrower or any loss, liability, damage, claim, tax or expense incurred by it, arising out of or in connection with the acceptance or administration of the Indenture or the trusts thereunder or the performance of its powers or duties thereunder or under the Loan, the Bonds, the Indenture, the Regulatory Agreement, the Promissory Note or any other document relating to the Bonds, including the costs and expenses of the Trustee in defending itself against any such claim, action or proceeding brought in connection with the exercise or performance of any of its powers or duties under the Loan Agreement, the Bonds, the Indenture, the Regulatory Agreement or the Promissory Note.

In case any action or proceeding is brought against the Issuer or the Trustee in respect of which indemnity may be sought under the Loan Agreement, the party seeking indemnity promptly shall give notice of that action or proceeding to the Borrower, and the Borrower upon receipt of that notice shall have the obligation and the right to assume the defense of the action or proceeding; provided that failure of a party to give that notice shall not relieve the Borrower from any of its obligations described under this caption unless that failure prejudices the defense of the action or proceeding by the Borrower and then only to the extent that such failure prejudices the defense of such action or proceeding of the Borrower. The indemnified party shall have the right to employ separate counsel in any such action or proceedings and to participate in the defense thereof, but, unless such separate counsel is employed with the approval and

consent of the Borrower, or because the indemnified party has been advised by counsel that there may be a conflict of interest between the Borrower and the indemnified party or the Trustee believes in good faith that there are defenses available to it which are adverse to or in conflict with those available to the Borrower and which the Issuer or the Trustee believes in good faith cannot be effectively asserted by common counsel, the Borrower shall not be required to pay the fees and expenses of such separate counsel. The Borrower shall not be liable for any settlement made without its consent, which consent shall not be unreasonably withheld, conditioned or delayed, and the Borrower will not settle any claim or action to which the Trustee or the Issuer is a party without the consent of the Issuer or the Trustee, as applicable. This indemnification survives the payment in full of the Bonds, and the resignation or removal of the Trustee.

The indemnification set forth above is intended to and shall include the indemnification of all affected members of the Issuer's Board of Trustees, the Executive Director and other Issuer officials, officers, agents, representatives and employees of the Issuer and the Trustee and its Board members, officers, employees, officials and agents, respectively. That indemnification is intended to and shall be enforceable by the Issuer and the Trustee, respectively, to the full extent permitted by law.

The Borrower has represented that it has taken and caused to be taken, and has covenanted that it will take and cause to be taken, all actions that may be required of it, alone or in conjunction with the Issuer, for the interest on the Bonds to be and to remain excluded from gross income for federal income tax purposes (other than interest on the Bonds for any period during which the Bonds are held by a "substantial user" of any facility financed with the proceeds of the Bonds or a "related person," as such terms are used in Section 147(a) of the Code), and represents that it has not taken or permitted to be taken on its behalf, and covenants that it will not take or permit to be taken on its behalf, any actions that would adversely affect such exclusion under the provisions of the Code.

Unless the Issuer or the FHA Lender shall otherwise consent in writing:

Maintenance of Properties. The Borrower shall maintain and preserve in good working order and condition, ordinary wear and tear and casualty loss excepted, all of its properties which are necessary or useful in the proper conduct of its business, and shall from time to time make all necessary repairs, renewals, replacements, additions and improvements to said properties. All damage to apartment units shall be repaired promptly and apartment units shall be maintained so as to be available at all times for habitation.

Keeping of Records and Books of Account. The Borrower shall keep adequate records and books of account in which complete entries will be made in accordance with GAAP or indicating deviations therefrom, reflecting all financial transactions. The Borrower shall deliver to the Trustee annually, not later than one hundred twenty (120) days following the end of the Borrower's Fiscal Year, commencing with the Fiscal Year ending in 2026, its year-end financial statements accompanied by a written statement of the Borrower that the Borrower has not violated any of the terms, covenants or provisions of the Loan Agreement insofar as it relates to accounting matters. The Trustee shall have no duty to review or analyze any such financial statements. The Trustee shall not be deemed to have notice of any information contained therein or event of default which may be disclosed in any manner therein.

Payment of Taxes, Etc. The Borrower shall promptly pay and discharge all taxes, assessments, fees, and other Government charges or levies imposed upon it or upon any of its properties, income or profits, before the same shall become delinquent; all lawful claims of materialmen, mechanics, carriers, warehousemen, landlords and other similar Persons for labor, materials, supplies and rentals, which if unpaid might by law become a Lien upon its properties; any Indebtedness incurred before or after the date of the Loan Agreement by it when due, and discharge, perform and observe covenants, provisions and conditions to be discharged, performed and observed by it in connection therewith, or in connection with any agreement or other instrument relating thereto or in connection with any Lien existing at any time upon

any of its properties; provided, however, that the Borrower shall not be required to pay any of the foregoing if (1) the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings, (2) the Borrower shall have set aside on its books adequate reserves with respect thereto, and (3) the title of the Borrower to, and its right to use, its properties is not materially and adversely affected thereby. The Borrower agrees that, in the event it fails to pay or cause to be paid taxes, assessments, fees and other Government charges or levies or the premium on any required insurance and such failure constitutes a default under the FHA Loan Documents, the Trustee may make such payment, but is not obligated to do so, and the Trustee shall be reimbursed by the Borrower therefor with interest on the amount so advanced at the Interest Rate for Advances as provided under the caption "Additional Payments" above.

Insurance. The Borrower shall at all times maintain or cause to be maintained, insurance of such types and in such amounts as required by the FHA Loan Documents.

Notice of Material Litigation. The Borrower shall promptly notify the Issuer and the Trustee in writing of any litigation, arbitration proceeding or administrative investigation, inquiry or other proceeding to which it may become a party or be subject to after the date of the Loan Agreement which may result in a change in the business or assets or in the condition, financial or otherwise, of the Borrower which would materially impair the ability of the Borrower to perform the Loan Agreement, the Regulatory Agreement, the Borrower guaranties or the Promissory Note, or any other agreement or instrument contemplated therein.

Notice of Default. In the event that any Event of Default occurs under the Loan Agreement, the Borrower shall give prompt notice in writing of such happening to the Trustee.

Performance of Contracts, Etc. Except to the extent contested in good faith, the Borrower shall perform according to and shall materially comply with all of its Contractual Obligations and all requirements of law if nonperformance thereof would result in a change in the business or assets or in the condition, financial or otherwise, of the Borrower which would materially impair the ability of the Borrower to perform the Borrower Documents or any other agreement or instrument contemplated therein.

Notice of Other Matters. The Borrower shall promptly notify the Trustee in writing of any of the following events:

(1) Any event with respect to the business or assets or in the condition, financial or otherwise, of the Borrower which would materially impair the ability of the Borrower to perform its obligations under the Borrower Documents or any other agreement or instrument therein contemplated.

(2) A default by the Borrower in any material respect under any material agreement to which the Borrower is a party or by which the Borrower or its properties or assets may be bound which would materially impair the ability of the Borrower to repay the Loan, giving in each case the details thereof and specifying the action proposed to be taken with respect thereto.

Cooperation in Perfecting Security Interests, Etc. The Borrower shall promptly perform such acts as may be necessary or advisable to perfect and maintain any Lien provided for in the Loan Agreement or in any agreement or document contemplated therein or otherwise to carry out the intent of the Loan Agreement. The Borrower shall promptly execute, file, deliver and perform or cause to be done, executed, delivered and performed all such documents, instruments, agreements, things and acts, including, without limitation, financing statements, continuation statements and mortgages as may be necessary or advisable to perfect or maintain a Lien on any and all assets or rights owned by the Borrower, or any interest of the Borrower therein.

Environmental Matters. The Borrower will take and continue to take prompt action to remedy all environmental pollution and contamination, hazardous waste disposal and other environmental cleanup problems of which it is aware and responsible for, if any, whether or not such cleanup problems have resulted from the order or request of a municipal, state, federal, administrative or judicial authority, or otherwise. The foregoing covenant shall not constitute or create a waiver of any rights the Borrower may have to pursue any legal rights or remedies against any third party for any environmental claims.

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

Patriot Act. The Borrower covenants and agrees to provide documentation as reasonably requested or required by the Trustee to enable the Trustee to comply with the requirements of the USA Patriot Act as described in the Indenture.

Additional Indebtedness

The FHA Insured Mortgage Loan and any other subordinate loans from subordinate lenders consistent with the Borrower's plan of finance are all permitted Indebtedness. In addition, so long as no Event of Default or default under the Loan Agreement shall have occurred and be continuing, the Borrower shall be permitted to incur any additional Indebtedness for any Project Cost or other costs associated with the Project or other obligation or payment due under the Loan Agreement, the Indenture or the Regulatory Agreement.

Nature of Business

The Borrower will not change the general character of its business as conducted at the date of execution of the Loan Agreement or engage in any type of business not reasonably related to its business as normally conducted.

Cooperation in Enforcement of Regulatory Agreement

In order to maintain the exclusion from gross income under federal tax law of interest on the Bonds and to assure compliance with the laws of the Commonwealth (including the Act), the Borrower shall, concurrently with or before the execution and delivery of the Bonds, execute and deliver and cause to be recorded the Regulatory Agreement. The Borrower shall:

- (a) comply with all provisions of the Regulatory Agreement;
- (b) advise the Issuer in writing promptly upon learning of any default with respect to the covenants, obligations and agreements of the Borrower set forth in the Regulatory Agreement;
- (c) upon written direction by the Issuer, cooperate fully and promptly with the Issuer in enforcing the terms and provisions of the Regulatory Agreement; and
- (d) file in accordance with the time limits established by the Regulatory Agreement all reports and certificates required thereunder, and the annual certification to the Secretary of the Treasury required by the Regulatory Agreement.

The Issuer shall not incur any liability in the event of any breach or violation of the Regulatory Agreement by the Borrower, and the Borrower agrees to indemnify the Issuer from any claim or liability for such breach pursuant to the Loan Agreement.

Tax-Exempt Status of the Bonds

It is the intention of the Issuer and the Borrower that interest on the Bonds shall be and remain excludable from gross income for federal income taxation purposes, and to that end the covenants and agreements of the Borrower described under this caption are for the benefit of the owners of the Bonds and the Issuer.

The Borrower will not (1) use or permit the use of any of the funds provided by the Issuer under the Loan Agreement or any other funds of the Borrower, directly or indirectly, in such manner as would; (2) enter into, or allow any “related person” (as defined in Section 147(a)(2) of the Code) to enter into, any arrangement, formal or informal, for the purchase of the Bonds that would; or (3) take or omit to take any other action that would, in each case cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

In the event that at any time the Borrower is of the opinion or becomes otherwise aware that for purposes described under this caption it is necessary to restrict or to limit the yield on the investment of any money held under the Indenture or otherwise by the Trustee, the Borrower shall determine the limitations and so instruct the Trustee in writing and cause the Trustee to comply with those limitations under the Indenture.

The Borrower will take such action or actions as may be necessary to fully comply with the Tax Certificate and with Section 148 of the Code as applicable to the Bonds.

The Borrower will not discriminate on the basis of race, creed, color, sex, sexual preference, source of income (e.g. AFDC, SSI), physical disability, national origin or marital status in the lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project, to the extent required by applicable Commonwealth or federal law.

The Borrower has not executed and will not execute any other agreement, or any amendment or supplement to any other agreement, with provisions contradictory to, or in opposition to, the provisions, of the Loan Agreement and the Regulatory Agreement, and that in any event, the requirements of the Loan Agreement and the Regulatory Agreement are paramount and controlling as to the rights and obligations set forth in the Loan Agreement and supersede any other requirements in conflict with the Loan Agreement and the Regulatory Agreement.

The Borrower will use due diligence to complete the renovation, rehabilitation, improvement, construction, and equipping of all of the units comprising the Project and reasonably expects to fully expend the entire \$24,000,000* in principal amount of the Loan by the Initial Mandatory Tender Date.

The Borrower will take such action or actions as necessary to ensure compliance with the Loan Agreement.

* Preliminary; subject to change.

Useful Life

Within the meaning of Section 147(b) of the Code, the average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the facilities being financed with the proceeds of the Bonds.

Federal Guarantee Prohibition

The Borrower shall take no action, nor permit nor suffer any action to be taken if the result of the same would be to cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

Prohibited Facilities

The Borrower represents and warrants that no portion of the proceeds of the Loan shall be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Loan shall be used for an office unless (a) the office is located on the premises of facilities constituting a portion of the Project and (b) not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

Optional Prepayment

The Promissory Note may be prepaid by the Borrower in whole or in part any Business Day occurring on or after April 1, 2028*, and must be prepaid by the Borrower in whole as soon as practicable after the Borrower has advised the Trustee in writing that the Project is placed in service for all purposes within the meaning of Section 42 of the Code, without penalty at a prepayment price equal to the outstanding principal amount plus any unpaid accrued interest on the Promissory Note. In order to prepay the Promissory Note, the Borrower shall give the Trustee written notice at least thirty (30) days prior to the prepayment date to effect a redemption of the Bonds pursuant to the Indenture. After a Remarketing Date, the Promissory Note may be prepaid by the Borrower in whole or in part on any Business Day that is nearest to the date falling at 50% of the subsequent remarketing period between the most recent Mandatory Tender Date and the next Mandatory Tender Date or the Maturity Date, as applicable.

Events of Default

The Loan Agreement provides that each of the following shall be an “Event of Default”: (a) the Borrower shall fail to pay any Loan Payment on or prior to the date on which that Loan Payment is due and payable or within the Loan Payment Cure Period; (b) the Borrower shall fail to observe and perform any other agreement, term or condition set forth in the Loan Agreement and the continuation of such failure for a period of thirty (30) days after written notice thereof shall have been given to the Borrower [and the Investor Limited Partners] by the Issuer or the Trustee, or for such longer period as the Issuer and the Trustee may agree to in writing; provided, that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, that failure shall not constitute an Event of Default so long as the Borrower institutes curative action within the applicable period and diligently pursues that action to completion, which must be resolved within one hundred eighty (180) days after the aforementioned notice; provided that the Trustee is provided with a certification from the Borrower to the effect that such default cannot through the exercise of diligence be wholly cured within such thirty

* Preliminary; subject to change.

(30) day period but can be wholly cured and the Borrower has commenced or will promptly commence with due diligence and dispatch the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch; (c) the Borrower shall (1) admit in writing its inability to pay its debts generally as they become due; (2) have an order for relief entered in any case commenced by or against it under the federal bankruptcy laws, as in effect as of or after the date of the Loan Agreement, which is not dismissed within ninety (90) days; (3) voluntarily commence a proceeding under any other federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for ninety (90) days; (4) make an assignment for the benefit of creditors; or (5) have a receiver or trustee appointed for it or for the whole or any substantial part of its property which appointment is not vacated within a period of ninety (90) days; (d) any representation or warranty made by the Borrower in the Loan Agreement or any statement in any report, certificate, financial statement or other instrument furnished in connection with the Loan Agreement or with the purchase of the Bonds shall at any time prove to have been false or misleading in any adverse material respect when made or given; and (e) there shall occur an “Event of Default” as defined in the Indenture or the Regulatory Agreement.

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

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

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

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

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

Remedies on Default

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

(a) If acceleration of the principal amount of the Bonds has been declared pursuant to the provisions described in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE

INDENTURE – Acceleration,” the Trustee shall declare all Loan Payments to be immediately due and payable together with any other amounts payable by the Borrower under the Loan Agreement and the Promissory Note whereupon the same shall become immediately due and payable;

(b) The Trustee may exercise any or all or any combination of the remedies specified in the Loan Agreement;

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

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

Notwithstanding the foregoing, neither the Issuer nor the Trustee, as assignee of the Issuer, shall be obligated to take any step which in its respective opinion will or might cause it to expend time or money or otherwise incur liability unless and until a satisfactory indemnity bond has been furnished to the Issuer or the Trustee, as applicable, at no cost or expense to the Issuer or the Trustee. Any amounts collected as Loan Payments or applicable to Loan Payments and any other amounts which would be applicable to payment of Bond Debt Service Charges collected pursuant to action taken under this caption shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if the Outstanding Bonds have been paid and discharged in accordance with the provisions of the Indenture, shall be paid as provided in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Repayment to the Borrower from the Bond Fund” for transfers of remaining amounts in the Bond Fund.

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

Amendments and Supplements

Except as otherwise expressly provided in the Loan Agreement or the Indenture, subsequent to the issuance of the Bonds and prior to all conditions provided for in the Indenture for release of the Indenture having been met, the Loan Agreement, the Regulatory Agreement and the Promissory Note may not be effectively amended, changed, modified, altered or terminated except in accordance with the provisions of the Indenture, as applicable. See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Amendments Not Requiring Consent of Holders” and “– Amendments Requiring Consent of Holders” attached hereto.

HUD Required Provisions

The Borrower and the Issuer have acknowledged that the Loan Agreement and all the Borrower’s obligations thereunder are subject and subordinate to the FHA Loan Documents and the Program Obligations. Notwithstanding any provisions of the Loan Agreement to the contrary, no obligations of the Borrower thereunder shall be payable except from (a) Surplus Cash; (b) funds that are not derived from (1) revenues of the Project (as defined in the FHA Mortgage), (2) the proceeds of the FHA Note, or (3) any

reserve or deposit made with the FHA Lender or any other party as required by HUD in connection with the FHA Loan Documents; or (c) FHA Lender Funds which have been deposited into the Collateral Fund by or at the direction of the FHA Lender (collectively, “Non-Project Sources”). No claims or actions shall be made (or payable) under the Loan Agreement against the Project, the FHA Lender, the proceeds of the FHA Note, or the assets of the Borrower, except from Non-Project Sources. In addition, the rights and obligations of the parties under the Loan Agreement and all other documents evidencing, implementing, or securing the Loan Agreement (collectively, the “Subordinate Bond Documents”) are and shall be subordinated in all respects to the rights and obligations of the parties to and under the FHA Loan Documents. In the event of any conflict between the provisions of (i) the Loan Agreement or the Subordinate Bond Documents and (ii) the provisions of the FHA Loan Documents or the Program Obligations, the provisions of the FHA Loan Documents or the Program Obligations shall control. The provisions described under this caption shall control over any inconsistent provisions in the Loan Agreement or the Subordinate Bond Documents. The Loan Agreement shall not be amended or modified without the prior written consent of HUD.

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT

The following is a summary of certain provisions of the Regulatory Agreement. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Regulatory Agreement, a copy of which is on file with the Trustee.

The Issuer, the Borrower and the Trustee will enter into a Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) in order to set forth certain terms and conditions relating to the rehabilitation and operation of the Project. All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture and the Regulatory Agreement.

Qualified Residential Rental Project

The Issuer and the Borrower declare by the Regulatory Agreement their understanding and intent that the Project is to be owned, managed and operated, as a Qualified Residential Rental Project. The Issuer hereby elects the “40-60” test as set forth in Section 142(d)(1)(B) of the Code. To that end, and in compliance with the Act, the Borrower represents, covenants, and agrees by the Regulatory Agreement as follows:

(a) that the Project is being acquired, rehabilitated, renovated and equipped for the purpose of providing multifamily residential rental property, and the Project shall be owned, managed and operated as multifamily Rental Housing, all in accordance with Section 142(d)(1) of the Code and Section 1.103-8(b) of the Income Tax Regulations, as the same may be amended from time to time and applicable to the Project;

(b) that all of the dwelling units in the Project will be similarly constructed and each such dwelling unit shall contain complete facilities for living, sleeping, eating, cooking and sanitation for a single person or a family;

(c) that during the Qualified Project Period:

(i) none of the dwelling units in the Project shall ever be leased or rented for a period of less than thirty (30) days; and

(ii) neither the Project nor any portion thereof shall ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium, nursing home, rest home, or trailer court or park;

(d) that during the Qualified Project Period (i) the dwelling units in the Project shall be leased and rented or made available for rental on a continuous basis to members of the general public, (ii) at least 40% of the Available Units in the Project shall be leased and rented or made available for rental on a continuous basis to Low Income Tenants; and (iii) the Borrower shall not give preference in renting dwelling units in the Project to any particular class or group of persons, other than Low Income Tenants as provided in the Regulatory Agreement; provided, however, that an insubstantial number of dwelling units in the Project, may be occupied by maintenance, security or managerial employees of the Borrower or its property manager, which employees must be reasonably necessary for operation of the Project;

(e) that during the Qualified Project Period no part of the Project will at any time be owned or used by a cooperative housing corporation;

(f) that the Project will consist of one or more discrete edifices or other man-made construction, each consisting of an independent foundation, outer walls and roof, all of which will be (i) owned by the same person for federal tax purposes, (ii) located on a common tract of land or two or more tracts of land which are contiguous except for being separated only by a road, street, stream or similar property (tracts are contiguous if their boundaries meet at one or more points), and (iii) financed by the Loan of the Issuer or otherwise pursuant to a common plan of financing, and which will consist entirely of:

(i) units which are similarly constructed; and

(ii) facilities functionally related and subordinate in purpose and size to property described in (i) above, e.g., parking areas, laundries, swimming pools, tennis courts and other recreational facilities (none of which may be unavailable to any person because such person is a Low Income Tenant) and other facilities which are reasonably required for the Project, e.g., heating and cooling equipment, trash disposal equipment or units for residential managers or maintenance personnel;

(g) that during the Qualified Project Period the Project will not include a unit in a building where all units in such building are not also included in the Project;

(h) that during the Qualified Project Period the Borrower will not convert the Project from residential rental property to condominium ownership or other use;

(i) that during the Qualified Project Period no dwelling unit in the Project shall be occupied by the Borrower at any time unless the Borrower resides in a dwelling unit in a building or structure which contains at least five dwelling units and unless the resident of such dwelling unit is a resident manager or other necessary employee (e.g., maintenance and security personnel);

(j) that less than 25% of the proceeds of the Bonds will be used for the acquisition of land or the buildings thereon;

(k) that during the Qualified Project Period, the Borrower will not discriminate on the basis of age, race, creed, religion, color, sex, marital status, or national origin in the lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project; and

(l) that during the Qualified Project Period, the Borrower will require all tenants moving into units with existing leases, which units have previously qualified as Low Income Tenant units, to be put on the lease in addition to the current tenant on the lease and to require recertification of said unit.

Unless the above provisions of this section are amended as permitted under the Regulatory Agreement, the above provisions of this section shall remain in effect during the Qualified Project Period; provided, however, the Borrower may be discharged from its obligations under the above provisions of this section and the provisions described under the heading "Low Income Tenants" below to the extent only that the same are assumed by any successor in interest to the Borrower pursuant to the provisions described under the heading "Sale, Lease or Transfer of Project" below.

Low Income Tenants

In order to satisfy the requirements of the Act and Section 142(d) of the Code, the Borrower represents, covenants and agrees that by the Regulatory Agreement, as follows:

(a) (i) commencing on the later of the first date on which 10% of the units in the Project are occupied or the issue date of the Bonds, (1) at least 40% of the Available Units in the Project shall be occupied by Low Income Tenants before any Available Units are rented or leased to any other tenants and (2) after initial rental occupancy of such dwelling units by Low Income Tenants, at least 40% of the Available Units in the Project at all times shall be rented to and occupied (or held available for rent if previously rented to and occupied by a Low Income Tenant) by Low Income Tenants as required by Section 142(d) of the Code. For the purpose of the requirement that not less than 40% of the Available Units be occupied by Low Income Tenants, if a tenant qualified as a Low Income Tenant upon occupancy, the income of that tenant shall be treated as continuing to not exceed the applicable income limit, notwithstanding that such tenant's income may subsequently exceed the applicable income limit; provided, however, that such person shall no longer be qualified as a Low Income Tenant as of the most recent determination (as provided in paragraph (e) below) if the tenant's Adjusted Family Income exceeds 140% of the then applicable income limit. If it is determined that a tenant's Adjusted Family Income exceeds 140% of the applicable income limit, the Borrower may avoid non-compliance with the rules set forth in the Regulatory Agreement if the next available unit of comparable or smaller size not counted as occupied by a Low Income Tenant is rented to a qualifying Low Income Tenant;

(ii) notwithstanding paragraph (a)(i) above, if the proceeds of the Bonds are financing the acquisition and rehabilitation of an existing residential rental project (other than Substantial Rehabilitation, to which paragraph (a)(i) above will apply), the Borrower shall have twelve (12) months beginning on the date of issuance of the Bonds (the "Transition Period") to satisfy the requirement that at least 40% of the Available Units are occupied by Low Income Tenants. The failure to satisfy the set-aside requirement of this paragraph by the last day of the Transition Period will cause the Project not to be a Qualified Residential Rental Project as of the issue date of the Bonds issued to finance the Project unless the Bonds issued to finance the Project are redeemed as soon as possible, but in no event later than eighteen (18) months after the issue date of the Bonds;

(b) the income of all tenants who occupy or will occupy the units in the Project will be verified by the Borrower by obtaining an Income Certification and with respect to Low Income Tenants, (i) if the occupant is employed, an employer's written verification of current anticipated annual income or (ii) if the occupant is self-employed, the occupant shall provide an annualized profit and loss statement or (iii) if the occupant is not employed, the occupant shall provide evidence of governmental income or rental assistance and of any other income. Each such certification shall be dated (i) not later than the date of execution of the lease, but in no event more than five days prior to the initial occupancy of such tenant in the Project (and the Borrower shall require such tenant to notify the Borrower of any material change of information in the Income Certification between execution thereof and initial occupancy of such tenant in the Project), and (ii) at least annually thereafter, in each case in the form and containing such information as may be required by Section 142(d) of the Code (initially in the form attached as an exhibit to the Regulatory Agreement, as the same may be from time to time amended by the

Issuer on the advice of Bond Counsel (a copy of which amendments shall be provided to the Issuer, the Trustee and the FHA Lender), or in such other form and manner as may be required by applicable rules, rulings, procedures, official statements, regulations or policies now or hereafter promulgated or proposed by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(a)(7) of the Code;

(c) during the Qualified Project Period, the Borrower shall maintain complete and accurate records pertaining to the dwelling units occupied or to be occupied by Low Income Tenants, including Income Certifications, and will permit any duly authorized representative of the Issuer, the Trustee, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Income Certifications of Low Income Tenants residing in the Project for the purpose of verifying compliance by the Borrower hereunder upon reasonable notice and at reasonable times. The Borrower agrees that in the event of an Internal Revenue Service, Department of Treasury or Issuer audit of compliance with the Regulatory Agreement as authorized by this paragraph (c), the Borrower will pay all reasonable fees and expenses of the Issuer, its authorized representatives, and its counsel in connection with such audit. The Borrower shall keep information as set forth in this paragraph (c) for a period of three years following the end of the Qualified Project Period;

(d) during the Qualified Project Period, (i) the Borrower shall immediately notify the Trustee and the Issuer if at any time the dwelling units in the Project are not occupied or available for occupancy as provided in paragraph (a) above, (ii) the Borrower shall prepare and submit to the Issuer, and following the closing of the FHA Insured Mortgage Loan, to the FHA Lender, not later than the fifteenth (15th) day of the month following the initial occupancy of any of the units in the Project and not later than the fifteenth (15th) day following the end of each six months thereafter, a Compliance Certificate substantially in the form attached as an exhibit to the Regulatory Agreement executed by the Borrower stating, among other matters, the number of dwelling units of the Project which were occupied or were deemed to be occupied by Low Income Tenants during such period and (iii) so long as any Bonds remain Outstanding, the Borrower shall maintain a copy of each Compliance Certificate required under clause (ii) of this subsection and submit copies thereof to the Trustee upon request;

(e) during the Qualified Project Period, the Borrower shall make the determination of whether the income of a tenant of a unit in the Project exceeds the applicable limit at least annually on the basis of the current income of the tenant by causing each tenant to execute a recertification of their annual income. The Borrower shall require in the lease of each Low Income Tenant that the tenant fill out an annual income recertification to help the Borrower determine whether the tenant still qualifies as a Low Income Tenant. The Borrower shall provide in each tenant's lease that completion and execution of such certificates by the tenant is a substantial obligation, noncompliance with which can result in termination of tenancy. Copies of the recertification of a tenant shall be provided to the Trustee as provided in paragraph (b) above; and

(f) the Borrower shall prepare and file with the Issuer, and following the closing of the FHA Insured Mortgage Loan, the FHA Lender true copies of each IRS Form 8703 - "Annual Certification of a Residential Rental Project" (or any successor form thereto) as completed and filed with the Internal Revenue Service for each calendar year during the Qualified Project Period, which certification shall be filed within thirty (30) days after each anniversary of the Completion Date (as defined in the Loan Agreement) or at such other times as may be prescribed in the Income Tax Regulations promulgated under Section 142(d)(7) of the Code.

The benefits of this section and the section titled “Qualified Residential Rental Project” above shall inure to, and may be enforced by, the Trustee and the Issuer and their successors and assigns for the Qualified Project Period.

Sale, Lease or Transfer of the Project

Except as may be permitted by the Loan Documents (as defined in the Regulatory Agreement), the Borrower shall not sell, lease (other than to resident tenants in the normal course of business), exchange, assign, convey, transfer or otherwise dispose of all or substantially all of the Project or shall not have a change in any manager of the Borrower (in the Regulatory Agreement collectively called “Disposition”) without the prior written consent of the Issuer, and after the closing of the FHA Insured Mortgage Loan, the FHA Lender (such Issuer consent not unreasonably to be withheld). Notwithstanding anything to the contrary contained in the Loan Documents, (i) the transfer of interests in the Borrower to the Federal Investor Limited Partner shall not constitute a default under any of the Loan Documents or accelerate the maturity of the Loan and (ii) the withdrawal, removal and/or replacement of Borrower’s manager for cause in accordance with Borrower’s Amended and Restated Agreement of Limited Partnership (the “Partnership Agreement”) shall not require the consent of Issuer and shall not constitute a default under any of the Loan Documents or accelerate the maturity of the Loan so long as the manager is replaced with an affiliate of the Federal Investor Limited Partner. The Issuer shall not unreasonably withhold its consent to the substitute manager if it is other than an affiliate of the Federal Investor Limited Partner. Notwithstanding the foregoing, any substitute manager shall assume all of the rights and obligations of the removed manager under all of the Loan Documents. It is expressly agreed that in connection with determining whether to grant or withhold such consent to a Disposition, the Issuer and the FHA Lender may (but are not obligated to) (i) consider the creditworthiness of the party to whom such Disposition will be made, its ability to provide services specifically to Low Income Tenants, its prior operation of lower income rental housing, its operation of other housing facilities in the City, if any, and its management ability with respect to the Project; (ii) consider whether or not any security for the performance of the obligations hereunder will be impaired in any material way by the proposed Disposition; (iii) consider such other factors as the Issuer and the FHA Lender may reasonably deem appropriate; (iv) require that the Issuer and the FHA Lender be reimbursed for all reasonable costs and expenses incurred by the Issuer for investigating the creditworthiness and management ability of the party to whom such Disposition will be made and in determining whether the Issuer’s and the FHA Lender’s security will be impaired by the proposed Disposition; (v) require the payment to the Issuer of a transfer fee equal to the reasonable costs of investigating and approving the Disposition and documenting the Disposition in its records; (vi) require the payment of its reasonable attorney’s fee in connection with such Disposition; (vii) require the execution of modification agreements, supplemental security documents and financing statements, where appropriate, reasonably satisfactory in form and substance to the Issuer and the FHA Lender, it being understood and agreed that no material change shall be required to any of the terms and conditions of the Loan Agreement, the Regulatory Agreement or any related instrument or agreement as a condition for the approval of any such Disposition; and (viii) require the payment of the Ordinary Issuer’s Fees (as defined in the Indenture) prorated to the date of disposition of the Project. The foregoing provisions shall not operate to limit in any manner any requirements that the Borrower obtain the consent of any other party to such Disposition under the terms of the Loan Agreement or any of the other documents executed in connection with the Bonds.

The Borrower covenants that upon a Disposition, it will require the party to whom a Disposition will be made to assume in writing, in a form acceptable to the Issuer, the Trustee, and if the closing of the FHA Insured Mortgage Loan has occurred, the FHA Lender, all duties and obligations of the Borrower under the Regulatory Agreement, including this section. The Borrower shall deliver the assumption agreement to the Issuer, the Trustee and the FHA Lender concurrently with the Disposition.

It is expressly stipulated and agreed by the Regulatory Agreement that any Disposition of the Project by the Borrower in violation of this section shall be null, void and without effect, and shall be ineffective to relieve the Borrower of its obligations under the Regulatory Agreement and the Loan Agreement. The Borrower shall include by incorporation by reference or verbatim the requirements and restrictions contained in the Regulatory Agreement in any deed or other documents transferring any interest in the Project to another person to the end that such transferee has notice of and is bound by such restrictions, and shall obtain the express agreement from any transferee so to abide. In the event that the Issuer approves the Disposition of the Project in accordance with this section, and the transferee has agreed to perform the obligations of the Borrower under the Loan Agreement and the Regulatory Agreement in accordance with the terms and conditions of the Loan Agreement and the Regulatory Agreement, the Borrower shall be released from its obligations under the Regulatory Agreement automatically and without further action by the Issuer, and the Issuer shall confirm such release by recordable written instrument, if requested to do so by the Borrower.

Except as permitted in the first paragraph of this section, so long as any portion of the Bonds remains outstanding, there shall be no transfer by any party of more than a fifty percent (50%) ownership interest in the Borrower, nor shall there be any other similarly significant change in the ownership interest, control or relative distribution thereof, of the Borrower by any other method or means including, but not limited to, increased capitalization, merger, corporate or other amendments, issuance of additional or new stock or classification of stock, or otherwise, without the prior written consent of the Issuer, which consent shall not be unreasonably withheld; provided, however, that this paragraph shall not apply to transfers of the interests in the Borrower to the Federal Investor Limited Partner or of the interests of the Federal Investor Limited Partner in the Borrower.

Any Disposition will be subject to the Issuer, the Trustee, and if the closing of the FHA Insured Mortgage Loan has occurred, the FHA Lender, receiving an opinion of Bond Counsel that the transaction contemplated and as carried out will not adversely affect the exclusion of the interest on the Bonds of the holders thereof from gross income for federal income tax purposes.

The restrictions contained in the foregoing provisions of this section shall not be applicable to any of the following exceptions, and the prior consent of the Issuer shall not be required as to such exceptions: (i) any transfer pursuant to or in lieu of a foreclosure under the FHA Mortgage or other similar disposition of the Project, (ii) grants of utility related easements and utility and other service related leases or easements, including without limitation, laundry service leases or television cable easements, over portions of the Project, provided the same are granted in the ordinary course of business in connection with the operation of the Project as contemplated by the Regulatory Agreement, (iii) leases of apartment units to Low Income Tenants or other tenants in accordance with the requirements of the Regulatory Agreement, (iv) any sale or conveyance to a condemning governmental authority as a direct result of a condemnation or a governmental taking or a threat thereof, and (v) any change in allocations of preferred return capital, depreciation or losses or any final adjustments in capital accounts (all of which may be freely transferred or adjusted by Borrower pursuant to Borrower's Partnership Agreement).

Enforcement

The Issuer, the Borrower and the Trustee each covenant that it will not knowingly take or permit any action that would adversely affect the exemption from federal income taxation of interest on the Bonds. Moreover, each covenants to take any lawful action (including amendment of the Regulatory Agreement as may be necessary, in the opinion of Bond Counsel) to comply fully with the requirements of the Act and with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue

Service from time to time pertaining to obligations the interest on which is tax-exempt under Section 142(d) of the Code and affecting the Project.

If the Borrower defaults in the performance of its obligations under the Regulatory Agreement or breaches any covenant, agreement or warranty of the Borrower set forth in the Regulatory Agreement, and if such default remains uncured for a period of sixty (60) days after notice thereof shall have been given by the Trustee or the Issuer to the Borrower and the Federal Investor Limited Partner (or for an extended period approved in writing by Bond Counsel if such default stated in such notice can be corrected, but not within such sixty (60) day period, and if the Borrower commences such correction within such sixty (60) day period, and thereafter diligently pursues the same to completion within such extended period), then (i) the Borrower agrees to pay the Issuer any rents or other amounts received by the Borrower for any units in the Project which were in violation of the Regulatory Agreement during the period such violation continued, and (ii) the Issuer or the Trustee may apply to any court, state or federal, for specific performance of the Regulatory Agreement or an injunction against any violation of the Regulatory Agreement or any other remedies at law or in equity or any such other actions as it may deem necessary or desirable so as to correct noncompliance with the Regulatory Agreement. Any cure of any event of default under the Regulatory Agreement made or tendered by the Federal Investor Limited Partner shall be deemed to be cure by the Borrower, and shall be accepted or rejected by the Issuer and Trustee on the same basis as if made or tendered by the Borrower.

Notwithstanding anything to the contrary stated in the Regulatory Agreement, the Indenture or the Loan Agreement, the Issuer and the Trustee shall have the right to seek specific performance of any of the covenants and requirements of the Regulatory Agreement concerning the rehabilitation and operation of the Project. The Trustee and the Issuer shall have the right, either jointly or severally, to enforce the Regulatory Agreement and require curing of defaults in such shorter periods than specified above as Bond Counsel may determine necessary to maintain the tax-exempt status of interest on the Bonds. The Trustee shall have the right in accordance with this section, following written notice to the Issuer, to exercise any or all of the Issuer's rights or remedies under the Regulatory Agreement.

The Issuer shall receive any reports submitted by the Borrower pursuant to the Regulatory Agreement and shall monitor or cause to be monitored any such reports in accordance with the standards set forth below. In performing their duties and obligations under the Regulatory Agreement, the Issuer, the Trustee and their respective counsel may rely upon statements and certificates of the Borrower and tenants and upon audits of the books and records of the Borrower pertaining to occupancy of the Project.

The Borrower and the Issuer each acknowledges that the primary purposes for requiring compliance by the Borrower with the restrictions provided in the Regulatory Agreement are to comply with the requirements of the Act and to preserve the federal income tax exemption of interest on the Bonds to the Bondholders, and that the Trustee on behalf of the Bondholders who are declared to be third-party beneficiaries of the Regulatory Agreement shall be entitled, for any breach of the provisions of the Regulatory Agreement, to all remedies both at law and in equity in the event of any default under the Regulatory Agreement.

Notwithstanding the foregoing, enforcement of the Regulatory Agreement shall not serve as a basis for acceleration of the Loan or result in any claim under such Loan, or claim against the Project, the proceeds of the Loan, or against the rents or other income from the Project (other than Surplus Cash) for payment under the Regulatory Agreement.

Amendment

Subject to the provisions of the second paragraph of this section, the Regulatory Agreement may not be amended except (i) by a writing duly executed by each of the parties to the Regulatory Agreement, (ii) with an opinion of Bond Counsel selected by the Issuer to the effect that such amendment does not adversely affect the exclusion of the interest on the Bonds of the holders thereof from gross income for federal income tax purposes, and (iii) if the closing of the FHA Insured Mortgage Loan has occurred, with the consent of the FHA Lender.

To the extent the Code and the regulations promulgated thereunder, or any amendments thereto, shall impose requirements upon the ownership or operation of the Project, which requirements shall be applicable by their terms to the Project and which are more restrictive than those imposed by the Regulatory Agreement, the Borrower and the Issuer agree to give notice thereof to the Trustee and that the Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements; and the Borrower, the Trustee and the Issuer shall execute, deliver and, if applicable, file of record any and all documents and instruments necessary in the opinion of Bond Counsel to maintain the exclusion from gross income of the interest on the Bonds, and if the Borrower, the Trustee or the Issuer defaults in the performance of their obligation to execute such an amendment under this section, the Borrower and the Issuer appoint by the Regulatory Agreement the Trustee as their true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Borrower, or the Issuer, as is applicable, any such document or instrument.

Covenants Run With the Land and the Real Property; Term

The Issuer and the Borrower declare by the Regulatory Agreement their express intent that the covenants, reservations and restrictions set forth in the heading “Qualified Residential Rental Project” above (exclusive of the last paragraph thereof) and under the heading “Low Income Tenants” shall be deemed covenants running with the land, shall run with the Real Property, and shall pass to and be binding upon the Borrower’s successors in title and the Borrower’s successors and assigns. Each and every contract, deed or other instrument executed after the Regulatory Agreement covering or conveying the Real Property or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, regardless of whether or not such covenants are set forth in such contract, deed or other instrument. Unless sooner terminated in accordance with the Regulatory Agreement, such covenants shall continue in full force and effect for the Qualified Project Period, it being expressly agreed and understood that the provisions of the Regulatory Agreement are intended to survive the expiration of the Indenture and the retirement of the Bonds, if such expiration and retirement occur prior to the end of the Qualified Project Period. Upon the expiration of the Qualified Project Period, or if the provisions of the Regulatory Agreement are terminated (in the opinion of Bond Counsel), the Issuer and the Trustee covenant by the Regulatory Agreement to execute a release of the covenants of the Borrower in the Regulatory Agreement and provide such release to the Borrower for recordation in the real property records of the City.

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

\$24,000,000*

**Newport News Redevelopment and Housing Authority
Multifamily Housing Revenue Bonds
(Stuart Gardens II Apartments)
Series 2026**

This Continuing Disclosure Agreement, dated as of July 1, 2026 (this “Continuing Disclosure Agreement”), is executed and delivered by Stuart Gardens II Housing Partners, LP, a Virginia limited partnership (the “Borrower”) and U.S. Bank Trust Company, National Association, as dissemination agent (the “Dissemination Agent”) for the above-captioned bonds (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of July 1, 2026 (the “Indenture”) between the Newport News Redevelopment and Housing Authority (the “Issuer”) and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The Dissemination Agent and the Borrower covenant and agree as follows:

Section 1. Purpose of the Continuing Disclosure Agreement. This Continuing Disclosure Agreement is being executed and delivered by the Borrower and the Dissemination Agent for the benefit of the Holders and in order to assist the Underwriter in complying with the Rule (defined below). The Borrower and the Dissemination Agent acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Continuing Disclosure Agreement, and has no liability to any Person, including any holder of the Bonds or Beneficial Owner, with respect to any such reports, notices or disclosures.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3 and 4 of this Continuing Disclosure Agreement.

“Audited Financial Statements” means, in the case of the Borrower, the annual audited financial statements of the Borrower prepared in accordance with generally accepted accounting principles, if any.

“Beneficial Owner” shall mean any Person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including Persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Disclosure Representative” shall mean, with respect to the Borrower, the administrator of the Project or his or her designee, or such other Person as the Borrower shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean U.S. Bank Trust Company, National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Borrower and which has filed with the Trustee a written acceptance of such designation.

* Preliminary; subject to change.

“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of a debt obligation or derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; provided, however, the term *“financial obligation”* excludes municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule.

“Material Events” shall mean any of the events listed in Section 5(a) of this Continuing Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934. All documents provided to the MSRB shall be in an electronic format and accompanied by identifying information, as prescribed by the MSRB. Initially, all document submissions to the MSRB pursuant to this Continuing Disclosure Agreement shall use the MSRB’s Electronic Municipal Market Access (EMMA) system at www.emma.msrb.org.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Underwriter” means Colliers Securities LLC, and its successors and assigns.

Section 3. Provision of Annual Reports. (a) The Borrower will, or will cause the Dissemination Agent to, not later than one hundred twenty (120) days following the end of the Borrower’s fiscal year, commencing with the fiscal year ending in 2026, provide to the MSRB an Annual Report which is consistent with the requirements described below. No later than fifteen (15) Business Days prior to said date, the Borrower will provide the Annual Report to the Dissemination Agent. In each case, the Annual Report of the Borrower may be submitted as a single document or as separate documents comprising a package and may cross reference other information, provided that the audited financial statements for the prior calendar year of the Borrower may be submitted separately from the balance of its Annual Report.

(b) If by fifteen (15) Business Days prior to the date specified in subsection (a) for providing an Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent will contact the Disclosure Representative to determine if the Borrower is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent will send a notice to the MSRB in substantially the form attached as Exhibit B to this Continuing Disclosure Agreement.

(d) The Dissemination Agent will file a report with the Borrower certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided.

(e) The Dissemination Agent shall, within three (3) Business Days of receipt of the Annual Report, provide such information to the MSRB without any further instruction or direction from the Borrower.

Section 4. Content of Annual Reports. The Borrower’s Annual Report will contain or incorporate by reference the financial information or operating data with respect to the Project, provided at least annually, of the type included in Exhibit A hereto, which Annual Report may, but is not required to, include Audited Financial Statements. If the Borrower’s audited financial statements are not available by

the time the Annual Report is required to be filed, the Annual Report will contain unaudited financial statements, and the audited financial statements will be filed in the same manner as the Annual Report when they become available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Borrower is an “Obligated Person” (as defined by the Rule), which have been filed with the MSRB. The Borrower will clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Material Events. (a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events (each, a “Material Event”):

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulty;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulty;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of Holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Borrower. For purposes of this clause (xii), any such event shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the

ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or paying agent or the change of the name of a trustee or paying agent, if material;

(xv) Incurrence of a Financial Obligation of the Borrower, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Borrower, any of which affect security holders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Borrower, any of which reflect financial difficulties.

(b) Whenever the Borrower obtains knowledge of the occurrence of a potential Material Event, the Borrower shall, within five (5) Business Days of obtaining such knowledge and in any event no more than seven (7) Business Days after the occurrence of such event, determine if such event is in fact a Material Event that is required by the Rule to be disclosed and provide the Dissemination Agent with notice and instructions pursuant to subsections (c) or (d) below, as applicable.

(c) If the Borrower has determined that a Material Event is required to be disclosed, then the Borrower shall prepare a written notice describing the Material Event and provide the same to the Dissemination Agent along with instructions to file the same pursuant to subsection (e) below.

(d) If the Borrower determines that an event is not required to be disclosed as a Material Event then the Borrower shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (e) below.

(e) If the Dissemination Agent has been provided with a written notice describing a Material Event pursuant to subsection (c) of this Section, and is instructed by the Borrower to report the occurrence of such Material Event, the Dissemination Agent shall, within three (3) Business Days of its receipt of such written notice, and no more than ten (10) Business Days after the occurrence of the Material Event, provided that the Borrower has complied with the notice requirements set forth in subsection (b), file the notice with the MSRB and send a copy to the Borrower. The foregoing notwithstanding, (i) the Borrower is solely responsible for instructing the Dissemination Agent to provide notice to the MSRB no more than ten (10) Business Days after the occurrence of a Material Event; and (ii) notice of a Material Event described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than when the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Indenture.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Continuing Disclosure Agreement (and the Dissemination Agent will agree to any amendment so requested by the Borrower unless such amendment adversely affects its rights, duties, protections, immunities, or indemnities) and any provision of this Continuing Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions described under paragraph (a) under “Provision of Annual Reports,” “Contents of Annual Reports” or paragraph (a) under “Reporting of Material Events,” it may only be made in connection with a change in circumstances that arises from a

change in legal requirements, change in law or change in the identity, nature or status of an Obligated Person with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the Borrower will describe such amendment in the next Annual Report and will include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Borrower. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change will be given in the same manner as for a Material Event under Section 5(e) hereof and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Default. In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Continuing Disclosure Agreement, the Dissemination Agent may (and, at the request of the Underwriter or the Holders of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds, will), or the Borrower or any Holder or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking, or specific performance by court order, to cause the Borrower or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement will not be deemed an Event of Default under the Indenture or the Loan Agreement, dated as of July 1, 2026, between the Issuer and the Borrower, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Continuing Disclosure Agreement will be an action to compel performance.

Section 8. Beneficiaries. This Continuing Disclosure Agreement will inure solely to the benefit of the Borrower, the Dissemination Agent, the Underwriter and Holders from time to time of the Bonds and will create no rights in any other Person or entity.

Section 9. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the Borrower shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 10. Duties, Immunities and Liabilities of Dissemination Agent. Article VI of the Indenture is hereby made applicable to this Continuing Disclosure Agreement as if this Continuing Disclosure Agreement were (solely for this purpose) contained in the Indenture and the Dissemination Agent shall be entitled to the same protections, limitations from liability and indemnities afforded the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement, and the Borrower agrees to indemnify and save the Dissemination Agent, the Trustee, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their rights, obligations, powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Borrower under this Section shall survive the termination of this Continuing Disclosure Agreement, the resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent and the Trustee shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Borrower, the Holders, or any other party. Neither the Trustee nor the Dissemination Agent shall have any liability to the Holders or any other party for any monetary damages or financial liability of any kind whatsoever related to or arising from the breach of this Continuing Disclosure Agreement.

The Dissemination Agent agrees to disseminate the information provided to it hereunder in the form delivered by the Borrower. The Dissemination Agent is acting hereunder solely in an agency capacity and as such is merely a conduit for the Borrower, and shall have no liability or responsibility for the form, content, accuracy or completeness of any information furnished hereunder. Any such information may contain a legend to that effect.

The Dissemination Agent shall have no obligation to make disclosure concerning the Bonds, the Project or any other matter except as expressly set out herein, provided that no provision of this Continuing Disclosure Agreement shall limit the duties, trusts, rights, powers or obligations of the Trustee under the Indenture. The fact that the Dissemination Agent or affiliate thereof has or may have any banking, fiduciary or other relationship with the Borrower or any other party in connection with the Project or otherwise, apart from the relationship created by this Continuing Disclosure Agreement, shall not be construed to mean that the Dissemination Agent or affiliate thereof has knowledge or notice of any event or condition relating to the Bonds or the Project except in its respective capacities under this Continuing Disclosure Agreement.

No provision of this Continuing Disclosure Agreement shall require or be construed to require the Borrower or the Dissemination Agent to interpret or provide an opinion concerning any information disclosed hereunder.

The Annual Report may contain such disclaimer language as the Borrower may deem appropriate. Any information disclosed hereunder by the Dissemination Agent may contain such disclaimer language as the Dissemination Agent may deem appropriate.

The Borrower hereby agrees to compensate the Dissemination Agent for the services provided and the expenses incurred pursuant to this Continuing Disclosure Agreement, in an amount to be agreed upon from time to time hereunder, and to reimburse the Dissemination Agent upon its request for all reasonable expenses, disbursements and advances incurred by the Dissemination Agent hereunder (including any reasonable compensation and expenses of counsel) except any such expense, disbursement or advance that may be attributable to its negligence or willful misconduct.

The Dissemination Agent may consult with counsel of its choice and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any

action taken, suffered or omitted by it hereunder in good faith and in reliance thereon, it being understood that for purposes of this provision, that such counsel may be counsel to the Borrower.

No provision of this Continuing Disclosure Agreement shall require the Dissemination Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights of powers.

Section 11. Notices. Any notices or communications to or among any of the parties to this Continuing Disclosure Agreement may be given at the following addresses:

To the Borrower:	Stuart Gardens II Housing Partners, LP c/o Vitus Development IV, LLC 2607 2 nd Avenue Seattle, WA 98121
With a copy to:	Winthrop & Weinstine, P.A. Capella Tower, Suite 3500 225 South Sixth Street Minneapolis, MN 55402-4629
To the Dissemination Agent:	U.S. Bank Trust Company, National Association EP-MN-WS3C 111 Fillmore Ave. E. Saint Paul, MN 55107 Attn: Corporate Trust Services

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices of communications should be sent, effective only upon receipt.

Section 12. Governing Law. This Continuing Disclosure Agreement shall be governed by the laws of the Commonwealth of Virginia.

Section 13. Termination of this Continuing Disclosure Agreement. This Continuing Disclosure Agreement may be terminated by any party to this Continuing Disclosure Agreement upon thirty days' written notice of termination delivered to the other party or parties to this Continuing Disclosure Agreement; provided the termination of this Continuing Disclosure Agreement is not effective until (i) the Borrower, or its successor, enters into a new continuing disclosure agreement with a dissemination agent who agrees to continue to provide, to the MSRB and the Beneficial Owners of the Bonds, all information required to be communicated pursuant to the rules promulgated by the Securities and Exchange Commission or the MSRB, (ii) a nationally recognized bond counsel or counsel expert in federal securities laws provides an opinion that the new continuing disclosure agreement is in compliance with all applicable state and federal securities laws, and (iii) notice of the termination of this Continuing Disclosure Agreement is provided to the MSRB.

The Dissemination Agent shall be fully discharged at the time any such termination is effective. Also, this Continuing Disclosure Agreement shall terminate automatically (i) upon payment or provisions for payment of the Bonds, or (ii) when all of the Bonds are or are deemed to be no longer outstanding by reason of redemption or legal defeasance or at final maturity.

Section 14. Counterparts. This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15. Electronic Signatures. The parties agree that the electronic signature of a party to this Continuing Disclosure Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Continuing Disclosure Agreement. For purposes hereof: (i) “electronic signature” means a manually signed original signature that is then transmitted by electronic means; and (ii) “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a portable document format (“pdf”) or other replicating image attached to an electronic mail or internet message.

Section 16. Dissemination Agent Compensation. The Borrower shall pay or reimburse the Dissemination Agent for its reasonable fees and expenses for the Dissemination Agent’s services (including attorneys’ fees) rendered in accordance with this Continuing Disclosure Agreement.

(Remainder of Page Intentionally Left Blank)

(Borrower's Signature Page to Continuing Disclosure Agreement)

STUART GARDENS II HOUSING PARTNERS, LP,
a Virginia limited partnership

By: Stuart Gardens II Housing Management, LLC,
a Virginia limited liability company,
its General Partner

By: Vitus Development III, LLC,
a Delaware limited liability company,
its Member and Manager

By: _____
Name: Stephen R. Whyte
Title: President

(Counterpart Signature Page to Continuing Disclosure Agreement)

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION,**
as Dissemination Agent

By: _____
Name: _____
Title: _____

EXHIBIT A

ANNUAL REPORT

\$24,000,000*

Newport News Redevelopment and Housing Authority
Multifamily Housing Revenue Bonds
(Stuart Gardens II Apartments)
Series 2026

Report for Period Ending _____

THE PROJECT

Name: Stuart Gardens II Apartments

Address: _____

Occupancy: _____

Number of Units: _____

Number of Units Occupied as of Report Date: _____

OPERATING HISTORY OF THE PROJECT

The following table sets forth a summary of the operating results of the Project for fiscal year ended _____, as derived from the Borrower's [un]audited financial statements.

Revenues

Operating Expenses¹

Net Operating Income

Debt Service on the Loan

Net Operating Income/(Loss)

After Debt Service

The average occupancy of the Project for the fiscal year ended _____, _____ was ____%.

¹Excludes depreciation and other non-cash expenses, includes management fee.

* Preliminary; subject to change.

EXHIBIT B

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF
FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Newport News Redevelopment and Housing Authority

Name of Bond Issue: \$24,000,000* Multifamily Housing Revenue Bonds (Stuart Gardens II Apartments) Series 2026

Name of Borrower: Stuart Gardens II Housing Partners, LP, a Virginia limited partnership

Date of Issuance: July __, 2026

NOTICE IS HEREBY GIVEN that the above-referenced borrower (the “Borrower”) has not provided an Annual Report in connection with the above-named bonds (the “Bonds”) as required by a Continuing Disclosure Agreement, dated as of July 1, 2026 (the “Continuing Disclosure Agreement”), between the Borrower and U.S. Bank Trust Company, National Association, as dissemination agent (the “Dissemination Agent”). The undersigned has been informed by the Borrower that it anticipates that the Annual Report will be filed by _____.

Dated:

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION,**
as Dissemination Agent

By: _____
Name: _____
Title: _____

cc: Borrower

* Preliminary; subject to change.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY

MEMORANDUM

DATE: June 9, 2026

TO: Members, Board of Commissioners

FROM: Lysandra M. Shaw, Executive Director 

SUBJECT: Tenants' Accounts Receivable Charge-off, Seven Months, Ending April 30, 2026 – All Public Housing Properties

The attached list of proposed charge-offs of Tenants' Accounts Receivable is presented for your review and approval.

There are 23 accounts recommended for charge-off action with a total dollar value \$33,856.28 for the period of October 1, 2025 – April 30, 2026. The average amount per vacated account is \$1,472.01.

Recoveries from previously charged-off accounts are \$32,003.53 for the 12 months ending April 30, 2026. In December 2025 the Board approved charge-offs for May 1 – September 2025 in the amount of \$80,402.09. This reduces our actual loss to \$82,254.84 this fiscal year representing 3.3% of anticipated rents. We budget 2% of our net rental revenue as a collection loss.

As comparison, previously we have charged-off the following amounts (excludes collections):

		Monthly Average
Oct 2022 – Sept 2023	\$ 216,329.88	\$ 18,027.49
Oct 2023 – Sept 2024	\$ 189,901.65	\$ 15,825.14
Oct 2024 – Sept 2025	\$ 105,179.60	\$ 8,764.96

Proposed:

Oct 2025 – April 2026	\$ 33,856.28	\$ 4,836.61

Adoption of the attached resolution authorizing the charge-off in the total amount of \$33,856.28 for the seven-month period ending April 30, 2026 is recommended.

LMS/LKD

Attachments

**A RESOLUTION OF THE
NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
AUTHORIZING CHARGE OFF OF TENANTS'
ACCOUNTS RECEIVABLE**

WHEREAS, there has been presented to the Board of Commissioners of the Newport News Redevelopment and Housing Authority and attached hereto a listing of recommended Charge Offs of Tenants' Accounts Receivable for the seven months ending April 30, 2026 for Project Nos. VA 3-2 through 3-24; and

WHEREAS, it is in the best interest of the Authority to pursue the collection of said accounts:

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Newport News Redevelopment and Housing Authority that the Executive Director be authorized to grant approval for the total charge-offs of \$33,856.28 of tenant accounts receivable for the above stated properties.

CHARGE-OFF OF TENANTS' ACCOUNTS RECEIVABLE

October 2025 to April 2026

Name	Project	Accounts	TOTAL
Marshall Courts	VA 3-2	10	22,261.29
Aqueduct	VA 3-11	7	5,696.15
Pinecroft	VA 3-13	4	3,812.01
Ashe Manor	VA 3-24	2	2,086.83
GRAND TOTAL		23	\$ 33,856.28

Collection Losses Budgeted CY 2026

\$ 48,707.00

Estimated Rental Income 2026

2,435,342.00

Approval Granted for Charge-off Amount:

Total Charge-offs for May - April 2026

114,258.37

Total Charge-off Recoveries thru 04/30/26

32,003.53

Net Collections Losses

\$ 82,254.84

Lysandra M. Shaw
Executive Director



REPORT TO THE BOARD

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY

June 2026

The mission of the Newport News Redevelopment & Housing Authority (NNRHA) is to create affordable housing, viable neighborhoods, and opportunities for self-sufficiency that enhance the quality of life for all citizens of Newport News.

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BOARD OF COMMISSIONERS

Thaddeus Holloman – Chairman
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STAFF

Lysandra M. Shaw, Executive Director
Secretary-Treasurer
Kayonia M. Betts, Executive Assistant
Assistant Secretary-Treasurer

Ronald Jackson, Deputy Executive Director
Lisa Dessoify, Director of Finance
Tera Lockley, Director of Housing Operations
Felicia Simmons, Director of Administrative Services

COMMUNITY DEVELOPMENT

The 2026–2027 Annual Action Plan (AAP) has been drafted and is currently under internal review and editing by NNRHA and City staff. The review process includes evaluating proposed activities, funding recommendations, and compliance with HUD requirements to ensure the plan aligns with the goals of the Consolidated Plan. Once all revisions have been completed, the final AAP will be prepared and released for public comment.

In accordance with HUD requirements, a public notice will be published in the *Daily Press*, initiating a 30-day public review and comment period, during which residents and stakeholders will have the opportunity to provide feedback before the plan is submitted to HUD.

Sponsoring Partnerships & Revitalizing Communities (SPARC) and Down Payment Assistance (DPA)

The SPARC Program provides eligible homebuyers using Virginia Housing loan products with a 1% mortgage interest rate reduction to support affordable homeownership. For the 2025–2026 program year, NNRHA received \$4,000,000 in SPARC funding, of which approximately \$3,900,000 (98%) has been utilized, leaving a balance of \$100,000 available for additional homebuyers.

Redevelopment & Homeownership

The Newport News Redevelopment and Housing Authority (NNRHA) administers the Citywide Down Payment Assistance (DPA) Program for first-time homebuyers through the HOME Investment Partnerships Program (HOME), providing financial support for home purchases within Newport News. For calendar year 2026, 21 applications were received, including 7 new applications in May. Of these, 3 projects have been completed, 5 were determined ineligible, 12 are in underwriting, and 1 has withdrawn. These efforts resulted in financial assistance being provided to support multiple first-time homebuyers in achieving homeownership within the city.

Down Payment Assistance (DPA)			
Calendar Year: January 1, 2026 – December 31, 2026			
Completed	Denied	Underwriting	Withdrew
3	5	12	1

New DPA Applications May 2026	Total DPA Applications Received for January 1, 2026 – December 31, 2026
7	21

Residential Rehabilitation Program

May 2026 Housing Rehabilitation Activity:

Total Housing Rehabilitation Activity for May 2026	
Residential Repair Program	Cases
Projects Completed	3
Projects in Underwriting (Includes pending approval)	8
Projects Ongoing	18
Projects Ineligible	3
Total	32

New Housing Rehabilitation Applications for May 2026	11

Calendar Year 2026 (January 1, 2026 – December 31, 2026):

Total New Housing Rehabilitation Applications Received	Total New Housing Rehabilitation Completed
21	7

Marshall-Ridley Residential Facade Program

The Marshall-Ridley Residential Facade Program received 113 applications in Round One, resulting in 76 completed projects and 37 deemed ineligible. In Round Two (launched July 21, 2025), 50 applications were submitted, with 30 completed finance review and inspections, 23 undergoing codes review, 0 pending contracts, and 0 contracts. So far, 23 projects have been completed, and 11 applications were found ineligible.

To date, the program has expended \$1,916,106 (91%) of the \$2.1M granted by the City of Newport News, with \$176,669 remaining to support continued façade improvements within the Marshall-Ridley community.

Marshall-Ridley Residential Facade Program Activity Tracker

	First Round Completed	Second Round (7/21/26)	Total
Total Applicants	113	50	163
Administrative Review	0	0	0
Finance Review	0	30	30
Inspected	0	30	30
Codes Review	0	23	23
Contract Pending	0	0	0
Contracts	0	0	0
Completed	76	23	99
Ineligible	37	11	48

CAPITAL ACTIVITY

Asset Repositioning Strategic Plan for Public Housing Portfolio

AH Forward held two work sessions with senior staff on May 19th and 20th to discuss its approach to developing the Asset Repositioning Strategic Plan and to gather input on general repositioning issues and property-specific conditions. These sessions helped AH Forward draw on staff's institutional knowledge of each property's history, current condition, and potential for repositioning. The next step for AH Forward is to finalize the RFP for an engineering firm to conduct a Capital Needs Assessment (CNA) of the Authority's public housing developments.

The CNA, staff input, and other performance metrics will guide AH Forward's analysis of the Authority's public housing developments and support informed decision-making for repositioning options, fostering trust in the process.

Capital Fund Program (CFP)

The Authority receives capital funds annually to support the development, financing, and modernization of public housing developments, as well as management improvements. To ensure these funds are used promptly for planned modernization projects, HUD requires at least 90% of CFP funds to be obligated within two years of availability and fully expended within four years. Failure to meet these deadlines may result in sanctions, including potential loss of funds or other penalties, and the recapture of unexpended funds. As in previous years, the Authority met both requirements by obligating its 2024 CFP funds of \$3.67 million before May 5, 2026, and fully expending its 2022 CFP funds of \$3.98 million before May 11, 2026.

RAD Properties Management, Operations, and Fiscal (Pre-MOR) Review

The Authority issued an RFP for a consulting firm experienced in operating RAD developments under the Project-Based Rental Assistance (PBRA) program to evaluate the management, operations, and fiscal performance of NNRHA's six RAD properties, totaling 498 units. The RFP was released on March 13, 2026, and closed on May 4. After reviewing the proposals for completeness, Procurement forwarded them to the review committee for evaluation and ranking. The committee selected Du & Associates as the Pre-Management and Occupancy Review (Pre-MOR) consultant.

Du & Associates has worked with PHAs nationwide to strengthen compliance, improve operations, increase rent recovery, and support long-term asset sustainability, particularly at RAD-converted PBRA properties. Its Pre-MOR services have helped many agencies achieve strong MOR ratings. This contract was very timely for NNRHA because Cypress Terrace, one of its RAD PBRA properties, underwent a MOR review by HUD's Multifamily Division in early May. The review identified several areas of concern, and Du & Associates' first assignment assisted the Authority in addressing HUD's concerns and developing a plan to recover voucher rent, and rent/expense-level adjustments owed to Cypress Terrace.

Marshall Courts – Phase VII Demolition (88 Units)

The demolition project of the 88 units of Marshall Courts Phase VII will be completed before the end of June 2026. All of the finishing touches are being performed. Currently, sidewalks, along with curbs and gutters are getting poured. Hydroseeding is underway and the planting of trees will finalize the completion of this project. Until future development opportunities are determined, the site will remain as green space.

Marshall Courts Apartments – Phase II Façade Improvements

The phase II façade improvements for Marshall Courts Apartments have been completed. The final payment is getting processed. This project focused on exterior building repairs that enhanced its overall housing community while adding longevity to its facilities. Maintaining neighborhood revitalization continues to be a priority with the Housing Authority.

Aqueduct Apartments

The health and safety project for the common areas of Aqueduct is a little over 50% complete. The project is moving forward addressing various repairs, building washing, painting, and safety concerns in the common areas. This project is aimed at improving the living conditions of its residents.

Ashe Manor Apartments

All submittals for the mechanical systems involved with this project are currently under review with the A&E firm. Afterwards, all mechanical components must be given 16 weeks of lead time for ordering and delivery. Improvements not included in the RFP include upgrading the fire control system and entry door mechanisms to aid resident safety. Submittals are being reviewed by the A&E firm at this time. The roof repairs and the power washing/painting of Ashe Manor have been completed. The final payment is getting processed.

Pinecroft Apartments

The roofing project is completed. There have been 3 site meetings for elevator replacements. Additional ideas to improve Pinecroft are in the discussion phase with A H Forward, the consulting firm that won the bid to help with future capital planning.

Wilbern Preventative Maintenance Project

The roof replacement project is complete along with the power washing and painting.

PUBLIC AND ASSISTED HOUSING OCCUPANCY REPORT

Total Waiting List Applications	
Public Housing	2345
Approved/Eligible	11
Pending	2334
Housing Choice Voucher	3939
Approved/Eligible	56
Pending	3883

The pending application numbers for the Public Housing Program (2334) and the Housing Choice Voucher Program (3883) represent the total number of applications being processed for eligibility for housing assistance. Some of these families will be determined ineligible based on income, landlord references or criminal activity. Therefore, these numbers will fluctuate each month.

New Applicants Housed	
Public Housing Program	10
Housing Choice Voucher	22
Mod-Rehab (SRO)	2
Total	34
Occupancy Statistics:	
Public Housing Program	96%
Housing Choice Voucher Program	86%
Mod-Rehab Program (Warwick SRO)	98%
Mod-Rehab (Warwick SRO)	86
Avg. # Leasing Days (PH)	58
Avg. Rent for Move-Ins (PH)	\$431
New Mod-Rehab (SRO) participants	\$190
Total Public Housing	799
Housing Choice Vouchers	2,984
Lease Rate – May 2026	86%

Average Family Rent Contribution for Move-ins Last Month:	
Public Housing	\$431
Housing Choice Voucher	\$319
Warwick SRO	\$190
Cumulative Percentage of HCV Budget Authority Utilized May 2026	95.8%

HOMEOWNERSHIP PROGRAM

Since the Inception of the Program
204 Housing Choice Voucher and Public
Housing clients have completed their goal of
homeownership as follows:

FSS		
Program	Number of Families	Total Cost of Homes Purchased
HCV Families	70	\$6,946,738
PH Families	56	\$5,852,540
HCV-V Home-ownership	78	\$13,550,102

In this chart the number of HCV and PH families represent past participants.

HCV-V numbers reflect current program participants.

**Other NNRHA Controlled Multi-Family Properties
Waiting Lists as of May 2026**

Property	Occupancy Rate	Approved/Eligible	Pending	Total
Orcutt Townhomes I (Lease Up)	97%	0	357	357
Orcutt Townhomes III	100%	0	0	0
Cypress Terrace	82%	0	0	0
Oyster Point/Brighton	79%	97	159	256
Great Oak	93%	102	129	231
Lofts on Jefferson	100%	0	0	0
Jefferson Brookville	94%	2	11	13
Lassiter Courts	88%	4	109	1132
Spratley	94%	0	32	32

FAMILY SELF-SUFFICIENCY (FSS)

The following is a current breakdown of the status of FSS participants in the Public Housing and Housing Choice Voucher Programs for the month of May 2026.

Participants	Public Housing	Housing Choice Voucher	Total
Total number in FSS Program	44	89	133
Employed	26	60	86
Currently not working	15	21	36
Attending Virginia Peninsula Comm. College	0	1	1
Attending Christopher Newport Univ.	0	0	0
Enrolled in NNRHA Computer Training/GED	1	1	2
Enrolled in other Training Programs	1	3	4
Employed and going to school	1	3	4
Total Number of participants with escrow accounts	22	51	73

COMMUNITY RESOURCES

COMMUNITY RESOURCES

Community Resources • Resident Relations • Senior Residents

Bingo Night Brings Fun and Connection to Marshall Courts Recreation Center

On May 12, 2026, Marshall Courts Recreation Center was filled with energy as 21 residents gathered for an afternoon of bingo, food, and community connection. The event, sponsored by **InnovAge PACE**, offered more than just prizes—it created a welcoming space for older residents to socialize, learn about available support, and enjoy time together.

Participants enjoyed a variety of snacks while competing for prizes, but the real highlight was the conversation. Staff shared information on how InnovAge PACE can support older adults through coordinated care, wellness programs, and community resources. Many attendees expressed appreciation for the opportunity to learn more in a relaxed, friendly setting.



Celebrating Older Americans Month at Marshall Courts and Pinecroft Apartments

On May 19, 2026, residents of Marshall Courts and Pinecroft Apartments came together to celebrate Older Americans Month, an annual observance that recognizes the contributions, resilience, and vitality of older adults. Sponsored by the Peninsula Agency on Aging, the events provided opportunities for residents to connect, learn, and engage with valuable community resources. Nine (9) residents participated in a morning gathering at Marshall Courts, while fifteen (15) residents attended an afternoon session at Pinecroft Apartments focused on wellness, community support, and maintaining independence.

Participants received information about programs and services available to older adults, including nutrition assistance, transportation resources, and social engagement opportunities. The celebrations highlighted the important role older adults play in strengthening the community while fostering meaningful connections among residents.

Job Fair Ignites Opportunity for Social Services Program Participants

The Job Fair held on May 27, 2026, at the Marshall Courts Recreation Center was a successful event for Social Services program participants. The event brought together local employers and job seekers in a focused, supportive environment designed to build confidence and accelerate employment readiness. Participants engaged in productive conversations, received on-the-spot feedback, and secured multiple follow-up interviews. Employers reported that attendees were well-prepared and demonstrated strong interest in available opportunities. Staff preparation and partnership between NNRHA and the Department of Human Services played a key role in ensuring participants arrived ready to present themselves professionally.

Overall, the event strengthened community partnerships, increased participant confidence, and created clear pathways toward employment for all participants.



Community Resources - Resident Relations



On April 28, 2026, Ms. Kim Hobbs, CEO of All Ways There Home Health Care, provided NNRHA residents with a free PCA Training program held in the Aqueduct Computer Room. Participants included five (5) residents from Aqueduct, one (1) resident from Marshall, two (2) residents from Lassiter, and one (1) resident from Brighton Apartments. The training successfully prepared residents with essential caregiving skills, professionalism, and healthcare knowledge to support employment and self-sufficiency. Nine (9) residents completed the program, nine (9) residents received certificates of completion, and two (2) residents were offered employment opportunities on May 4, 2026.

FINANCE

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
2026 Housing Choice and Mainstream Voucher Program Utilization Report - Actual
For the Year Ending December 31, 2026

CY Housing Choice 2026 Annual Budget Authority	\$ 28,432,110	Final 99.5% proration
Housing Choice Voucher Funding	<u>\$ 28,432,110</u>	
Mainstream Voucher Program Funding	\$ 1,288,558	Final - 100%
Emergency Housing Voucher Program Funding	\$ 347,689	Final - 100%

HCV Units	2507
VASH units	54
CNI tenant protection	247
Marshall tenant protection	88
Warwick SRO - RAD2	88
Baseline HCV count	2984
Mainstream Vouchers	141
Emergency Housing Vouchers	29
Total Vouchers	3154

<u>Month</u>		<u># of Vouchers Utilized</u>	<u>Lease Rate</u>	<u>HAP Payments to Landlords</u>	<u>Avg HAP</u>	<u>Monthly +/- Dollar Utilization</u>	<u>Monthly Amount of Funding Utilized</u>	<u>Year to Date Amount of Funding Utilized</u>	<u>Funding From HUD</u>	<u>Fraud Recovery</u>	<u>Other Sources Of Funds</u>	<u>NNRHA Held Reserve Balance</u>	<u>HUD Held Reserve Balance</u>
												(73,664.50)	2,642,967.00
January	HCV	2511	84.1%	\$ 2,347,362.00	\$ 934.83	\$ (189,001.00)	92.5%	92.5%	\$ 2,536,363.00			\$ 115,336.50	2,479,159.00
	MS	118	83.7%	\$ 102,880.00	\$ 871.86	\$ (5,489.00)	94.9%	94.9%	\$ 108,369.00			(142,827.00)	35,218.50
	EHV	26	89.7%	\$ 23,815.00	\$ 915.96	\$ (10,461.00)	69.5%	69.5%	\$ 34,276.00			75,040.00	96,293.75
February	HCV	2520	84.5%	\$ 2,391,181.00	\$ 948.88	\$ (110,635.00)	95.6%	94.1%	\$ 2,501,816.00			\$ 225,971.50	2,349,898.00
	MS	118	83.7%	\$ 102,293.00	\$ 866.89	\$ (6,076.00)	94.4%	94.7%	\$ 108,369.00			\$ (136,751.00)	29,818.50
	EHV	26	89.7%	\$ 25,519.00	\$ 981.50	\$ (8,757.00)	74.5%	72.0%	\$ 34,276.00			\$ 83,797.00	90,308.33
March	HCV	2547	85.4%	\$ 2,434,027.00	\$ 955.64	\$ (89,508.00)	96.5%	94.9%	\$ 2,523,535.00			\$ 315,479.50	2,198,920.00
	MS	117	83.0%	\$ 99,953.00	\$ 854.30	\$ (9,401.00)	91.4%	93.6%	\$ 109,354.00			\$ (127,350.00)	23,433.50
	EHV	25	86.2%	\$ 24,665.00	\$ 986.60	\$ 24,665.00		107.9%	\$ -			\$ 59,132.00	118,598.92
April	HCV	2553	85.6%	\$ 2,485,228.00	\$ 973.45	\$ (209,877.00)	96.8%	95.4%	\$ 2,695,105.00	\$ 232.50		\$ 334,673.50	2,123,169.42
	MS	114	80.9%	\$ 99,549.00	\$ 873.24	\$ 99,549.00							
	EHV	24	82.8%	\$ 22,916.00	\$ 954.83	\$ 22,916.00							
May	HCV	2551	85.5%	\$ 2,513,830.00	\$ 985.43	\$ (110,902.00)	95.8%	96.4%	\$ 2,624,732.00			\$ 344,806.50	1,975,758.42
	MS	113	80.1%	\$ 97,825.00	\$ 865.71	\$ 97,825.00							
	EHV	23	79.3%	\$ 23,210.00	\$ 1,009.13	\$ 23,210.00							
						\$ 10,133.00							
				\$ 12,794,253.00					\$13,276,195.00	\$ -	\$ -		

ADMINISTRATIVE SERVICES

ADMINISTRATIVE SERVICES

Pinecroft Elevator Services

The Newport News Redevelopment and Housing Authority (NNRHA) has identified a critical need to address ongoing elevator reliability issues at the Pinecroft senior housing property. Frequent malfunctions and increasing maintenance concerns involving both the passenger and freight elevators have negatively affected resident accessibility and quality of life. To address these challenges, NNRHA has engaged multiple qualified vendors to conduct site visits and submit detailed modernization proposals, including cost estimates. These proposals are currently under review to help determine the most effective and sustainable solution. A final decision regarding the passenger elevator is expected in the coming weeks. Once the passenger elevator project is resolved, NNRHA plans to evaluate the modernization of the freight elevator as part of its long-term capital improvement strategy.

Marshall Courts Camera Project

The Newport News Redevelopment and Housing Authority completed the installation of security cameras at Marshall Courts, which will in turn enhance the safety and well-being of residents, staff, and visitors. This initiative will assist in security measures, limit unauthorized activity and improve the monitoring of common areas.

Pinecroft Mechanical Room Upgrades

The NNRHA is undertaking upgrades to the mechanical room at the Pinecroft property to improve the reliability, organization, and overall performance of its technology infrastructure. This partially involves running cables from the roof down to the first floor. Over time, existing cabling has become disorganized and outdated, making troubleshooting and maintenance more time-consuming and increasing the risk of service disruptions. By rewiring network lines and implementing a standardized color-coding system, NNRHA will enhance system efficiency, reduce downtime, and allow for quicker identification of connections during maintenance or repairs. This project supports a more resilient and scalable IT environment, ensuring that critical systems serving residents and staff operate more effectively. This project is approximately 75% completed.

Wilbern Phone Lines

On May 22, 2026, Cox Communications updated the Business Voice Manager equipment at the Wilbern building as a complimentary service. This equipment was at the end-of-life and was at risk of service interruption and performance degradation. These upgrades were being completed in order to improve overall phone system reliability, enhance call quality, increase network stability, and support more efficient communication services throughout the building.

Human Resources Information System

NNRHA is transitioning its Human Resources Information System (HRIS) from VISTA to NeoGov effective October 1, 2026, in order to improve operational efficiency, enhance employee self-service capabilities, and streamline human resources processes. The NeoGov platform offers modernized tools for recruitment, onboarding, personnel management, performance tracking, and reporting, providing a more integrated and user-friendly experience for both employees and management. This transition will also improve data accessibility, system security, and compliance with recordkeeping requirements while reducing administrative burdens. Implementation activities are being scheduled to include data migration, system configuration, and staff training. These activities will ensure a smooth conversion with minimal disruption to daily operations.

CHOICE NEIGHBORHOOD INITIATIVE (CNI)

CHOICE NEIGHBORHOOD INITIATIVE (CNI)

Lift and Rise on Jefferson

Leasing Update:

Leasing activity at Lift and Rise on Jefferson continues to perform well. The 2800 Building is currently 96% occupied, while the 2700 Building has reached 93% occupancy, reflecting sustained demand and strong lease-up performance at both properties.

Legacy Landing-Phases – III-R and IV-R

Leasing updates:

As of June 2026, Legacy Landing achieved strong occupancy, with 152 of 155 total units occupied. Phase III-R is fully leased, with all 71 units occupied, while Phase IV-R has 81 of 84 units occupied.

A total of 46 returning Ridley residents currently reside in Project-Based Voucher (PBV) and Housing Choice Voucher (HCV) replacement units across both phases, demonstrating continued progress toward the Right to Return goals.

The remaining three vacant units in Phase IV-R are market-rate units and currently have no leasing activity underway.

Construction Updates:

- CNI IV-R - 99% complete
- Infrastructure: 94% complete
- Wellness Trail: 96% complete
- Retail: 100% complete

Phase V - Downtown Phase (28th Street and Washington Avenue)

The project's critical path is currently centered on the completion of site remediation and preparation activities being coordinated by the construction general contractor, Harkins. Upon completion of this work, construction will proceed with foundation installation, including footings and the slab-on-grade.

Following foundation completion, work will advance through structural framing from the first through fourth floors, followed by roof truss installation and roof sheathing to achieve dry-in. The project will then progress through mechanical, electrical, and plumbing (MEP) rough-ins, interior finishes, MEP final inspections, and overall building inspections.

The project is currently scheduled for completion and turnover by July 6, 2027.

CNI Homeownership Single-Family

Lots Update:

We are still working internally to advance the CNI market rate single-family homeownership lots. The team is currently coordinating on finalizing program requirements, confirming site and development parameters, and aligning next steps with internal stakeholders. Additional updates will be provided as decisions are finalized and we move toward implementation milestones.

USI - Urban Strategies, Inc.

In May 2026, Urban Strategies Inc. (USI) continued its efforts to provide comprehensive services and support to families across the Newport News community, successfully reaching a total of 202 families. Services during this period focused on ongoing family engagement, resource coordination, and support activities aimed at strengthening stability and access to opportunities for residents across the Marshall-Ridley community.

An upcoming community event is scheduled for June 16, 2026, when Newport News Public Schools (NNPS) and USI will host the Education Celebration at the Peninsula Family Skating Rink. This event will bring together students, families, and community partners to recognize educational achievement and celebrate academic progress, while also reinforcing continued collaboration between schools, families, and support organizations.



Updated CNI V project photos

ITEM NO. 7

Closed Session

MR. HOLLOMAN READ:

I move the Board enter into a Closed Session for the purposes of:

Discussion of personnel matters consistent with Virginia Code 2.2-3711 (A)
(1)

MR. HOLLOMAN READ

I make a motion to certify that:

- 1. Only public business matters lawfully exempted from open meeting requirements by Virginia Law and only those matters as identified in the motion were discussed in the closed meeting today.**
- 2. I request approval of the resolution certifying adherence to the Virginia Freedom of Information Act.**

ITEM NO. 8

**RESOLUTION OF THE NEWPORT NEWS REDEVELOPMENT AND HOUSING
AUTHORITY CERTIFYING TO A CLOSED MEETING IN CONFORMITY WITH
VIRGINIA LAW**

WHEREAS, the Newport News Redevelopment and Housing Authority Board of Commissioners convened a closed meeting on June 16, 2026, pursuant to an affirmative recorded vote in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3711 Code of Virginia requires a certification by this Authority that such closed meeting was conducted in conformity with Virginia law:

NOW, THEREFORE, BE IT RESOLVED that the Newport News Redevelopment and Housing Authority Board of Commissioners certifies that, to the best of each member's knowledge:

1. Only public business matters lawfully exempted from open meeting requirements by Virginia Law were discussed in the closed meeting to which this certification resolution applies; and
2. Only such public business matters as were identified in the motion concerning the closed meeting were heard, discussed or considered by the Board of Commissioners of the Newport News Redevelopment and Housing Authority.

AYES

**VOTE
NAYS**

Any departure from the requirements of said Act is hereby described:

* * * *

ITEM NO. 9

Other Business