

the Tax Matters Partner, shall not take any of the following actions without first obtaining the prior written consent of the Limited Partner:

- (i) Extend the statute of limitations for assessing or computing any tax liability against the Partnership (or the amount or character of any Partnership tax item);
- (ii) Settle any audit with the IRS concerning the adjustment or readjustment of any Partnership tax item;
- (iii) File a request for an administrative adjustment with the IRS at any time or file a petition for judicial review with respect to any IRS adjustment;
- (iv) Initiate or settle any judicial review or action concerning the amount or character of any Partnership tax item;
- (v) Intervene in any action brought by any other Partner for judicial review of a final adjustment of any Partnership tax item; or
- (vi) Take any other action which would have the effect of finally resolving a tax matter affecting the rights of the Partnership and its Partners.

The General Partner shall keep the Limited Partner advised of any dispute the Partnership may have with any federal, state, or local taxing authority, and shall afford the Limited Partner the right to participate directly in negotiations with any such taxing authority in an effort to resolve any such dispute.

(d) **Governmental Filings.** The General Partner shall prepare, sign, and submit to the IRS, the State Housing Finance Agency, and any other governmental authority having jurisdiction over the Project Property, on a timely basis, any and all annual reports, information returns, and other certifications and information required by any such governmental agency. The General Partner shall comply with all other applicable requirements of any federal, state, or local agency having jurisdiction over the Project Property, including, without limitation, any requirements of any such governmental agency with respect to the funding and maintenance of any operating or replacement reserves for the Project Property.

(e) **Bank Accounts.** The General Partner shall establish in the name and on behalf of the Partnership such bank accounts as shall be required to facilitate the operation of the Partnership's business. The Partnership's funds shall not be commingled with any other funds of the General Partner or any of its Affiliates, including without limitation, any other partnership in which the General Partner is a general partner. Funds of the Partnership held in bank accounts shall be deposited in one or more interest bearing accounts maintained in FDIC insured banking institutions, with no such account having a balance in excess of the maximum insured amount, or in such other investment vehicle as shall be approved in writing by the Limited Partner. If the Partnership incurs any loss due to any Partnership funds being deposited in FDIC insured accounts with balances in excess of the maximum insured amount, the General Partner shall be absolutely and unconditionally liable to the Partnership and the Limited Partner with respect to any such loss. Promptly upon the request of the Limited Partner, the General

Partner shall obtain and deliver to the Limited Partner full, complete, and accurate statements of the amount and status of all Partnership bank accounts and all withdrawals therefrom and deposits thereto.

(f) **Guaranties.** The General Partner shall have the following guaranty obligations.

(i) **Development Completion Guaranty.**

(A) The General Partner hereby absolutely and unconditionally guaranties to the Partnership and the Limited Partner that the Project Property will be constructed in a good and workmanlike manner free and clear of all mechanics' and similar liens, in accordance with the Plans and Specifications and in accordance with the terms, conditions and provisions of the Permanent Loan, Subordinate Loan and this Agreement, will be equipped with all necessary and appropriate fixtures, equipment and personal property on or before the Construction Completion Date, and the Project will be leased-up in accordance with the Projections. The obligations of the General Partner under the foregoing sentence shall include, without limitation, providing all funds (subject to the limitations set forth below) required of the Partnership to complete construction of the Project Property or to repair latent defects that occur within one year of completion of construction (to the extent not then available under the Permanent Loan, Subordinate Loan or Capital Contributions), and pay all funds needed for unanticipated or additional development or construction costs, on and off-site escrows, taxes, insurance premiums, interest, funding of operating deficits, reserves, escrows, legal expenses, and accounting expenses until the later of (1) one year after completion of rehabilitation or construction or (ii) the date the Project achieves Breakeven Operations. The amount of this guaranty shall not be limited. The repayment of any borrowings arranged by the General Partner to fund its obligations under this §6.4(f)(i)(A) are the sole obligation of the General Partner. Funds made available by the General Partner to fulfill its obligations pursuant to this §6.4(f)(i)(A) may be reimbursed to the General Partner, without interest, in accordance with §5.1 hereof, or out of the proceeds of refinancing or sale pursuant to §5.2 hereof. If the construction cost overruns are due to the gross negligence or willful misconduct of the General Partner, then any guaranty advances made by the General Partner to cover such costs shall be deemed to be damages that are not repayable as loans to the Partnership.

(B) In the event that the General Partner fails to pay development costs as required under this §6.4(f)(i), an amount not in excess of the total of any remaining unpaid Limited Partner Capital Contribution installments will be applied by the Partnership to meet such obligations of the General Partner. The General Partner shall remain liable for any portion of its guaranty obligation not met in this manner. Any direction and application of funds otherwise payable pursuant to §3.2 hereof constitutes reductions in amounts owed pursuant to §3.2, and the Limited Partner's obligation to make such installment payments

pursuant to §3.2. Any unpaid Limited Partner Capital Contribution applied by the Partnership to meet the General Partner's obligations will be deemed to have been paid to the General Partner, and subsequently paid by the General Partner in satisfaction of its obligations. The obligations of the General Partner pursuant to §6.4(f)(i) shall be satisfied to the extent such funds are so applied.

(ii) **Operating Deficit Guaranty.**

(A) The General Partner shall be obligated to provide any funds needed by the Partnership, after all funds in the Operating Reserve Account have been used, to fund Operating Deficits during the Operating Deficit Guaranty Period. Such Guaranty obligation shall be limited to the Operating Deficit Guaranty Amount. Such costs shall include all operating and fixed costs accrued or accruable during such period, including, without limitation, taxes, assessments, insurance premiums, maintenance expenses, funds for replacement reserves and required escrow and other reserves and debt service payments. Such costs will also include a ratable portion of the annual amount of seasonal and/or periodic expenses, including but not limited to utilities, maintenance expenses and real estate taxes, which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation.

(B) The General Partner shall be required, upon the reduction of the Operating Reserve Account to zero, to promptly provide funds to the Partnership in an amount up to the Operating Deficit Guaranty Amount for Operating Deficits occurring during the Operating Deficit Guaranty Period. Repayment of any letters of credit or other borrowings arranged by the General Partner to meet its obligations under this §6.4(f)(ii)(B) shall be the sole obligation of the General Partner. Funds made available by the General Partner to fulfill its obligations pursuant to this §6.4(f)(ii)(B) may be reimbursed to the General Partner, without interest, in accordance with §5.1 hereof, or out of the proceeds of refinancing or sale pursuant to § 5.2 hereof.

(C) If the Operating Deficits overruns are due to the gross negligence or willful misconduct of the General Partner, then any guaranty advances made by the General Partner to cover such costs shall be deemed to be damages that are not repayable as loans to the Partnership.

(iii) **Cumulative Guaranty Obligations.** The various guaranty obligations under this §6.4(f) are cumulative, not concurrent. Any limitation of liability under one guaranty shall not affect the amount of liability under any other guaranty, and any payment of obligations under one guaranty shall not reduce the amount of liability under any other guaranty.

(g) **Required Reserves.**

(i) **Lease-up Reserve.** The General Partner shall establish the Lease-up Reserve out of loan or equity proceeds at the time of the Fourth Installment of the

Limited Partner Capital Contribution. The Lease-up Reserve will be held in the Lease-up Reserve Account under the control of the General Partner (or a Project lender, if required), and the Partnership will maintain this account from the date of the Fourth Installment until the beginning of the Operating Deficit Guaranty Period. Withdrawals from the Lease-Up Reserve Account will require the written approval of the General Partner and the Asset Manager (except in cases where the Account is under the control of one of the Project lenders, in which case the General Partner shall, within five (5) business days of such withdrawal, notify the Asset Manager in writing of any withdrawal from the Lease-Up Reserve Account and the purpose for which such withdrawal was made). Within five (5) business days of receipt by the Asset Manager of such requests, the Asset Manager shall notify the General Partner whether the request has been approved, disapproved or whether additional information is needed to evaluate the request. If the Asset Manager does not respond within such five (5) business day period, the withdrawal request will be deemed to be approved. The Lease-up Reserve will be used to fund operating and debt service deficits prior to the commencement of the Operating Deficit Guaranty Period, and the obligations related to the Lease-up Reserve are in addition to, and not in place of, those of the General Partner pursuant to §6.4(f)(ii) above. If, on the date that the Partnership achieves Breakeven Operations there are funds remaining in the Lease-up Reserve Account, those funds shall be deposited in the Operating Reserve Account described below, in addition to the amounts required to be deposited in the Operating Reserve Account pursuant to §6.4(g)(ii), below.

(ii) Operating Reserve. The General Partner shall establish the Operating Reserve Account and fund it with the Operating Reserve Target Amount out of loan and/or equity proceeds at the time of payment of the Fourth Installment of the Limited Partner Capital Contribution. The General Partner shall also be obligated, to the extent funds are available, to replenish the Operating Reserve Account up to the Operating Reserve Target Amount out of Cash Flow or the proceeds of sales or refinancing in accordance with §5.1 and §5.2 hereof. The Operating Reserve will be held in the Operating Reserve Account, under the control of the General Partner (or a Project lender, if required), and the Partnership will maintain this account from the date of the Fourth Installment until the end of the Compliance Period. Withdrawals from the Operating Reserve Account will require the written approval of the General Partner and the Asset Manager (except in cases where the Account is under the control of one of the Project lenders in which case the General Partner shall, within five (5) business days of such withdrawal, notify the Asset Manager in writing of any withdrawals from the Operating Reserve Account and the purpose for which such withdrawal was made). If applicable, within five (5) business days of receipt by the Asset Manager of such requests, the Asset Manager shall notify the General Partner whether the request has been approved, disapproved or whether additional information is needed to evaluate the request. If the Asset Manager does not respond within such five (5) business day period, the withdrawal request will be deemed to be approved. So long as funds remain in the Operating Reserve, such funds will be used to fund Project operating and debt service deficits. Upon exhaustion of the Operating Reserve Account, continuing shortfalls will be funded pursuant to the Operating Deficit Guaranty described above in §6.4(f)(ii). Any excess funds remaining in the Operating Reserve at the end of the Compliance

Period shall be released from the Operating Reserve and used by the Partnership to first pay the Limited Partner's exit taxes due upon sale or dissolution pursuant to §5.2 and §11.2 hereof. Any Operating Reserve Funds still remaining after the Limited Partner's exit taxes have been paid shall be distributed to the Partners in accordance with §5.2 and §11.2 hereof.

(iii) Replacement Reserve. The General Partner shall establish the Replacement Reserve out of loan and/or equity proceeds at the time of payment of the Fourth Installment of the Limited Partner Capital Contribution. The Replacement Reserve will be held in the Replacement Reserve Account, under the control of the General Partner (unless the Account is under the control of one of the Project Lenders), and the Partnership will maintain this account from the date of payment of the Fourth Installment until the end of the Compliance Period. Withdrawals from the Replacement Reserve Account in excess of \$3,000 in the aggregate in any given month (unless such withdrawal was provided for in the approved Project budget) will require the written approval of the General Partner and the Asset Manager (except in cases where the Account is under the control of one of the Project Lenders, in which case the General Partner shall notify the Asset Manager in writing of any withdrawals from the Replacement Reserve Account and the purpose for which such withdrawal was made). Within five (5) business days of receipt by the Asset Manager of such requests, the Asset Manager shall notify the General Partner whether the request has been approved, disapproved or whether additional information is needed to evaluate the request. If the Asset Manager does not respond within such five (5) business day period, the withdrawal request will be deemed to be approved. The General Partner will also be required to make additional deposits into the Replacement Reserve Account on a cumulative basis, in the annual amount of \$250 per unit per year (to be increased annually by 3%) from Project cash flow. The Replacement Reserve will be utilized to make capital improvements and repairs to the Project. Any excess funds remaining in the Replacement Reserve at the end of the Compliance Period shall be released from the Replacement Reserve and applied by the Partnership in accordance with §5.2 hereof, in the case of a sale of the Project, or in accordance with §11.2 hereof, in the case of the dissolution of the Partnership.

(h) Qualified Occupancy. The General Partner shall cause the Project Property to achieve not less than 100% Qualified Occupancy on or before the Qualified Occupancy Date.

(i) Property Management. The General Partner, on behalf of the Partnership, shall enter into a Management Agreement with the Management Agent for the physical property management and leasing of the Project, in form and of content as set forth in a separate document approved in writing by the General Partner and Asset Manager. The General Partner, on behalf of the Partnership, shall diligently enforce all of the obligations of the Management Agent thereunder and shall perform all of the Partnership's obligations as owner thereunder, subject to the following terms and conditions:

(i) Renewal or Successor Agreements. Upon the termination of such Management Agreement or any subsequent Management Agreement, the General Partner shall renew the same or enter into an agreement that does not differ materially

from the initial Management Agreement in Management Agent obligations and owner remedies, or in any other respect, with the same Management Agent or another Management Agent of at least comparable ability and experience who can reasonably be expected to perform at least as well, subject to the requirements of subparagraphs (ii) and (iii) hereinbelow.

(ii) Notice and Consultation. If the General Partner wishes to enter into a new form of Management Agreement or retain the services of a different Management Agent, it shall give the Asset Manager at least thirty (30) business days' prior written notice of the proposed change, accompanied by a copy of any proposed new Management Agreement and a written description of the identity and qualifications of any proposed new Management Agent, and the General Partner shall consult with the Asset Manager regarding the proposed change.

(iii) Asset Manager Consent. Under any circumstances, the General Partner shall not enter into a new Management Agreement materially different from the initial Management Agreement in any respect without the prior written consent of the Asset Manager as to the form and content of such new Management Agreement, nor shall the General Partner retain the services of a Management Agent other than a Management Agent previously approved by the Asset Manager without the prior written consent of the Asset Manager as to the identity and qualifications of such new Management Agent.

(iv) Termination of Non-Performing Management Agent. If the Management Agent fails to perform any of its obligations under the Management Agreement, whether general or specific obligations, in any material respect, including without limitation failure to capably manage the Project as measured by sustained high Project vacancies, delinquent rents, or operating deficits (in each case beyond levels specified in the Projections), inadequate maintenance, or failure to qualify tenants under Tax Credit requirements, or repeated failure to provide or unreasonable delay in providing accurate financial or operating reports to the General and Limited Partner, the General Partner shall promptly comply with the terms of the Management Agreement regarding notice to the Management Agent and its opportunity to cure. The General Partner shall also simultaneously provide the Asset Manager with a copy of this notice and any documentation explaining why the Management Agent should not be terminated for cause. Upon expiration of the applicable cure period, and the failure of the Management Agent to cure its breach of the Management Agreement, the General Partner shall consult with the Asset Manager as to whether or not the Management Agent should be retained and, if so, under what terms and conditions. Unless within ten (10) business days of the delivery of this notice the Asset Manager consents in writing to the retention of the managing agent, the General Partner shall terminate the Management Agent for cause, in accordance with the terms of the Management Agreement. The General Partner shall also immediately enter into a new Management Agreement with a substitute Management Agent, subject to the prior written consent of the Asset Manager.

(v) **Removal of Management Agent.** The General Partner shall, either on its own or upon the written request of the Asset Manager, promptly remove the Management Agent if cause for such removal exists. As used herein, "cause" shall include, but not be limited to, any one of the following: (a) failure to promptly and competently perform (after any applicable notice and cure period) all duties of the Management Agent under the Management Agreement with the Partnership, (b) failure of the Project to generate at least 80% of the Projected Tax Credits in any calendar year, (c) failure to materially comply with the record keeping, tenant qualification and rental requirements of the Extended Use Agreement and §42 of the Code and the Regulations, rulings, and policies related thereto, or (d) material mismanagement of the Project.

(vi) **Removal of Non-Complying General Partner.** If the General Partner fails to comply with any of the requirements of this §6.4(i), it may be removed for cause pursuant to §10.6 hereof.

All Management Agreements shall contain specific provisions requiring the Management Agent to rent to low-income tenants at the level required to maintain Qualified Occupancy, to obtain prior written approval of the General Partner for any deviation from such level, to obtain tenant income certifications and employer and/or other relevant verifications of tenant income, to determine low-income tenant eligibility for Tax Credit purposes, to deliver certifications of its compliance with these requirements and of Project rent rolls upon Qualified Occupancy and annually prior to the times such information is required for Tax Credit purposes, to keep records of such low-income rental and occupancy and deliver copies of leases, certifications, and verifications to the Partnership, and to prepare elections, certifications, and any other materials contemplated by §6.4(l) hereof, to the extent necessary or advisable to qualify for and maintain the Tax Credit and any other available tax benefits in connection with such rental and occupancy. Where the Management Agent is the General Partner or its affiliate, each Management Agreement shall provide that the Management Agent's monthly fees are accrued and subordinated to payment of Operating Deficits until funds are available to pay such fees.

(j) **Cooperation with Asset Manager.** The General Partner shall cooperate and shall cause the Management Agent to cooperate fully with the Asset Manager so that the Asset Manager may carry out its duties and obligations.

(k) **Rental Program.** The General Partner shall cause the Project to be rented to low-income tenants to the extent projected in the Projections. Without limitation of the foregoing, the General Partner shall achieve Qualified Occupancy within the time specified in the Projections, and shall comply with the rent schedule set forth therein. The General Partner shall cause to be kept all records of rental and occupancy and shall take such other actions required under §6.4 (l) hereof to claim all available tax benefits in connection therewith. The General Partner and Project Management Agent shall comply with all income certification or other record-keeping requirements of the Code and Regulations, and of prudent management accounting practices, to support the claim of a Tax Credit based on the occupancy requirements for the Project and any other material tax benefits resulting from such low-income occupancy of the Project.

(l) **Tax Benefits Requirements.** The General Partner acknowledges that it is of great importance that the Tax Credits and all other tax benefits contemplated in the Projections be achieved and maintained. Accordingly, the General Partner agrees as follows:

(i) **No Delays.** The General Partner shall not cause or suffer any delay in Placement in Service or Qualified Occupancy that would reduce such anticipated tax benefits.

(ii) **Record-Keeping.** The General Partner shall cause all records to be kept, and cause all elections and certifications to be made, pertaining to the number and size of apartment units, occupancy thereof by tenants, income levels of tenants, set-aside for low-income tenants, and any other matters now or hereafter required to qualify for and maintain the Tax Credits and any other available tax benefits in connection with low-income occupancy of the Project.

(iii) **Set-Aside Election.** The General Partner shall elect the minimum low-income set-aside requirement specified in the Projections within twelve (12) months after Placement in Service or such other time period as may hereafter be required by the Code or regulations thereunder for such Tax Credits; provided, however, that in the event it becomes reasonably certain that such set-aside either will not be met or will be exceeded, the General Partner shall promptly so notify the Partners in writing and shall proceed to elect such other minimum set-aside requirement as will best protect or enhance the projected tax benefits to the Partners under the circumstances.

(iv) **Initial Tax Credit Year.** The General Partner shall elect, subject to the approval of the Limited Partner, to claim such Tax Credits for each building in the Project commencing with the earlier of the year in which Qualified Occupancy for such building is achieved or the year succeeding the year in which Placement in Service occurs. The General Partner shall develop and lease the Project within such time that the initial year during which such Tax Credit is elected to be claimed will be no later than the year specified in the Projections.

(v) **Annual Compliance Procedures.** As soon as feasible after Qualified Occupancy has occurred and annually thereafter, prior to the times such information is required for Tax Credit reporting purposes, the General Partner shall:

(A) cause the Partnership's Management Agent to submit to the Partnership the certifications and all other applicable materials related to low-income leasing described in §6.4(k) hereof;

(B) check and verify the same against leases, certifications, and other appropriate back-up materials to the extent necessary or advisable to determine with reasonable assurance that the low-income leasing requirements have been met for Tax Credit purposes; and

(C) execute and deliver to the Limited Partner a certification, in form reasonably acceptable to the Limited Partner, stating that the General Partner

has complied with the foregoing requirements and attaching copies of the managing agent's certification and rent roll in a format reasonably acceptable to the Limited Partner.

The General Partner's initial certification following Qualified Occupancy shall also specify the Qualified Occupancy Date.

(vi) Cost Accounting. As soon as feasible after Placement in Service has occurred, prior to the time such information is required for Tax Credit reporting purposes, the General Partner shall:

(A) cause the Partnership's Accountant to submit to the General Partner a letter, in form reasonably acceptable to the Limited Partner, stating that such Accountant has examined the Partnership's books and records for the Project and, subject to any changes in facts or applicable law, that they are prepared to sign a tax return for the Partnership reflecting that all costs specified in the letter or in an attached schedule are includable in qualified basis for the Tax Credits; and

(B) execute and deliver to the Limited Partner a Cost Certification, in form and content reasonably acceptable to the Limited Partner, stating that the amounts described in the Accountant's letter accurately reflect Project costs incurred and attaching a copy of such letter.

(vii) Tax Filings. The General Partner shall properly reflect all Tax Credits and other tax benefits in preparing and filing federal return of income forms on behalf of the Partnership in accordance with §8.4 hereof. Notwithstanding anything in this Partnership Agreement to the contrary, in no event shall the General Partner cause or suffer any delay in the filing of such form covering the year in which Qualified Occupancy occurred. The General Partner shall obtain and deliver to the Limited Partner at the earliest feasible time a fully executed Form 8609 (Low Income Housing Tax Credit Allocation Certification) or successor form for all Project buildings, and shall ensure that such form is timely filed.

(viii) Compliance Certifications. The General Partner shall certify compliance with the elected set-aside requirement and report the dollar amount of Qualified Basis, maximum Applicable Percentage and Qualified Basis under the State Housing Finance Agency allocation, date of Placement in Service, and any other information required for the aforesaid Tax Credit within ninety (90) days after the end of the first taxable year for which such Tax Credit is claimed and for each taxable year thereafter during the compliance period for such Tax Credit, or such other time periods as may hereafter be required by the Code or regulations thereunder for such Tax Credit.

(ix) Tax Credit Percentage Election. In addition to the foregoing, the General Partner shall, on behalf of the Partnership and in accordance with the Code, irrevocably elect to determine the Applicable Percentage(s) applicable to the Project or any portion thereof in advance of the date of its Placement in Service as

determined under the Code. Such election shall be made as soon as possible, at the time a binding agreement is entered into between the Partnership and the State Housing Finance Agency or as soon as may otherwise be provided by law, so as to determine the Applicable Percentage(s) as consistently as possible with the rate(s) assumed in the Projections or agreed amendment thereto. Such election shall be filed with the Service by the fifth day of the month following the date the commitment is made or as may otherwise be required by law.

(x) Notice of Tax Benefits Reduction. In the event at any time it becomes apparent that the tax benefits projected in the Projections are likely to be reduced, the General Partner shall promptly notify the Limited Partner of the circumstances.

(xi) Consequences of Tax Credit Benefits Reduction or Delay. In the event there is a reduction or delay of tax credit benefits, then the provisions of §6.9 hereof relating to reduction in unpaid capital payments to the Limited Partner and other consequences described therein shall govern where applicable.

(xii) Extended Use Agreement. The General Partner, on behalf of the Partnership, shall enter into an Extended Use Agreement pursuant to §42(h)(6) of the Code, in the form of an agreement between the Partnership and the State Housing Finance Agency that has allocated or will allocate Tax Credits to the Project, and shall cause such agreement to be recorded pursuant to state law as a restrictive covenant as soon as feasible but in any event prior to the end of the tax year during which the Project is deemed to achieve Placement in Service under §42 of the Code.

(xiii) Local Code Compliance. The General Partner shall maintain the Project in compliance with rules prescribed by the Secretary of Treasury pursuant to §42(i)(3)(B)(ii) of the Code. The General Partner shall also promptly provide the Limited Partner with any notice or other documentation sent by any federal, state or local governmental agency that the Project may be in violation of any health, environmental, safety, building, or other federal, state or local statute, regulation, or ordinance. With respect to building code or Environmental Law violations that are to be corrected during the construction or rehabilitation of the Project, the General Partner shall certify or shall cause the project architect or the project general contractor to certify upon completion of the Project that such building code and environmental law violations have been corrected. In lieu of a certification regarding the correction of building code violations, the General Partner may obtain or cause to be obtained a current owner's title insurance policy indicating that no building code violations exist at the time construction or rehabilitation is completed.

(xiv) Carryover Allocation. The General Partner obtained from the State Housing Finance Agency and delivered to the Limited Partner a Carryover Allocation accompanied by a tax opinion that is based on the Accountant's Carryover Certification which states that the Partnership's basis in the Project was greater than ten percent (10%) of the Partnership's reasonably expected basis in the Project as of the end of the second calendar year following the calendar year in which the Tax Credit allocation for the Project was awarded.

(m) **Mold Inspections.** The General Partner agrees to inspect the Project Property at least once annually for the presence of any mold, fungus or moisture buildup in or on the Project Property. In the event any mold, fungus or moisture buildup is identified in or on the Project Property, the General Partner shall notify the Limited Partner within ten (10) business days and shall consult with the Limited Partner regarding the need to hire an environmental consultant to evaluate the mold, fungus or moisture buildup and the need to prepare and implement a remediation plan.

§6.5 Fees for Services Rendered. The Partnership shall pay the following described fees to the Partners or Affiliates of one or more Partners indicated below:

(a) **Development Fee.** As provided in the Development Agreement, the Partnership shall pay the Developer Fee to the General Partner for the services and obligations described in the Development Agreement.

(b) **Partnership Management Fee.** The Partnership shall pay to the General Partner a Partnership Management Fee in the amount and priority specified in §5.1(a)(viii) hereof to compensate the General Partner for managing the Partnership's operations and assets and coordinating the preparation of the required State Housing Finance Agency, federal, state, and local tax and other required filings and financial reports.

(c) **Asset Management Fee.** The Partnership shall pay the Asset Management Fee annually to the Asset Manager for property management oversight, Tax Credit compliance monitoring, and related services. The Asset Manager will not incur any liability to the General Partner or the Partnership as a result of the Asset Manager's performance of or failure to perform its asset management services. The Asset Manager owes no duty to the General Partner or the Partnership and may only be terminated by the Limited Partner.

(d) **Disposition Fee.** The Partnership shall pay the Asset Manager a Disposition Fee equal to 1% of the gross sales price out of the net sales proceeds at the time of closing of the sale of the Project or the Limited Partner's interest in the Project.

The Development Agreement and any other agreement entered into by the Partnership and the General Partner or any Affiliate thereof will specifically provide that such agreement shall be terminable at the election of the Limited Partner if any General Partner is removed pursuant to §10.6.

None of the payments or reimbursements to any of the Persons indicated above will be considered a distribution of Cash Flow to any Partner and, except as otherwise specifically provided herein, the General Partner may make any such reimbursement or payment prior to any distribution of any Cash Flow to the Partners.

§6.6 Outside Ventures of Partners. Any Partner may engage in or possess an interest in any other business venture of any type or description, independently or with others (including, without limitation, any venture which may be competitive with the business being conducted by the Partnership) and neither the Partnership, nor any Partner will, by virtue of this Partnership Agreement, have any right, title or interest in or to such outside ventures or the income or other benefits derived therefrom.

§6.7 Dealing With Affiliates. The General Partner may employ or retain in any capacity any Partner or Affiliate of any Partner so long as the terms upon which such Partner or such Affiliate is employed or retained are commercially reasonable under the circumstances and comparable to those terms which could be obtained from an independent person for comparable services in the area where the Project is located or the Partnership has its principal office.

§6.8 Indemnification of Partnership.

(a) The General Partner hereby agrees to defend, indemnify, and hold harmless the Partnership and the Limited Partner and their successors and assigns, from and against any loss, claims, demands, liabilities, lawsuits and other proceedings, judgments, awards, costs, and expenses including, without limitation, attorneys' fees or damages (including foreseen and unforeseen damages and consequential damages) arising directly or indirectly out of the presence on, under or about the Project Property of any Hazardous Substance, or the use, release, generation, manufacture, storage, or disposal of any Hazardous Substance on, under or about the Project Property.

In the event the Partnership or the Limited Partner becomes liable, due to the presence of any Hazardous Substance in the Project, under any statute, regulation, ordinance, or other provision of federal, state, or local law pertaining to the protection of the environment or otherwise pertaining to public health or employee health and safety, including without limitation protection from hazardous waste, lead-based paint, asbestos, methane gas, urea formaldehyde insulation, oil, toxic substance, underground storage tanks, PCBs, and radon, the General Partner shall indemnify and hold harmless the Limited Partner and the Partnership for any and all actual out of pocket costs, expenses (including reasonable attorneys' fees), damages, or liabilities incurred by the Partnership or the Limited Partner upon demand by the Partnership or the Limited Partner at any time and from time to time, to the extent that the Partnership or the Limited Partner is required to discharge such costs, expenses, damages, or liabilities in whole or in part from any source. The foregoing indemnification obligations of the General Partner shall be limited if and to the extent the Limited Partner participates in the control of the Partnership's business after the formation of the Partnership and such participation is the direct cause of the conditions affecting the Project that resulted in such liability under applicable law and the consequent costs, expenses, damages, or liability of the Limited Partner. References in this §6.8(a) to the Limited Partner shall include each of the Limited Partner's assignee(s) (and their respective partners, if any). The foregoing indemnification shall be a recourse obligation of the General Partner and shall survive the dissolution of the Partnership and/or the death, retirement, incompetency, insolvency, bankruptcy, or withdrawal of the General Partner.

(b) The General Partner shall indemnify, defend, and hold harmless the Limited Partner and its successors and assigns from and against any claims, demands, losses, damages, liabilities, lawsuits and other proceedings, judgments, awards, costs, and expenses including, without limitation, attorneys' fees, arising directly or indirectly, in whole or in part, out of a breach of any or all of the representations, warranties and covenants contained in this Partnership Agreement, including, without limitation, those contained in §6.3 hereof. In addition to the foregoing indemnification, the Limited Partner may pursue any other available

legal or equitable remedy against the General Partner with respect to the General Partner's breach of any of the representations, warranties, or covenants contained herein, including, without limitation, the Limited Partner's deferral of the payment of its Capital Contribution pursuant to §3.2. The General Partner's obligations described in this §6.8 shall survive the termination and/or liquidation of the Partnership.

§6.9 Credit Adjusters.

(a) **Permanent Reduction in Credit.** If, as of the end of the first year of the Credit Period and based upon the Cost Certification by the Accountant or the IRS Form(s) 8609 for the Project, it is determined that the amount of Actual Tax Credits over the Credit Period for the Project will be less than the Projected Tax Credits over the Credit Period (a "Permanent Credit Reduction"), then there will be a reduction (the "Permanent Credit Reduction Adjustment") in the Limited Partner's Capital Contribution in an amount equal to the product of (i) the Permanent Credit Reduction and (ii) \$8850. The Permanent Credit Reduction means the amount by which the Actual Tax Credits are or will be less than the Projected Tax Credits over the Credit Period due to (1) the actual Applicable Percentage being less than projected; (2) the actual Eligible Basis being less than projected; (3) the actual Qualified Basis as of the end of the first Credit Period being less than the projected Qualified Basis; (4) the actual final allocation of Tax Credits as indicated on IRS Form 8609 being less than the Projected Tax Credits; or (5) any combination of the above. This Permanent Credit Reduction Adjustment shall be made, at the option of the Limited Partner, by first decreasing the amount, if any, of the Limited Partner's Capital Contribution installment next due, and, if necessary, further installments (reducing the earliest ones first) by the amount of the Permanent Credit Reduction Adjustment. In the event that there are no remaining Limited Partner Capital Contributions, or the Permanent Credit Reduction Adjustment required hereunder exceeds the remaining Capital Contributions of the Limited Partner, or the Limited Partner elects not to offset the Permanent Credit Reduction Adjustment against the remaining Limited Partner Capital Contribution installments, the General Partner shall immediately make a Capital Contribution to the Partnership in an amount necessary for the Partnership to make the Permanent Credit Reduction Adjustment, and the Partnership shall make an immediate distribution in such amount to the Limited Partner, unless it is determined by the Limited Partner's tax counsel that such a distribution would cause the Partnership profits, losses, and credits to be allocated other than in accordance with the percentage interests of the Partners, in which event the General Partner shall pay directly to the Limited Partner an amount which, on an after-tax basis will be equal to the Permanent Credit Reduction Adjustment.

In the event that any Capital Contribution installments are reduced or General Partner payments are required to be made under this §6.9(a), the Projections attached hereto as Appendix I will be correspondingly revised and will be considered amendments and determinative of the "Projected Tax Credits" and other amounts set forth herein if there is a conflict between any amounts set forth therein and in this Agreement.

(b) **Timing Difference in Tax Credit.** If, for the Projected First Tax Credit Year, at least 100% of the Projected Tax Credits cannot be claimed (as determined by the Accountant) by the Limited Partner during such year but must be delayed and taken in a later year or years, then the Limited Partner shall be entitled to reduce its Capital Contribution by an amount equal

to \$.8850 times the amount by which the Projected Tax Credits for the Projected First Tax Credit Year exceeds the Actual Tax Credits for such year ("Timing Reduction"). This Timing Reduction is intended to compensate the Limited Partner for the reduced present value of such delayed Tax Credits. In order not to adjust under this §6.9(b) for any shortfall in Tax Credits for which an adjustment is made pursuant to §6.9(a), the definition of the term "Projected Tax Credit" will be revised, as provided for in the last paragraph of §6.9(a), to reflect the actual Applicable Percentage for the Project and the actual Eligible Basis for the Project, but not taking into account any delays in placing the Project, or any portion thereof, in service. This §6.9(b) is to be applied to the Projected First Tax Credit Year, and the total reduction of Capital Contribution of the Limited Partner pursuant to this §6.9(b) is the sum of the amounts determined upon each of such applications. This Timing Reduction shall be made, at the option of the Limited Partner, by first decreasing the amount, if any, of the Limited Partner's Capital Contribution installment next due, and, if necessary, further installments (reducing the earliest ones first) by the amount of the Timing Reduction. In the event that there are no remaining Limited Partner Capital Contributions, or the Timing Reduction required hereunder exceeds the remaining Capital Contributions of the Limited Partner, or the Limited Partner elects not to offset the Timing Reduction against the remaining Limited Partner Capital Contribution installments, the General Partner shall immediately make a Capital Contribution to the Partnership in an amount necessary for the Partnership to make the Timing Reduction, and the Partnership shall make an immediate distribution in such amount to the Limited Partner, unless it is determined by the Limited Partner's Tax counsel that such a distribution would cause the Partnership profits, losses, and credits to be allocated other than in accordance with the percentage interests of the Partners, in which event the General Partner shall pay directly to the Limited Partner an amount which, on an after-tax basis will be equal to the Timing Reduction amount.

(c) **Ongoing Credit Shortfall.** If, for any fiscal year after the Projected First Tax Credit Year, for any reason whatsoever (1) the Actual Tax Credits are, on a cumulative basis, less than 100% of the Projected Tax Credits (as adjusted in any revised Projections prepared pursuant to §6.9(a) or (b)) for such fiscal year or (2) a Limited Partner is required to recapture (resulting from other than a transfer of part or all of the Limited Partner's Partnership Interest) all or any part of the Tax Credits claimed by it in any prior fiscal year of the Partnership ("Credit Shortfall"), then, at the option of the Limited Partner, any remaining Limited Partner Capital Contribution installments shall be reduced in chronological or in an amount (the "Credit Reduction Payment") equal to the sum of One Dollar (\$1.00) times (i) the difference between (A) the Projected Tax Credits (as adjusted in any revised Projections prepared in connection with §6.9(a) or (b)) for the fiscal year and all subsequent fiscal years, and (B) the Actual Tax Credits for such fiscal year and the Tax Credits projected by the Accountant as being available to the Limited Partner for all subsequent fiscal years, and (ii) the amount of the Tax Credits recaptured in such fiscal year, plus the amount of any interest or penalty payable by the Limited Partner as a result of recapture. In the event there are no remaining Limited Partner Capital Contributions, or the Credit Reduction Payment exceeds the amount of the remaining Limited Partner Capital Contributions, or the Limited Partner elects not to offset the Credit Reduction Payment against the remaining Limited Partner Capital Contribution payments, the General Partner shall immediately make a Capital Contribution to the Partnership in an amount equal to the Credit Reduction Payment or the unpaid portion thereof, and the Credit Reduction Payment shall be immediately distributed to the Limited Partner and shall neither constitute nor be limited

by the distribution requirements for Cash Flow, pursuant to §5.1, hereof, or the distribution requirements for Net Cash from Sales and Refinancings, pursuant to §5.2, hereof. The maximum liability of the General Partner pursuant to this §6.9(c) shall be an amount equal to the total amount of the Developer Fee (deferred and non-deferred).

(d) **Upward Credit Adjusters.** To the extent that the Actual Tax Credits to be received by Limited Partner is greater than the Projected Tax Credits, and the Limited Partner is provided with the satisfactory written documentation to evidence the allocation of such additional Tax Credits, Limited Partner will increase its Third Capital Contribution to the Partnership in an amount that is equal to the amount of additional Tax Credits times \$0.8850 per Tax Credit dollar. In the event that the Actual Tax Credits to be received by the Limited Partner during the Projected First Tax Credit Year is greater than the First Year Projected Tax Credits, and the Limited Partner is provided with the satisfactory written documentation to evidence the allocation of such increased amount of Tax Credits, Limited Partner will increase its Third Capital Contribution to the Partnership in an amount that is equal to \$0.8850 times (i) the amount by which the Actual Tax Credits received by the Limited Partner during the Projected First Tax Credit Year exceeds the First Year Projected Tax Credits minus (ii) the present value of the reduced amount of Tax Credits in the eleventh year discounted over a ten year period at an annual rate of 6%. Provided, however, that Limited Partner will agree to increase its Third Capital Contribution, in either case as provided for hereunder, only once during the 3 month period following the final certificate of occupancy for the Project, or other evidence of Construction Completion acceptable to Limited Partner, and only if in the sole discretion of Asset Manager, Limited Partner is deemed to have sufficient funds available to make the additional capital contribution. Any such upward adjustment made pursuant to either adjuster in this §6.9(d) will be limited to a maximum aggregate of 5% of the Limited Partner's original Capital Contribution obligation.

(e) **Repurchase.** Notwithstanding anything contained herein to the contrary, in the event that (1) the Project Property does not generate any Tax Credits during calendar year 2008 for any reason whatsoever, other than a change in tax law, (2) Breakeven Operations does not occur within 12 months of the Construction Completion Date, unless the General Partner provides all funds required, over and above the funds available in the Lease-Up Reserve, for all Operating Deficits until Breakeven Operations occurs, (3) the Partnership's basis in the Project Property for federal income tax purposes, as finally determined by the Accountant or pursuant to an audit by the IRS, as of the date by which all required steps must be taken for the Project to receive a carryover allocation of Tax Credits, was not 10% of the Partnership's reasonably expected basis in the Project Property, as required pursuant to §42(h)(1)(E) of the Code, (4) proceedings have been commenced, filed or initiated to foreclose the Permanent Loan or Subordinate Loan mortgage or permanently enjoin construction or rehabilitation of the Project, or (5) the IRS Form 8609 for the Project building or buildings is not issued by the end of the third year after the year in which Tax Credits for the Project are allocated, the General Partner shall purchase the Limited Partner's interest in the Partnership for an amount equal to the sum of all Capital Contributions actually made to the Partnership by the Limited Partner plus \$50,000 plus all expenses incurred by the Limited Partner in connection with entering into the Partnership. Upon receipt of this amount, the Limited Partner's interest as a Partner in the Partnership will terminate, the Limited Partner shall transfer its interest in the Partnership to the General Partner or its designee(s), and the General Partner shall indemnify and hold harmless

the Limited Partner from and against any losses, damages, and liabilities to which the Limited Partner (as a result of its participation hereunder) may be subject.

(f) **Failure to Pay; Remedies.** If the General Partner fails to pay any amount payable pursuant to §6.9(a), (b) or (c) above, or the repurchase amount pursuant to §6.9(e), owing to the Limited Partner within ten (10) days after written demand by the Limited Partner, then, in addition to any other rights the Limited Partner may have, any sums payable to the General Partner (or any Affiliate thereof) pursuant to the terms of this Partnership Agreement (including, without limitation, Cash Flow and any fees payable by the Partnership to the General Partner or its Affiliates) will instead be paid to the Limited Partner until such time as all amounts owing to the Limited Partner pursuant to this §6.9 are fully repaid. For purposes of this Partnership Agreement, any sums paid to the Limited Partner pursuant to the immediately preceding sentence are deemed to have been paid to the General Partner (or its Affiliates) and subsequently paid by such General Partner (or its Affiliates) to the Limited Partner in satisfaction of its obligations hereunder. The rights and remedies granted to the Limited Partner by this §6.9 are not exclusive of, but are in addition to, any other rights and remedies granted to the Limited Partner under this Partnership Agreement or by applicable law. The obligations of the General Partner under this §6.9 are deemed to have arisen as a consequence of a transaction between the General Partner and the Limited Partner other than in their capacities as Partners and the Capital Accounts or loans of the Partners are not affected in any way as a result of the making of any credits or payments hereunder.

(g) **Survival** The obligations of the General Partner and its Affiliates prescribed or described in this §6.9 will survive the termination and/or liquidation of the Partnership.

§6.10 Publicity and Promotional Events. The General Partner shall be obligated to notify the Asset Manager at least thirty (30) days in advance of any (a) groundbreaking, (b) open house, (c) public relations event or other similar activities related to the Project. Representatives of the Limited Partner, the Asset Manager and any investors who have provided funds that have been invested in the Project by the Limited Partner shall be entitled to attend such events. The General Partner shall also be obligated to place the names of any entities that the Asset Manager might designate on any signage that is erected for publicity purposes during the construction of the Project. The General Partner shall notify the Asset Manager when any such signage is being prepared and provide the Asset Manager with a reasonable amount of time to provide the names it wants included on the signs.

§6.11 Intentionally Deleted.

ARTICLE 7: POWERS, RIGHTS AND DUTIES OF LIMITED PARTNER

§7.1 Limitation of Liability. Except as otherwise required under the Act (relating to a limited partner's liability under certain circumstances to refund to the Partnership distributions of cash previously made to it as a return of capital), the Limited Partner shall not be personally liable for any loss or liability of the Partnership beyond the amount of such Limited Partner's agreed-upon Capital Contribution.

§7.2 No Participation in Management. Except as otherwise expressly provided in this Partnership Agreement, the Limited Partner shall not participate in the operation, management, or

control of the Partnership's business, transact any business in the Partnership's name, or have any power to sign documents for or otherwise bind the Partnership.

ARTICLE 8: ACCOUNTING AND FISCAL AFFAIRS

§8.1 Books of Account. The General Partner shall keep proper books of account for the Partnership. Such books of account shall be kept at the principal office of the Partnership and the General Partner shall make them available during normal business hours for examination and copying by the Limited Partner or its authorized representatives. The General Partner shall retain such books of account for six (6) years after the termination of the Partnership. All decisions as to the fiscal year and accounting methods to be used by the Partnership shall be made only with the prior written consent of the Limited Partner.

The General Partner shall retain all documentation with respect to initial qualification of the Project as a qualified Tax Credit project until the later of six (6) years after completion of the Project's Compliance Period or as long as is required under applicable law. The General Partner shall retain such other documentation relating to the continuing Tax Credit qualification of the Project for at least 6 years, unless requested by the Asset Manager or required by applicable law to retain such documentation for a longer period.

The General Partner shall cooperate fully and in good faith, and shall instruct and cause the Management Agent to cooperate fully and in good faith, with the Asset Manager and the Limited Partner with respect to their monitoring of the Partnership's operation of the Project Property, including the review of and compliance with Tax Credit related laws and regulations.

§8.2 Management Reports. The General Partner shall deliver or cause to be furnished to the Asset Manager any periodic financial or performance report provided by the Partnership to any federal, state, or local governmental agency or to any Partnership lender or any compliance monitoring report provided to the Partnership by the State Housing Finance Agency responsible for compliance monitoring or its designee. The General Partner shall deliver any such report to the Asset Manager within 20 days after such report is filed with any such governmental agency, a Partnership lender or provided to the Partnership.

The General Partner shall also prepare and deliver to or shall cause to be prepared and delivered to the Asset Manager:

(a) **Monthly Development Reports.** During the Project development period and through completion of lease-up of the Project, within ten (10) days after the end of each month, the General Partner shall provide a monthly status report on the development of the Project, containing information on development costs, completion schedule, projected occupancy, operating income and expenses, accounts payable, and any difficulties encountered or anticipated in conjunction with any of these matters. The General Partner shall also submit, such additional documentation or supporting documentation as the Limited Partner may request.

(b) **Quarterly Management Reports.** Before and after lease-up of the Project, as soon as practicable after the end of each calendar quarter but in no event later than fifteen (15) days thereafter, the General Partner shall provide a management report on the Project and any other Partnership affairs, containing such information as is reasonably necessary to advise the Asset Manager about its investment in the Partnership and the development or operation of the Project (including, to the extent now or hereafter requested by the Asset Manager, a rent roll containing tenant names and addresses, monthly rent, security deposit, lease renewal date; an income and expense statement with budget comparison and a balance sheet). The General Partner shall also submit such additional documentation or supporting documentation as the Asset Manager may request.

(c) **Annual Budget.** Annually, no later than October 15th of each calendar year, throughout the term of the Partnership, the General Partner shall prepare and submit, for approval by the Asset Manager, a proposed operating budget for the Project that provides budget projections based upon anticipated Project revenues and expenses, beginning with the first full calendar year after the year of Placement in Service, and for each succeeding year thereafter. The proposed budgets shall include without limitation an itemized account of projected operating income, expenses, an analysis of reserve sufficiency for the period covered by the budget, and a copy of the most recent rent roll for the Project.

(i) The Asset Manager shall review and approve or disapprove the proposed budget based on the financial statements for preceding operating years, the anticipated increases in operating expenses, the current and projected operating income, and the completeness of the documentation provided by the General Partner.

(ii) The Asset Manager shall submit to the General Partner, in writing, any comments on the proposed budget within thirty (30) days after receipt of same. If the Asset Manager does not submit comments on the proposed budget within said 30 day period, the proposed budget shall be deemed to be approved by the Asset Manager.

(iii) The General Partner shall have fifteen (15) days to submit a response, in writing, to the Asset Manager's comments on the proposed budget. If the Asset Manager does not respond in writing to the General Partner's comments within 15 days after receipt of same, the proposed budget shall be deemed approved by the Asset Manager.

(iv) If the Asset Manager responds in writing to the General Partner's comments within fifteen (15) days after receipt of same, the General Partner shall submit a revised proposed budget within 15 days after receipt of the Asset Manager's comments, responding to same.

(d) **Other Information.** Upon request from time to time, the General Partner shall provide such information as may be reasonably requested by the Limited Partner with respect to the Partnership and the Project.

§8.3 General Disclosure.

(a) The General Partner shall deliver to the Asset Manager a detailed report of any of the following events or receipt of the following information as quickly as possible but no later than five (5) days after the occurrence of such event or receipt of such information:

(i) a material default by the Partnership under any loan, grant, subsidy, construction or property management documents or in payment of any mortgage, taxes, interest, or other obligation on secured or unsecured debt;

(ii) receipt by the General Partner of any information regarding any lawsuits to which the Partnership has been made a party, any claims against the Project's hazard or liability insurance, any tax liens filed against the Project or the Partnership, or any notices of violations pertaining to the Project or the Partnership;

(iii) receipt of any notice, including any Form 8823, Report of Noncompliance or Building Disposition from the State Housing Finance Agency, together with a copy of any such notice;

(iv) receipt of any notice of any IRS or State Housing Finance Agency audit or proceeding involving the Partnership, together with a copy of any such notice; and

(v) the occurrence of any natural disaster or incident of widespread property damage having an impact on the Project, containing the following information to the extent available: (A) the extent of the damage to the Project, (B) any expected delays in construction or rehabilitation, (C) the effect that the damage sustained, if any, may have on marketing and lease-up activity, and (D) the amount that is anticipated to be recoverable under available insurance policies.

(b) The General Partner shall deliver to the Asset Manager a detailed report of any of the following events with 10 days after the end of any calendar quarter during which such event occurred:

(i) any reserve has been reduced or terminated by application of funds therein for purposes materially different from those for which such reserves was established; or

(ii) any General Partner has received any notice of a material fact which may substantially affect further distributions.

§8.4 Tax Information.

(a) **Tax Credit Eligible Basis.** Within 45 days of the substantial completion of the Project's construction, a Tax Credit Eligible Basis worksheet for each building of the Project shall be provided to the Asset Manager by the General Partner, in a form specified by the Asset Manager.

(b) **Financial Reports.** The General Partner shall, within fifteen (15) days after each calendar quarter, submit or cause to be submitted to the Asset Manager unaudited

financial statements for the Partnership. With respect to each taxable year of the Partnership, the General Partner shall within sixty (60) days ((45)days if only drafts are submitted) after each taxable year ends make or cause to be prepared by the Accountant a written report to each Partner, including a Schedule K-1 or its successor form for preparing federal income tax returns and audited financial statements certified by the Accountant. The report shall include a balance sheet of the Partnership as at the end of such year; an itemized statement of income, expenses, surplus and deficits; a financial summary which reconciles and summarizes the financial statements and bank statements as of the end of such year; changes in fund balances and changes in financial position for such year; supporting schedules; a statement of Partners' capital; the status, amount, and timing of the projected Tax Credits and other tax benefits from the Project as compared with the Projections; and such additional statements with respect to the status of the Partnership and the distribution of profits and losses therefrom as are considered necessary by the General Partner or such accountants to advise all Partners properly about their investment in the Partnership for federal income tax reporting purposes.

(c) **Tax Returns.** With respect to each taxable year of the Partnership, the General Partner shall cause to be prepared and filed within sixty (60) days after each taxable year ends, Form 1065 and Schedule K-1 or any successor federal return of income forms required to be filed on behalf of the Partnership, and any and all other forms, schedules, materials required in connection therewith. In addition, the General Partner shall comply with all requirements of §6.3(b) hereof with respect to anticipated Tax Credits and other tax benefits.

(d) **Estimated Tax Credits.** Prior to October 15 of each year, the General Partner shall send to the Asset Manager an estimate of the Limited Partner's share of Tax Credits by each building of the Project, estimate of total Tax Credits, and estimates of Profits and Losses for federal income tax purposes in a form specified by the Limited Partner. The General Partner and the Accountant shall prepare this estimate.

§8.5 Review of Compliance. The General Partner shall, 75 days after the end of each fiscal year of the Partnership, certify to the Asset Manager in the same scope and manner that it is required to certify, if requested, to the applicable State Housing Finance Agency, that the Partnership is in compliance with all regulations and procedures relating to the operation of the Project as a qualified Tax Credit project within the meaning of §42(h) of the Code. Upon initial lease-up of the Project and thereafter no more frequently than annually, the Limited Partner may, at the Partnership's expense, conduct or cause to be conducted an audit or review of the Partnership's compliance with all regulations and procedures relating to the operation of the Project as a qualified Tax Credit project within the meaning of §42(h) of the Code. This audit or review will be conducted upon not less than 30 nor more than 90 days prior written request. The General Partner shall cooperate with any such audit by making appropriate personnel of the General Partner and Management Agent and all books and records of the Project and Partnership available to the Limited Partner or its representatives at the offices of the Partnership during regular business hours.

§8.6 Failure to Provide Information.

(a) Failure by the General Partner to provide the reports required under this Article 8 will result in the assessment of a \$75 per day penalty, due and payable to the Limited Partner, until the reports are received in a form that is acceptable to the Limited Partner. This penalty will not be applicable if (1) waived by the Limited Partner, or (2) the required information is received within seven (7) business days of receipt of a written notice of demand from the Limited Partner (including notice sent by facsimile).

(b) If the General Partner fails to provide in a timely manner any information, report or data required to be provided by the General Partner under this Article 8, or otherwise fails to perform its obligations under this Article 8, then, in addition to any remedies the Limited Partner may have under this Partnership Agreement or applicable law, the Partnership shall not make any distributions or payments to the General Partner pursuant to §5.1 or §5.2 hereof until such time as such information, report, or data have been provided or such other obligations have been fulfilled.

(c) Regardless of whether the penalties are paid or waived, the Limited Partner shall have the right to request the General Partner to remove the Accountant and the right to approve a replacement accountant if any of the above applicable reporting requirements are not met. The failure on the part of the General Partner to remove the accountant and replace it with an accounting firm that is acceptable to the Limited Partner within thirty (30) days of a written request to do so from the Limited Partner shall be an Event of Default under §10.6(a) hereof; provided, such thirty (30) day period shall be extended to a period of sixty (60) days so long as the General Partner is diligently pursuing the removal and replacement of the accountant at all times during such sixty (60) day period and accomplishes such removal and replacement within such sixty (60) day period.

(d) If the General Partner causes or suffers repeated or unreasonable delay in providing any reports or information required to be submitted to the Limited Partner under Article 8, it shall be an Event of Default under §10.6(a) hereof.

ARTICLE 9: TRANSFER OF LIMITED PARTNER'S PARTNERSHIP INTERESTS

§9.1 Voluntary Transfers.

(a) A Limited Partner may at any time make a Voluntary Transfer of all or any part of its Partnership Interests, so long as such Voluntary Transfer complies with the following conditions: (a) the General Partner has received a written instrument of transfer of all such Partnership Interests, which instrument shall be signed by the transferor Limited Partner and the transferee and shall contain the name and address of the transferee and the transferee's express acceptance of and agreement to be bound by all of the terms and conditions of this Partnership Agreement; (b) all requirements of applicable state and federal securities laws have been complied with; (c) such Voluntary Transfer will not result in the Partnership's loss of any exemption (federal or state) from the registration of the sale of securities relied upon in its offering of the Partnership Interests; (d) such Voluntary Transfer will not result in the Partnership being classified as an "association" which is taxable as a corporation for federal income tax purposes; and (e) the transferor Limited Partner agrees to reimburse and indemnify the General Partner for all costs (including reasonable attorney fees) related to such transfer, including the costs incurred in obtaining Lender consents. Upon compliance with all of the conditions of this §9.1, such Voluntary Transfer of a Limited Partner's Partnership Interests binds the Partnership and the General Partner. No such transfer may cause the dissolution and termination of the Partnership and the transferee shall automatically be deemed to be an Assignee with respect to such Partnership Interests. If any transfer of a Partnership Interests, including the transfer of beneficial interests, results in a tax termination of the Partnership, the Limited Partner shall be responsible for the cost of preparing and filing any additional tax returns.

(b) The Limited Partner intends to hold only bare legal title to its Partnership Interests and will transfer beneficial interests in its Partnership Interests to one or more Persons, and either the Limited Partner or such Persons may also assign or pledge such Partnership Interests as security for debt. Notwithstanding the provisions of §9.1(a), the General Partner hereby acknowledges and consents to such transfers, and agrees that it will recognize the transferees of the beneficial interests as the owners of such beneficial interests in the Partnership Interests.

§9.2 General Partner's Consent to Substitution as a Limited Partner.

(a) In addition to the requirements set forth in §9.1, an Assignee of a Limited Partner's Partnership Interests, other than an assignee of a beneficial interest, will not become a Substituted Limited Partner, unless and until the General Partner consents in writing to such substitution, which consent may not be unreasonably withheld; provided that no such consent shall be required for the substitution of an Assignee that is an Affiliate of the Limited Partner. The General Partner shall duly file for record any required amended certificate of limited partnership reflecting such substitution in such public offices as shall be required under the Act. The effective date of the substitution of the Assignee as a Substituted Limited Partner shall be the date on which the General Partner provides its consent if required or the date of the assignment to such Affiliated Assignee, as the case may be.

(b) If the General Partner's consent is required but the General Partner does not consent to the substitution of an Assignee of a Limited Partner's Partnership Interests, then the transferor Limited Partner retains all the rights of a transferor of a limited partnership interest under the Act and, except as otherwise provided in §9.4, the Assignee shall not be treated as owning any interest in the Partnership. In particular, an Assignee of a Limited Partner's Partnership Interests, other than an assignee of a beneficial interest, who is not admitted as a Substituted Limited Partner under this §9.2 shall not be entitled to: (1) require any accounting of the Partnership's transactions; (2) inspect the Partnership's books and records; (3) require any information from the Partnership; or (4) exercise any privilege or right of a Limited Partner which is not specifically granted to a nonsubstituted transferee of a limited partnership interest under the Act.

§9.3 Involuntary Transfers. The Involuntary Transfer of all or any part of any Limited Partner's Partnership Interests will not cause the dissolution and termination of the Partnership, but rather the business of the Partnership is continued without interruption in accordance with the provisions of this §9.3. Upon an Involuntary Transfer of all or any part of any Limited Partner's Partnership Interests, such Limited Partner's successor or legal representative shall automatically be deemed to be a Substituted Limited Partner.

§9.4 Distributions and Allocations with Respect to Transferred Partnership Interests. If any transfer (whether a Voluntary or Involuntary Transfer) of the Limited Partner's Partnership Interests is recognized by the Partnership under this Article 9, then all allocations of Profits and Losses attributable to the transferred Partnership Interests shall be divided and allocated between the transferor and the transferee by taking into account their varying interests during such fiscal period, using any convention or method of allocation selected by the General Partner which is then permitted under §706 of the Code and the Regulations promulgated hereunder. All distributions of Cash Flow made prior to the effective date of any such transfer shall be made to the transferor and any such distributions made after the effective date of such transfer shall be made to the transferee.

§9.5 Disposition of Project.

(a) Subject to the restrictions set forth below, the General Partner may cause the sale of all or any portion of the assets or business of the Partnership for their fair market value upon such terms as it shall determine in the exercise of reasonable discretion and prudent business judgment. After the payment of or provision for creditors, the net proceeds of sale shall in the discretion of the General Partner either in whole or in part be distributed among the Partners as provided in §5.2 or §11.2 hereof, as applicable, or in whole or in part be retained by the Partnership and utilized in the business of the Partnership. Any such sale shall cause the dissolution and liquidation of the Partnership only if required by the provisions of Article 11 hereof. Notwithstanding the foregoing, upon any sale of the Project (which term, as used in this §9.5, shall include any portion of the Project containing one or more rental units and any related assets or business of the Partnership), the net proceeds thereof shall be distributed in accordance with §5.2 or §11.2 hereof, as applicable.

(b) Except as specifically provided below, the General Partner shall not sell the Project without the prior written consent of the Limited Partner, and shall comply with the following requirements in any proposed sale or refinancing. The General Partner may in its discretion begin advertising the Project for sale and entertaining third-party purchase offers at any time during the last

twelve (12) months of the Compliance Period and shall forward copies of all inquiries and purchase offers as and when received by it to the Limited Partner, but shall have no right or obligation to pursue any sale to a third party except as described further herein below. If the Purchase Option and Right of First Refusal described in §9.6 hereof is exercised and all conditions thereof are met in full to the satisfaction of the Limited Partner, then in lieu of any sale to an unrelated third party, the General Partner shall cause the Project to be sold as provided and within the time specified therein, after the expiration of the Compliance Period. If such Purchase Option and Right of First Refusal is not exercised or the Project is not sold as provided and within the time specified therein, however, the General Partner shall, commencing upon expiration of Purchase Option and Right of First Refusal begin advertising the Project for sale and entertaining third-party purchase offers, as described above.

§9.6 Purchase Option and Right of First Refusal. The provisions of §9.5 hereof shall be subject to that certain Purchase Option and Right of First Refusal Agreement between the Partnership, as grantor, and the General Partner, as grantee, dated on or about the date hereof, pursuant to which the Partnership has granted to General Partner an option to purchase the Project or the Limited Partner's interest in the Partnership and a right of first refusal to purchase the Project, on the terms and conditions set forth therein, provided that the General Partner remains in good standing as General Partner without the occurrence of any event described in §10.6 hereof.

ARTICLE 10: TRANSFER OF GENERAL PARTNER'S PARTNERSHIP INTERESTS

§10.1 Voluntary Transfers. The Partnership shall not recognize any Voluntary Transfer of a General Partner's Partnership Interests and any such attempted Voluntary Transfer shall be invalid and ineffective as to the Partnership and the Limited Partner, unless and until: (a) the proposed transfer is of all the Partnership Interests owned by such General Partner; (b) the Limited Partner has received a written instrument of transfer of all such Partnership Interests, which instrument shall be signed by the General Partner and the transferee and shall contain the name and address of the transferee and the transferee's express acceptance of an agreement to be bound by all of the terms and conditions of this Partnership Agreement; (c) the General Partner has paid or caused to be paid all costs related to such Voluntary Transfer, including, without limitation, the reimbursement of all legal fees and expenses incurred by the Partnership in connection with such transfer; (d) such Voluntary Transfer will not result in the termination of the Partnership for Federal income tax purposes; (e) such Voluntary Transfer will not result in the Partnership being classified as an "association" which is taxable as a corporation for Federal income tax purposes; (f) the Partnership receives an opinion of legal counsel to the effect of clause (e); and (g) the Limited Partner has consented in writing to such Voluntary Transfer, which consent may be withheld or given, in the sole discretion of the Limited Partner.

Upon compliance with this §10.1, such transfer of a General Partner's Partnership Interests shall bind the Partnership and all the Limited Partner and no such Voluntary Transfer shall cause the termination of the Partnership. In addition, effective as of the date of full compliance with the requirements of this §10.1, the transferee of a General Partner's Partnership Interests shall be admitted as a new General Partner of the Partnership and shall be vested with all the powers and obligations with respect to the management of the Partnership as are granted to and placed upon the transferor General Partner under this Partnership Agreement.

§10.2 Involuntary Transfers. An Involuntary Transfer of a General Partner's Partnership Interests at such time as there is more than one General Partner shall not dissolve the Partnership, but rather the business of the Partnership shall be continued without interruption and all of the management powers and authority granted herein to the General Partner making such Involuntary Transfer shall automatically be placed upon the remaining General Partner(s), unless the Limited Partner otherwise elects within 30 days after the occurrence of such Involuntary Transfer to dissolve the Partnership and have the Partnership's affairs and business wound up and terminated pursuant to Article 11. An Involuntary Transfer of a General Partner's Partnership Interests when there is no other General Partner in existence shall dissolve the Partnership and the Partnership's affairs and business shall be wound up and terminated under Article 11, unless the Limited Partner agrees in writing to the continuation of the business of the Partnership and the appointment of a new General Partner pursuant to the provisions of §10.3.

§10.3 Continuation of Partnership After Involuntary Transfer of General Partner's Partnership Interests. Upon an Involuntary Transfer of the last remaining General Partner's Partnership Interests, the Partnership will dissolve and the affairs and business of the Partnership will be wound up and terminated under Article 11, unless within 90 days after the occurrence of such Involuntary Transfer, the Limited Partner agrees in writing to the continuation of the business of the Partnership and the appointment of a new General Partner. Unless such an election is made within such 90-day period, the Partnership may conduct only those activities, which are necessary to wind up and terminate its affairs and business. If such an election is made within such 90-day period, then: (a) the reconstituted partnership will continue until the end of the term of the Partnership's existence set forth in this Partnership Agreement; and (b) immediately upon its receipt of cash in an amount equal to the greater of (1) \$100 or (2) the then positive balance in its Capital Account, the former General Partner is automatically (and without the need for the execution of any further documentation) deemed to have relinquished its entire Partnership Interest, with such relinquished Partnership Interest being automatically allocated to the new General Partner.

§10.4 Distributions and Allocations with Respect to Transferred Partnership Interests. If any transfer (whether a Voluntary or Involuntary Transfer) of a General Partner's Partnership Interests is recognized by the Partnership under this Article 10, then all allocations of Profits and Losses attributable to the transferred Partnership Interests are divided and allocated between the transferor and the transferee by taking into account their varying interests during such fiscal period, using any convention or method of allocation selected by the Limited Partner which is then permitted under §706 of the Code and the Regulations promulgated thereunder. Any distributions of Cash Flow made prior to the effective date of any such transfer are made to the transferor and any such distributions made after the effective date of such transfer shall be made to the transferee. Neither the Partnership nor the Limited Partner will incur any liability for making allocations and distributions in accordance with the provisions of this §10.4.

§10.5 Voluntary Withdrawal. A General Partner may not voluntarily withdraw from the Partnership.

§10.6 Removal of General Partner. The Limited Partner may remove the General Partner, or at its election any individual general partner if there is more than one general partner, for any of the following Events of Default:

- (a) **Events of Default.**

(i) Any fraud, gross negligence or intentional misconduct of the General Partner that has a material adverse effect on the Partnership or the Project; or

(ii) Any act by the General Partner outside the scope of its duties or obligations under this Partnership Agreement or any breach by the General Partner of any fiduciary duty to the Partnership or the Limited Partner, that has a material adverse effect on the Partnership or the Project; or

(iii) The material inaccuracy of any representation or warranty of the General Partner contained in this Partnership Agreement, including, without limitation, those contained in §6.3 hereof that has a material adverse effect on the Partnership or the Project; or

(iv) The breach by the General Partner of any covenant of the General Partner contained in this Partnership Agreement, including without limitation those contained in §6.3 hereof which has a material adverse effect on the Partnership or the Project; or

(v) Any action or inaction by the General Partner or any Affiliate of the General Partner that does, or with the passage of time would, (i) cause the termination of the Partnership for federal income tax purposes (except to the extent such action is expressly authorized herein), (ii) cause the Partnership to be treated for federal tax purposes as an association taxable as a corporation, (iii) violate any federal or state securities laws (as they relate to the Partnership or the Partnership Interests), (iv) cause the Partnership to fail to qualify as a limited partnership under the Act, (v) cause the Limited Partner to be liable for Partnership obligations in excess of its Capital Contribution, (vi) qualify as an event of removal or withdrawal with respect to the General Partner under the Act, or (vii) otherwise substantially reduce tax benefits or substantially increase tax liabilities of the Limited Partner; or

(vi) Any construction cost overruns or Operating Deficits are incurred by the Partnership and such overruns and Operating Deficits are not funded by loans or other sources of funds on terms that do not adversely affect the Projections or financial viability of the Project or the Partnership; or

(vii) A material default occurs under the Permanent Loan, or Subordinate Loan and such default is not cured or waived by the lender within thirty (30) days after the occurrence of such default; or

(viii) The Project or Partnership is substantially mismanaged and such mismanagement has a material adverse effect on the Partnership; or

(ix) Any lender to the Partnership or other creditor of the Partnership files a foreclosure or other creditor's action for exercise of control over the Project or the rents therefrom, or the filing of a bankruptcy petition or similar creditor's action by or against the Partnership, and any such action is not dismissed within thirty (30) days; or

(x) The Partnership fails to achieve 80% of Projected Tax Credits with respect to any calendar year; or

(xi) The General Partner fails to timely and promptly discharge the Management Agent if at any time cause (as such term is defined in §6.4(i)(v) hereof) for such removal exists; or

(xii) The General Partner fails to remove the Accountant and replace it with an accountant that is approved by the Limited Partner if cause to remove exists under §8.6(c) hereof;

(xiii) Any payment required to be made to the Limited Partner or the Partnership by the General Partner pursuant to §§6.4(f)(i), 6.4(f)(ii), and 6.4(f)(iii) and §6.9 is not timely made by or on behalf of the General Partner or any guarantor of such obligation; or

(xiv) Intentionally Deleted; or

(xv) A General Partner transfers a controlling interest in itself without the consent of the Limited Partner as required in §6.3(ee) of this Partnership Agreement; or

(xvi) Failure by the General Partner to prepare or cause to be prepared properly and to deliver or cause to be delivered in its entirety any reporting required under this agreement; or

(xvii) The commencement by a General Partner of a proceeding in bankruptcy or insolvency seeking a compromise, adjustment or other relief under the laws of the United States or of any state relating to the relief of debtors; or

(xviii) The failure of the General Partner to obtain the dismissal of any case commenced against a General Partner (i) for the appointment of a trustee for such General Partner, or any of its property or (ii) in bankruptcy or insolvency or for compromise adjustment or other relief under the laws of the United States or any state relating to the relief of debtors.

(b) **Effectiveness.** Prior to removing and replacing any general partner for an Event of Default, the Limited Partner shall give such general partner reasonable prior written notice setting forth in detail the Event of Default(s) providing the basis for such possible removal and a reasonable opportunity to cure such default(s); provided, however, that no opportunity to cure such default(s) shall be given where the extent or nature of the default is such that there is a likelihood of material loss, liability, or prejudice to the Partnership or the Limited Partner, or both, from any delay in removal and replacement. If the grounds for removal justify an immediate removal under the preceding sentence, such removal shall be effective upon the delivery of a notice thereof to the specified address in accordance with §12.1 hereof. Under all other circumstances, such removal shall be effective only after:

(i) failure by the General Partner to cure the default(s) set forth in the notice of removal within the prescribed cure period,

(ii) a decision is made by the Limited Partner, in its sole discretion, to remove the General Partner, and

(iii) the Limited Partner provides the General Partner with written notice of its removal as General Partner, which notice shall specify the date on which such removal shall become effective.

Notwithstanding such removal, the General Partner shall remain liable to the Partnership and the Limited Partner for (i) all obligations and liabilities (including, without limitation, its obligations to make any payments pursuant to §§6.4(f)(i), 6.4(f)(ii), 6.4(f)(iii) and 6.9 of this Partnership Agreement and liabilities resulting from any breach of any of the representations and warranties set forth in §6.3 of this Partnership Agreement) incurred by it as a General Partner before the effective date of such removal but is free of any obligations and liabilities incurred on account of Partnership activities from and after the time of such removal and (ii) all damages and other amounts recoverable or payable hereunder or under applicable law by or to the Partnership or the Limited Partner as a result of the occurrence of the event giving rise to such removal.

ARTICLE 11: DISSOLUTION, WINDING UP AND TERMINATION

§11.1 Dissolution. The Partnership will dissolve upon the occurrence of any of the following events:

- (a) The expiration of the term of the Partnership's existence;
- (b) The sale or other disposition of all or substantially all of the Partnership Property and the Partnership's receipt of all or substantially all of the proceeds therefrom;
- (c) The Partners' mutual election to dissolve the Partnership;
- (d) The Limited Partner's election to dissolve the Partnership made at any time that is more than three years after the end of the Compliance Period;
- (e) The failure of the Limited Partner to agree in writing at the time and in the manner provided in §10.3 to the continuation of the business of the Partnership and the appointment of a new General Partner upon the occurrence of an Involuntary Transfer of the last remaining General Partner's Partnership Interests or the removal of the General Partner; or
- (f) The Limited Partner's election pursuant to §10.2 to dissolve the Partnership upon the occurrence of an Involuntary Transfer of a General Partner's Partnership Interests, notwithstanding the fact that one or more other General Partner is in existence at such time.

§11.2 Winding Up and Termination. Upon the dissolution of the Partnership, the affairs and business of the Partnership will be wound up and terminated, the Partnership's liabilities discharged and the Partnership Property liquidated and distributed in the manner hereinafter described. A reasonable time will be allowed for the orderly winding up of the affairs and business of the Partnership so as to enable the Partnership to minimize the normal losses attendant to the winding up and termination period. The winding up and termination of the affairs and business of the Partnership shall be supervised and conducted by the Liquidation Manager. The Liquidation Manager has the exclusive power and authority to act on behalf of the Partnership to wind up and terminate the affairs and business of the Partnership, to sell and convey the Partnership Property to such Persons (including, without limitation, any Partner or any Affiliate thereof) for such consideration and upon such terms and conditions as it deems necessary or appropriate, to discharge the Partnership's liabilities, to establish any reserves that it deems necessary or appropriate for any contingent or unforeseen liabilities or obligations of the Partnership, and to distribute the liquidation proceeds in the manner hereinafter described.

Upon completion of the winding up of the affairs and business of the Partnership, the liquidation proceeds will be distributed by the Liquidation Manager in the following manner and order of priority:

- (a) First, such liquidation proceeds will be applied to the payment of debts and liabilities of the Partnership (excluding any loans the General Partner or its Affiliates made pursuant to §6.4(f)(i), §6.4(f)(ii) and any unpaid Development Fee) and the payment of expenses of the winding up of the affairs and business of the Partnership;

(b) Second, such liquidation proceeds will be applied to the setting up of any reserves (to be held by the Liquidation Manager in an interest-bearing account) which the Liquidation Manager may deem necessary or appropriate for any contingent or unforeseen liabilities or obligations of the Partnership; provided, however, that at the expiration of such time as the Liquidation Manager deems necessary or appropriate, the balance of such reserves remaining after payment of such liabilities or obligations will be distributed by the Liquidation Manager in the manner hereinafter set forth in this §11.2; and

(c) Third, such liquidation proceeds will be paid to satisfy debts and liabilities owed to Partners and their Affiliates described in §5.2(a)(i) and in accordance with the priority set forth therein; and

(d) Fourth, such liquidation proceeds will be distributed in compliance with §1.704-1(b)(2)(ii)(b)(2) of the Regulations to the Partners in accordance with their positive Capital Accounts, after giving effect to all contributions, distributions and allocations for all periods, including, without limitation, the allocations to be made under §4.2(m) hereof.

§11.3 Compliance with Liquidation Requirements of Regulations. If the Partnership is “liquidated” within the meaning of §1.704-1(b)(2)(ii)(g) of the Regulations, then:

(a) Distributions will be made pursuant to §11.2 (if such “liquidation” constitutes a dissolution and termination of the Partnership) to the Partners who have positive balances in their Capital Accounts in compliance with §1.704-1(b)(2)(ii)(b)(2) of the Regulations;

(b) Intentionally Deleted;

(c) If a Limited Partner has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all taxable years, including, without limitation, the taxable year in which such liquidation occurs), then such Limited Partner will contribute to the capital of the Partnership the lesser of (1) such deficit balance in its Capital Account or (2) the limited dollar amount, if any, of its Capital Account deficit which the Limited Partner has expressly agreed in writing to restore to the capital of the Partnership pursuant to §11.4; and

(d) Any such contribution by a Partner shall be made on or before the later of (1) the end of the taxable year of the “liquidation” or (2) ninety (90) days after the date of the “liquidation”.

Notwithstanding anything to the contrary contained in this §11.3, in the event the Partnership is “liquidated” within the meaning of §1.704-1(b)(2)(ii)(g) of the Regulations, but such “liquidation” does not constitute a dissolution and termination of the Partnership pursuant to this Partnership Agreement, then no distributions shall be made pursuant to §11.2. Instead, the Partnership shall be deemed to have distributed the Partnership Property in kind to the Partners, who shall be deemed to have assumed and taken subject to all Partnership liabilities, all in accordance with their respective Capital Accounts. Immediately thereafter, the Partners shall be deemed to have recontributed the Partnership Property in kind to the Partnership, which shall be deemed to have assumed and taken subject to all such liabilities.

§11.4 Rights and Obligations of Limited Partner Upon Dissolution. Except as otherwise expressly provided in §11.3(b), the Limited Partner shall look solely to the assets of the Partnership for the return of its Capital Contribution. Except as otherwise elected by the Limited Partner pursuant to this §11.4, the Limited Partner shall not have any obligation to restore any deficit in its Capital Account upon the liquidation of the Partnership. Notwithstanding anything to the contrary contained in this Partnership Agreement, the Limited Partner may from time to time elect to be obligated to restore a deficit in its Capital Account up to a limited dollar amount. Such election shall be made by the Limited Partner's delivery of a written notice of election to the General Partner no later than April 15 following the taxable year for which such election is to be effective and shall specify the dollar amount of the deficit in its Capital Account that the Limited Partner agree(s) to restore. Such election shall be irrevocable and shall be binding on subsequent transferees of the Limited Partner's Partnership Interests.

§11.5 Waiver of Partition. Each Partner hereby waives any right to partition or cause a partition of the Partnership Property.

§11.6 Final Accounting. The Liquidation Manager shall furnish each of the Partners with a statement setting forth the assets and liabilities of the Partnership as of the date of the completion of the winding up and termination of the affairs and business of the Partnership. Upon completion of the distribution plan set forth in this Article 11, the Liquidation Manager shall cause to be executed by the appropriate parties and filed in such public offices as shall be required under the Act a cancellation of the certificate of limited partnership of the Partnership and any and all other documents or certificates which the Liquidation Manager deems necessary or appropriate to effect the dissolution and termination of the Partnership.

ARTICLE 12: MISCELLANEOUS

§12.1 Notices and Addresses. All notices, consents, demands, requests, or other communications which may or are required to be given hereunder shall be in writing and shall be sent by telefax, overnight courier or United States mail, registered or certified, return receipt requested, postage prepaid to the Partnership at the address of the Partnership's principal office and to the Partners at the addresses set forth after their respective names in Article 2. The Partnership and any Partner may change its or his address for the giving of notices, consents, demands, requests, or other communications by delivering written notice to the Partnership and to all the Partners of its or his new address for such purpose. Notices, consents, demands, requests, or other communications shall be deemed given or served on the day when sent by telefax, one business day after deposit with an overnight courier or three business days after deposit in the United States mail.

§12.2 Pronouns and Plurals. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person or persons may require.

§12.3 Counterparts. This Partnership Agreement may be executed in several counterparts all of which shall constitute one agreement, binding on all parties hereto, notwithstanding that all the parties are not signatories to the same counterpart.

§12.4 Applicable Law. This Partnership Agreement and the rights of the Partners hereunder shall be interpreted in accordance with the laws of the State of Oregon.

§12.5 Successors. This Partnership Agreement shall inure to the benefit of, be binding upon, and be enforceable by and against the parties hereto, their heirs, executors, administrators, successors, and assigns.

§12.6 Severability. The invalidity or unenforceability of any provision of this Partnership Agreement in a particular respect shall not affect the validity and enforceability of any other provisions of this Partnership Agreement or of the same provision in any other respect.

§12.7 Exhibits. All exhibits attached hereto or referred to herein are incorporated herein by this reference.

§12.8 Limitation of Benefits. It is the explicit intention of the Partners that no person or entity other than the Partners and the Partnership is or shall be entitled to bring any action or enforce any provision of this Partnership Agreement against any Partner or the Partnership, and that the covenant, undertakings and agreements set forth in this Partnership Agreement shall be solely for the benefit of and shall be enforceable only by the Partners and the Partnership and theirs or its respective successors and assigns as permitted hereunder).

§12.9 Entire Agreement. This Partnership Agreement contains the entire agreement among the Partners with respect to the transactions contemplated herein, and supersedes all prior or written agreements, commitments, or understandings with respect to the matters provided for herein and therein.

§12.10 Broker's Commission and Indemnity. Each of the parties to this Partnership Agreement warrants and represents to the others that it has not been introduced to the other party by any broker, nor has it been in contact with any real estate or business broker or consultant otherwise than as specified in this Partnership Agreement regarding the Project Property; and each party to this Agreement agrees to indemnify and hold the other party harmless from all suits, claims, actions, loss or expenses (including reasonable attorney's fees) arising from the claim of any person to a brokerage or other commission in connection with this transaction and resulting from contact with or other action, alleged or actual, of the indemnifying party.

§12.11 Amendment of Partnership Agreement. Except as otherwise provided for herein, this Partnership Agreement may not be amended in whole or in part except by a written instrument signed by the General Partner and Limited Partner.

§12.12 Power of Attorney

(a) **Generally.** The Limited Partner, by the execution hereof, hereby irrevocably constitutes and appoints the General Partner its true and lawful attorney-in-fact, with full power and authority in its name, place, and stead, to execute and acknowledge under oath, swear to, deliver, file, and record at the appropriate public offices such documents as may be required by law to carry out the provisions of this Partnership Agreement, other than the provisions of §10.6 hereof, including without limitation:

(i) all certificates and other instruments, including any certificate of limited partnership and any amendment thereto, that are required to form, continue, or qualify the Partnership as a limited partnership or to transact business under the Act; and

(ii) all amendments to the certificate of limited partnership or other instruments that are required to be filed under applicable law.

The appointment by the Limited Partner of the General Partner as attorney-in-fact shall be deemed to be a power coupled with an interest in recognition of the fact that each of the Partners under this Partnership Agreement will be relying upon the power of the General Partner to act as contemplated by this Partnership Agreement in any filing and other action by it on behalf of the Partnership. The foregoing power of attorney shall survive the dissolution and termination of the Limited Partner or the assignment by the Limited Partner of the whole or any part of its interest hereunder. Nothing contained herein shall be construed to limit the authority of the General Partner under Article 6 hereof to execute documents and act on behalf of the Partnership without execution or action by the Limited Partner.

(b) **Removal for Cause.** The General Partner, by the execution hereof, hereby irrevocably constitutes and appoints the Limited Partner its true and lawful attorney-in-fact, with full power and authority in its name, place, and stead, to execute and acknowledge under oath, swear to, and, if necessary, deliver, file, and record at the appropriate public offices such documents as may be required by law to carry out the provisions of §10.6 of this Partnership Agreement, including without limitation:

(i) all certificates and other instruments, including any certificate of limited partnership and any amendment thereto, that are required to remove the General Partner from its role as general partner and replace it with a substitute general partner;

(ii) all amendments to this Partnership Agreement required to remove the General Partner from its role as general partner and replace it with a substitute general partner; and

(iii) all other certificates, documents, amendments, and instruments required to effectuate the provisions of §10.6 hereof.

The appointment by the General Partner of the Limited Partner as attorney-in-fact shall be deemed to be a power coupled with an interest in recognition of the fact that each of the Partners under this Partnership Agreement will be relying upon the power of the Limited Partner to act as contemplated by §10.6 hereof in any filing and other action by it on behalf of the Partnership. The foregoing power of attorney shall survive the dissolution and termination of the General Partner or the assignment by the General Partner of the whole or any part of its interest hereunder.

[Remainder of this page intentionally left blank.]

The Partners have executed this Partnership Agreement as of the date first set forth at the beginning hereof.

GENERAL PARTNER:

**HOUSING AUTHORITY AND COMMUNITY
SERVICES AGENCY OF LANE COUNTY, an Oregon
housing authority**

By: _____
Its: _____

LIMITED PARTNER:

**NEF ASSIGNMENT CORPORATION,
as nominee**

By: _____
Its: _____

WITHDRAWING INITIAL LIMITED PARTNER:

John van Landingham

APPENDIX I
PROJECTIONS

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Thirty Year Analysis		18	19	20	21	22	23	24	25	30	31	34	35	36	37	38	39	40		
Year		2023	2024	2025	2026	2027	2028	2029	2030	2035	2036	2039	2040	2041	2042	2043	2044	2045		
Trend		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%		
Revenue		112,349	115,718	119,191	122,767	126,450	130,243	134,150	138,175	160,182	164,088	180,287	185,695	191,266	197,004	202,914	208,002	215,272		
Expense		106,695	109,855	113,151	116,545	120,042	123,643	127,352	131,173	152,065	156,827	171,151	176,285	181,574	187,021	192,631	198,410	204,363		
Net Operating Income		5,653	5,864	6,040	6,221	6,408	6,600	6,798	7,002	8,117	8,361	9,136	9,410	9,693	9,983	10,283	10,591	10,909		
0 Interest Rate		0.00%																		
Remaining Balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Payment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Principal		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Interest		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Ending Balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Debt Coverage Ratio		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Cash Available		5,653	5,864	6,040	6,221	6,408	6,600	6,798	7,002	8,117	8,361	9,136	9,410	9,693	9,983	10,283	10,591	10,909		
Year		2023	2024	2025	2026	2027	2028	2029	2030	2035	2036	2039	2040	2041	2042	2043	2044	2045		
Left after Req. Debt		5,653	5,864	6,040	6,221	6,408	6,600	6,798	7,002	8,117	8,361	9,136	9,410	9,693	9,983	10,283	10,591	10,909		
Contingent Debt																				
HACBA Sponsor Loan	Interest Rate	3.50% Target Payment		\$336,076.04																
Remaining Balance		1,331,055																		
Payment		5,653	5,864	6,040	6,221	6,408	6,600	6,798	7,002	8,117	8,361	9,136	9,410	9,693	9,983	10,283	10,591	10,909		
Principal		(40,914)	(42,176)	(43,476)	(44,816)	(46,198)	(47,623)	(49,092)	(50,606)	(59,910)	(60,729)	(66,529)	(68,583)	(70,701)	(72,885)	(75,137)	(77,458)	(79,851)		
Interest		46,008	48,040	49,516	51,038	52,606	54,223	55,890	57,608	67,028	69,090	75,665	77,894	80,394	82,869	85,420	88,049	90,790		
Ending Balance		1,372,570	1,414,748	1,458,222	1,503,038	1,549,236	1,596,859	1,645,951	1,696,557	1,973,894	2,034,723	2,228,392	2,296,975	2,367,876	2,440,561	2,515,698	2,593,156	2,673,007		
Debt Coverage Ratio		1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00		
Cash Available		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
HACBA Sponsor Loan (HELP)	Interest Rate	5.10% Target Payment		\$53,170.48																
Remaining Balance		156,248																		
Payment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Principal		(7,989)	(8,375)	(8,802)	(9,251)	(9,723)	(10,218)	(10,740)	(11,288)	(14,475)	(15,213)	(17,662)	(18,562)	(19,509)	(20,504)	(21,550)	(22,643)	(23,804)		
Interest		7,990	8,375	8,802	9,251	9,723	10,219	10,740	11,288	14,475	15,213	17,662	18,562	19,509	20,504	21,550	22,649	23,804		
Ending Balance		164,217	172,592	181,394	190,646	200,368	210,587	221,327	232,615	298,299	313,512	363,987	382,529	402,038	422,542	444,082	466,741	490,544		
Year		18	19	20	21	22	23	24	25	30	31	34	35	36	37	38	39	40		
Total Debt Outstanding		1,542,481	1,593,202	1,645,656	1,699,905	1,756,013	1,814,047	1,874,077	1,936,174	2,280,410	2,356,596	2,601,495	2,688,915	2,778,407	2,873,087	2,970,073	3,070,488	3,174,461		
30 Year Analysis: Approach I		12/01/2022																		
APPROVED VALUE	Yield	18	19	20	21	22	23	24	25	30	31	32	33	34	35	36	37	38	39	40
Approach A	1.00%		1,150,315	1,161,818	1,173,436	1,185,171	1,197,022	1,208,992	1,220,683	1,283,370	1,322,257	1,335,480	1,348,835	1,362,323	1,375,946	1,389,706	1,403,603	1,417,636	1,431,805	1,446,095
B	2.00%		1,333,517	1,360,188	1,387,392	1,415,139	1,443,442	1,472,311	1,501,550	1,658,061	1,758,548	1,794,739	1,830,634	1,867,246	1,904,561	1,942,683	1,981,537	2,021,137	2,061,487	2,102,591
C	3.00%		1,543,670	1,589,980	1,637,680	1,686,810	1,737,414	1,789,537	1,843,156	2,074,564	2,136,800	2,334,940	2,404,988	2,477,137	2,551,451	2,627,895	2,706,585	2,788,040	2,871,363	2,956,563
D	4.00%		1,784,416	1,855,793	1,930,025	2,007,228	2,087,515	2,171,015	2,261,372	2,641,372	2,747,027	3,090,032	3,213,633	3,342,179	3,475,968	3,614,900	3,759,496	3,909,876	4,066,151	4,228,422
			1	2	3	4	5	6	11	12	15	16								
			990,823	1,000,731	1,010,739	1,020,846	1,031,054	1,041,365	1,051,779	1,094,485	1,105,430	1,138,928	1,150,315							
			990,823	1,010,640	1,030,852	1,051,469	1,072,499	1,093,949	1,115,818	1,207,808	1,231,964	1,307,370	1,333,517							
			990,823	1,020,548	1,051,164	1,082,699	1,115,180	1,148,636	1,183,083	1,331,583	1,371,531	1,498,709	1,543,670							
			990,823	1,030,456	1,071,674	1,114,541	1,159,123	1,205,488	1,253,660	1,466,660	1,525,327	1,715,785	1,784,416							

MINIMUM GAIN ANALYSIS

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New Winds 0 2008 21-Mar-07
Pierance, Oregon

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Sale 2022	Sale	Total
Partnership Basis - "Inside Basis"	2,598,640	2,489,574	2,402,508	2,305,442	2,208,378	2,111,310	2,014,244	1,918,953	1,825,488	1,731,973	1,638,478	1,544,983	1,451,488	1,357,993	1,264,498	1,174,803		
<small>(Debt Basis + Land + Historic Credit + Grants + Depletion to Date)</small>																		
Balance of Non-Recourse Loans	-	976,611	900,544	833,309	867,284	1,002,515	1,039,060	1,076,937	1,116,227	1,158,975	1,199,234	1,243,062	1,289,518	1,336,666	1,384,557	1,435,280		
Minimum Gain	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	120,069	260,487	
<small>(Excess, if any, of Balance of Non-Rec. Loans - Partnership Basis)</small>																		
	0.000%	99.990%	99.990%	99.990%	99.990%	99.990%	99.990%	99.990%	99.990%	99.990%	99.990%	99.990%	99.990%	99.990%	99.990%	99.990%	99.990%	
Limited Partners Capital Account	1,740,980	1,838,418	1,522,968	1,405,975	1,287,342	1,158,118	1,032,174	908,145	783,948	657,707	520,168	385,525	248,760	110,458	(29,438)	(178,124)		
<small>(Capital Paid in to Date - 99.99% of Historic Credit (if any), Losses to Date - and of Net Cash Flow to Date)</small>																		
												10,715	6,814	3,070	(818)	(4,885)		Exit Tax per Lp
Balance of Pay-Ins Due	114,141	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Minimum Gain Problem	Yes - 2		No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	Yes
Credit Year	11		Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	N	N	N	N	N
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	0	0
Annual Losses	21,627	102,462	115,400	117,008	118,625	131,257	123,956	124,041	124,210	126,253	137,562	134,647	138,778	138,315	138,911	146,701	-	-
Annual Increase in Min Gain	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NEP Equity	1,626,719	114,141	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(260,487)	-
GP Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,740,980
Annual LP Check (nb D)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(178,124)	(178,124)
Maximum loss allowable to LP	-	(102,442)	(115,448)	(118,686)	(118,613)	(131,244)	(123,944)	(124,028)	(124,198)	(126,241)	(137,548)	(134,634)	(138,765)	(138,301)	(138,897)	(146,698)	-	(1,916,984)
Permissible LP alloc % (based to row 21)	0.000%	99.990%	99.990%	99.990%	99.990%	99.990%	99.990%	99.990%	99.990%	99.990%	99.990%	99.990%	99.990%	99.990%	99.990%	99.990%	0.000%	0.000%
Total Capital Contributions	1,626,719	114,141	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Historic Credits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Gain (Loss)	(21,627)	(102,462)	(115,400)	(117,008)	(118,625)	(131,257)	(123,956)	(124,041)	(124,210)	(126,253)	(137,562)	(134,647)	(138,778)	(138,315)	(138,911)	(146,701)	-	-
Total Distributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Combined Capital Account Balance	1,605,082	1,616,781	1,501,321	1,384,315	1,265,690	1,134,433	1,010,478	886,436	762,228	635,872	498,410	363,783	226,984	88,670	(51,241)	(197,942)	(197,942)	(197,942)

Florence, Oregon

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	0	0	100%
NET OPERATING INCOME																		
Interest Income On Reserves	8,525	18,952	14,222	13,780	13,308	12,804	12,286	11,694	11,086	10,440	9,756	9,031	8,264	7,453	6,597	5,683	-	173,472
Interest Expense - 0	81	877	1,131	1,237	1,347	1,400	789	895	1,005	1,118	1,236	679	792	910	1,031	1,158	-	15,848
Interest Expense - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense - MACRS Sponsor Loan	-	21,062	28,794	29,801	30,844	31,924	33,041	34,198	35,395	36,633	37,916	39,243	40,616	42,038	43,509	45,032	-	530,044
Interest Expense - MACRS Sponsor Loan (HSL P)	0%	7,871	3,871	4,174	4,387	4,611	4,848	5,093	5,353	5,626	5,912	6,214	6,531	6,864	7,214	7,582	-	81,248
Interest Expense - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Developer's Fee - Interest Pmt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & Amortization	20,147	98,048	98,048	98,048	98,048	98,048	98,048	96,263	94,477	94,477	94,232	93,495	93,495	93,495	93,495	89,695	-	1,451,563
Partnership Management Fee/NEF Asset Fee	4500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses	6,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,000
Deduction for Use of Reserves	-	-	-	-	-	10,938	1,076	1,076	1,076	1,076	10,494	2,002	2,002	2,002	2,002	10,933	-	44,678
Legal Transaction	4,085	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,085
Property Tax Escrow	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Third Party Bridge Loan Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Manual Input	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	30,232	121,881	130,814	132,024	133,280	145,521	137,011	136,829	136,301	137,812	148,554	144,358	145,835	146,678	147,539	152,552	-	2,143,969
Losses	(21,627)	(102,452)	(115,480)	(117,006)	(118,625)	(131,257)	(123,958)	(124,041)	(124,210)	(126,253)	(137,562)	(134,647)	(138,779)	(138,315)	(139,911)	(146,701)	-	(1,938,802)
LOWER TIER TAXABLE PROFIT/LOSS																		
PROFIT/LOSS	90	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax Savings/Cost from Project @ 35.0%	0	35,950	40,407	40,948	41,515	45,935	43,380	43,410	43,469	44,184	48,142	47,122	47,868	48,405	48,964	51,340	-	670,944
PROJECT CREDIT BENEFITS																		
UMTC Credit - Building or Phase	12/1/07	16,304	196,727	196,727	196,727	196,727	196,727	196,727	196,727	196,727	180,333	-	-	-	-	-	-	1,967,270
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UMTC Credit - Building or Phase	-	-	-	-	-	-	-	-</										

Basis Calculation													
Percent Historic													
6%													
	Total	Per Ass. Unit	Depreciable Fee Costs	Depreciable Non-Fee Costs	Net Return Basis	Acq. Basis	Depr. Basis	Non-Depr.	Amortized	Years	Expensed	Historic Basis	Commercial Cost
Land	116,436	6,413	-	-	-	-	-	116,436	-	-	-	-	-
Building	715,439	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition Legal Costs in Acq. Basis	690	33	690	-	-	590	590	-	-	-	-	-	-
On-Site Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-
Other acquisition costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Pre-construction Closing Costs	-	-	-	-	-	-	-	-	-	10	-	-	-
Site Improvements - (longer Depreciation - SEE BELOW)	-	-	-	-	-	-	-	-	-	-	-	-	-
Site Improvements (Shorter Depreciation and nondepr.)	114,009	6,334	114,009	-	114,009	-	114,009	-	-	-	-	-	-
Basic Construction	1,554,008	86,445	-	-	1,554,008	-	1,554,008	-	-	-	-	1,554,008	1,554,008
Construction Contingency	89,103	4,950	89,103	-	89,103	-	89,103	-	-	-	-	89,103	89,103
Personal Property	1471	1,389	25,000	-	25,000	-	25,000	-	-	-	-	25,000	25,000
Gen. Reg., Builder's CH & Profit	90,000	5,000	90,000	-	90,000	-	90,000	-	-	-	-	90,000	90,000
Architect Design	174,858	9,703	174,858	-	174,858	-	174,858	-	-	-	-	174,858	174,858
Supervision	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction Loan Interest	88,588	4,922	88,588	-	88,588	-	88,588	-	-	-	-	88,588	88,588
Construction Permits and Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Performance Bond	17,671	978	17,671	-	17,671	-	17,671	-	-	-	-	17,671	17,671
Lender or NEF Inspection fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Predevelopment Loan Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction Loan Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction Period Real Estate Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction Period Insurance	22,800	1,287	22,800	-	22,800	-	22,800	-	-	-	-	22,800	22,800
Builder's Risk Insurance	4,488	249	4,488	-	4,488	-	4,488	-	-	-	-	4,488	4,488
Appraisal	1,000	58	1,000	-	1,000	-	1,000	-	-	-	-	1,000	1,000
Market Study	4,500	250	4,500	-	4,500	-	4,500	-	-	-	-	4,500	4,500
Survey & Engineering	47,450	2,630	47,450	-	47,450	-	47,450	-	-	-	-	47,450	47,450
Environmental Reporting and Abatement	7,340	408	7,340	-	7,340	-	7,340	-	-	-	-	7,340	7,340
Consulting Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Developer Fee	235,000	13,056	235,000	-	235,000	-	235,000	-	-	28	-	235,000	235,000
Developer Fee attributable to acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-
Developer Overhead	235,000	-	-	-	-	-	-	-	-	-	-	-	-
Other #1: Depreciable - Wiring/Data Network	10,000	566	10,000	-	10,000	-	10,000	-	-	-	-	10,000	10,000
Other #2: Contingency & other construction costs	-	-	-	-	-	-	-	-	-	-	-	-	-
"Protect" Bridge Loan Interest in Basis	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan Origination Fee - Permanent	-	-	-	-	-	-	-	-	-	-	-	-	-
Title & Recording	-	-	-	-	-	-	-	-	-	30	-	-	-
Legal - Broker/Title & Escrow - Land	-	-	-	-	-	-	-	-	-	30.0	-	-	-
Legal - Trans./Org./JGP Syndication (SEE BELOW)	17,085	949	13,000	-	13,000	-	13,000	-	-	15	4,085	13,000	17,085
Legal - Construction Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal - Permanent Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal - NEF	22,000	1,222	-	-	-	-	-	22,000	-	30	-	-	-
Tax Credit Allocation Fee	8,824	546	-	-	-	-	-	-	8,824	10	-	22,000	22,000
Tax Credit Compliance Fees	-	-	-	-	-	-	-	-	-	10	-	8,824	8,824
Lease-up and Marketing Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Other #3:	-	-	-	-	-	-	-	-	-	1	-	-	-
Accounting/Post Const. Audit	6,000	333	-	-	-	-	-	-	-	15	6,000	-	-
Initial Partnership Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Property Tax Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Other #4:	-	-	-	-	-	-	-	-	-	-	-	-	-
Initial Operating Reserve (9.0 mon)	51,344	2,952	-	-	-	-	-	51,344	-	-	-	-	-
Capitalized Replacement Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Capitalized Subsidy Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Capitalized Revenue Deficit Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Capitalized Sub Tax Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Capitalized Tax and Insurance Escrows	-	-	-	-	-	-	-	-	-	-	-	-	-
Capitalized Lease-Up Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Syndication Consultant	-	-	-	-	-	-	-	-	-	-	-	-	-
Other #5: Non-Depreciable	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEVELOPMENT COSTS	2,708,795	159,344	2,501,108	-	2,501,108	590	2,501,108	168,780	9,824	-	10,085	-	2,501,108
Sponsor Total Budget	2,708,795	-	-	-	-	-	-	-	-	-	-	-	-
Sources and Uses, Surplus / (Def)	0	-	-	-	-	-	-	-	-	-	-	-	-

\$40,950 engineering, \$8,500 survey
\$4,240 geotechnical

Manages subsidy risk - finalize when better
subsidy info is available.

New Winds 0 2004 11-Mar-07 Phares, Oregon		Cash Flow																	Page 8	
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Sale	Sale	Total	
Project year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18		
% of Yr in Operation	8%	94%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%				
INCOME																				
Trend factor For LHTC Units	1.00	1.02	1.04	1.06	1.08	1.10	1.13	1.15	1.17	1.20	1.22	1.24	1.27	1.29	1.32	1.35	1.37	1.40		
Trend factor For Market Units	1.00	1.02	1.04	1.06	1.08	1.10	1.13	1.15	1.17	1.20	1.22	1.24	1.27	1.29	1.32	1.35	1.37	1.40		
Gross Rent Paid - LHTC Units @ 7.5%	2,005	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gross Rent Paid - Sub Units Increase - 2.0%	14,960	91,656	93,386	96,254	97,169	99,102	101,084	103,106	105,168	107,272	109,417	111,605	113,837	116,114	118,436	120,805	-	-	1,588,282	
Gross Rent Paid - After Contract - 2.0%	2,005	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Market Rent	2,005	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gross residential income	14,960	91,656	93,386	96,254	97,169	99,102	101,084	103,106	105,168	107,272	109,417	111,605	113,837	116,114	118,436	120,805	-	-	1,588,282	
LHTC Vacancy @ 7.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Subletted Residential Vacancy @ 7.0%	(1,047)	(8,409)	(8,537)	(8,660)	(8,801)	(8,937)	(7,076)	(7,217)	(7,352)	(7,509)	(7,659)	(7,812)	(7,963)	(8,128)	(8,291)	(8,455)	-	(0)	(114,878)	
Market Residential Vacancy @ 7.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Commercial @ 9% Increase /yr.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Commercial Vacancy @ 9.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other \$ /yr.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other income:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Effective Gross Income from Project	13,913	83,246	84,849	87,594	88,368	90,165	94,008	95,889	97,866	99,763	101,758	103,783	105,868	107,896	109,946	112,348	-	-	1,488,384	
EXPENSES	103.0%																			
GENERAL & ADMINISTRATIVE	1,702	21,039	22,945	23,633	24,343	25,073	25,826	26,600	27,396	28,220	28,066	29,938	30,836	31,761	32,714	33,696	-	-	414,780	
PAYROLL & RELATED:	17,824	1,403	17,339	18,909	19,477	20,061	20,663	21,283	21,921	22,578	23,256	23,954	24,673	25,413	26,176	26,960	-	-	347,835	
UTILITIES	10,100	795	9,825	10,715	11,637	11,388	11,709	12,050	12,422	12,794	13,178	13,674	14,000	14,332	14,677	15,035	-	-	193,791	
MAINTENANCE & REPAIR	16,308	1,283	16,982	17,299	17,819	18,383	18,903	19,470	20,084	20,656	21,276	21,914	22,571	23,248	23,946	24,664	-	-	312,722	
MARKETING & LEASING	800	47	584	837	658	676	696	718	738	760	783	806	831	855	881	908	-	-	11,567	
TAXES & INSURANCE	2,000	167	1,948	2,122	2,186	2,251	2,319	2,389	2,464	2,534	2,610	2,688	2,769	2,852	2,937	3,025	-	-	35,357	
Other Expenses	58,458	5,388	66,584	72,827	74,888	77,858	78,982	81,742	84,195	86,721	89,322	92,002	94,782	97,665	100,533	103,548	-	-	1,212,912	
Total expenses	315	3,853	4,162	4,245	4,330	4,416	4,505	4,595	4,687	4,780	4,876	4,973	5,073	5,174	5,279	5,383	-	-	76,445	
Total expenses including Replacement Reserve	5,783	76,448	78,789	79,891	81,386	82,778	84,247	85,788	87,407	89,103	90,878	92,735	94,668	96,678	98,767	100,927	-	-	1,385,558	
NET OPERATING INCOME	8,210	14,898	16,061	8,703	8,978	8,387	7,781	7,099	6,399	5,660	4,880	4,858	3,191	2,279	1,219	310	-	-	102,828	
DEBT SERVICES (JUST-PAY)																				
First Mortgage Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Principal Paid - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest Paid - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Debt Service - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash flow after debt service - 1st	8,210	14,898	16,061	8,703	8,978	8,387	7,781	7,099	6,399	5,660	4,880	4,858	3,191	2,279	1,219	310	-	-	102,828	
Debt coverage ratio after 1st mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Second mortgage loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Principal Paid - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest Paid - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total debt service - 2nd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash flow after debt service - 2nd	8,210	14,898	16,061	8,703	8,978	8,387	7,781	7,099	6,399	5,660	4,880	4,858	3,191	2,279	1,219	310	-	-	102,828	
Debt coverage ratio after 2nd mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Third mortgage loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Principal Paid - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest Paid - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total debt service - 3rd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash flow after debt service - 3rd	8,210	14,898	16,061	8,703	8,978	8,387	7,781	7,099	6,399	5,660	4,880	4,858	3,191	2,279	1,219	310	-	-	102,828	
Debt coverage ratio after 3rd mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Operating Reserve (Funding Req.) @ 0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Revenue Deficit Reserve (Funding Net Req.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Exit Tax Reserve (Funding Net Req.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Tax and Insurance Escrow (Funding Net Req.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash Flow After Required Payments & Funding of Operating Reserve	8,210	14,898	16,061	8,703	8,978	8,387	7,781	7,099	6,399	5,660	4,880	4,858	3,191	2,279	1,219	310	-	-	102,828	
Reserve Over																				
Capitalized Lease-Up Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Withdrawn from lease-up reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash flow after withdrawn from lease-up reserve	8,210	14,898	16,061	8,703	8,978	8,387	7,781	7,099	6,399	5,660	4,880	4,858	3,191	2,279	1,219	310	-	-	102,828	
Capitalized operating reserve balance	51,344	51,424	52,396	53,444	54,512	55,603	56,725	57,878	59,063	60,283	61,536	62,823	64,144	65,500	66,886	68,303	-	-	585,845	
Withdrawn from operating reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash flow after withdrawn from operating reserve	8,210	14,898	16,061	8,703	8,978	8,387	7,781	7,099	6,399	5,660	4,880	4,858	3,191	2,279	1,219	310	-	-	102,828	
Capitalized Revenue Deficit Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Withdrawn from Revenue Deficit Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash flow after withdrawn from Revenue Deficit reserve	8,210	14,898	16,061	8,703	8,978	8,387	7,781	7,099	6,399	5,660	4,880	4,858	3,191	2,279	1,219	310	-	-	102,828	
Update																				
PAYMENTS CONTRIBUTION ON AVAILABLE CASH-FLOW																				
1 100% NEF Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4 100% Partnership Management Fee - 4,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2 100% Deferred Developer's Fee - Principal Payment	8,210	14,898	16,061	8,703	8,978	8,387	7,781	7,099	6,399	5,660	4,880	4,858	3,191	2,279	1,219	310	-	-	10,583	
1 100% Interest Payment - HACSA Sponsor Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5 100% Principal Payment - HACSA Sponsor Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
7 100% Interest Payment - HACSA Sponsor Loan (HELP)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8 100% Principal Payment - HACSA Sponsor Loan (HELP)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
100% Interest Payment - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
100% Principal Payment - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
100% Interest Payment - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
100% Principal Payment - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
100% Interest Payment - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
100% Principal Payment - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
100% Interest Payment - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
100% Principal Payment - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
100% Interest Payment - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
100% Principal Payment - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
100% Interest Payment - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
100% Principal Payment - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
100% Interest Payment - 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
100% Principal Payment - 0	-																			

EQUITY PRICING PAGE

Page 4

Limited Partner Capital Contributions

	Total Credits		Credit Price (Cents/\$)		Total LP Equity
Federal LIHTC Credits	1,987,073	x	\$0.668	=	\$1,740,880
Federal Historic Tax Credits	0	x	\$0.000	=	\$0
State Historic Credits Purchased by NEF	0	x	\$0.000	=	\$0
0	0	x	\$0.000	=	\$0
Total Limited Partner Equity					\$1,740,880
State LIHTC Credits Purchased by 3rd Party	1,987,073	x	\$0.000	=	\$0
State Hist. Credits Purchased by 3rd Party	0	x	\$0.000	=	\$0
TOTAL EQUITY FROM ALL SOURCES					\$1,740,880

Projected Gap: 0

Bond Analysis (If Applicable)	FALSE
	0%

Deferred Equity

Payment	Project Milestone	Payment Code	Date	Quarter Paid	Percent	3rd Party Amt	NEF Amount	Total
2	Partnership closing		04/16/07	6/30/2007	25.03%	-	400,000	400,000
3	90% construction completion		07/01/07	9/30/2007	54.75%	-	875,000	875,000
4	75% construction completion		10/01/07	12/31/2007	13.14%	-	210,000	210,000
6	Construction completion		10/31/07	12/31/2007	7.08%	-	113,184	113,184
6						-	0	0
7						-	0	0
8						-	0	0
9						-	0	0
10						-	0	0
11						-	0	0
Total					100.00%	\$0	\$1,598,184	\$1,598,184

Maximum Deferred Fee Percentage:	80%
Developer Fee	Total 235,000
From Cash Flow	92,324
From Equity	142,676
Percentage of Fee Deferred	39.3%

Total Developer Fee	
Date	Amount
04/16/07	\$ 28,535
01/05/08	\$ 85,606
04/15/08	\$ 28,535
	\$ -
	\$ 142,676

Payment	Project Milestone	Date	Quarter Paid	Percent	NEF Amount
1	Partnership Closing	04/16/07	6/30/2007	20.00%	\$ 28,535
2	Qualified Occupancy & File Review	01/05/08	3/31/2008	60.00%	\$ 85,606
3	Tax filing K1s 9800s	04/15/08	6/30/2008	20.00%	\$ 28,535
4					\$ -
Total				100.00%	\$ 142,676

Operating Expenses					Page 8
New Winds () 2006 21-Mar-07					
Florence, Oregon					
	Annual Total	Subtotal	Growth Rate	Per Unit 18	Comments
GENERAL & ADMINISTRATIVE					
Property Management Fee	8,078		3.0%	449	9.68% of Net Rental and Other Income
Misc. Prop. Mgmt. Fees			3.0%		
Accounting/Auditing	5,500		3.0%	308	
Legal	600		3.0%	33	
Office Supplies & Expense	3,250		3.0%	181	
Telephone Answering Service	1,200		3.0%	67	
Tax credit compliance & monitoring			3.0%		
Other - turnover	3,000		3.0%	167	
		21,628		1,202	
PAYROLL & RELATED:					
Administrative Payroll	13,000		3.0%	722	
Maintenance Payroll			3.0%		
Repair Payroll			3.0%		
Payroll Taxes	4,824		3.0%	268	
Fringe Benefits			3.0%		
Other			3.0%		
Resident Services Coordinator			3.0%		
		17,824		990	
UTILITIES					
Electricity (common area)			3.0%		
Gas/Fuel Oil/Coal (common area)	0		3.0%		
Water & Sewer	5,400		3.0%	300	
Electricity (for units)	0		3.0%		
Gas/Fuel/Coal (for units)	4,000		3.0%	222	
Other:	0		3.0%		
Other - cable TV	700		3.0%	39	
		10,100		561	
MAINTENANCE & REPAIR					
Cleaning (Janitorial)			3.0%		
Elevator Maintenance	0		3.0%		
Exterminating	0		3.0%		
Fire Alarm Inspection	0		3.0%		
Grounds Maintenance	3,600		3.0%	200	
Grounds Maintenance Contract	0		3.0%		
Painting & Decorating	0		3.0%		
Repairs	11,106		3.0%	617	
Repairs Contract	0		3.0%		
Security	0		3.0%		
Supplies	0		3.0%		
Trash Removal	1,600		3.0%	89	
Vehicle/Equipment Maintenance	0		3.0%		
Other	0		3.0%		
Reserves	0		3.0%		
		16,306		906	
MARKETING & LEASING					
Advertising	600		3.0%	33	
Credit Investigations	0		3.0%		
Leasing Fees	0		3.0%		
Other	0		3.0%		
Other	0		3.0%		
		600		33	
TAXES & INSURANCE					
Insurance	2,000		3.0%	111	
Other Taxes, Licenses & Fees (State Charges)			3.0%		
PILOT			3.0%	-	
Property/Liability(Hazard) - "Slip & Fall"	0		3.0%		
Other	0		3.0%		
Other			3.0%		
		2,000		111	
Total Annual Operating Expenses				3,803	
Total Monthly Operating Expenses		5,705	Per Unit Budget Costs 336		
Total Operating Expenses/unit		3,803			
Less Taxes		0			
Less Project Paid Tenant Heat or Electric		-222			
Equalized Operating Expenses		3,581			

Number of Bedrooms	Family Size	Description and approx. rent per square foot	Units	LIHTC Rent	Subsidized Rents				Mkt Rent	Tenant P'd Util Allow.	Total Income	Sq Ft/ Unit	HUD Fair Market Rent	Rent as Max % of Income	Median Income Targeted	Commercial Rent	Unit Type (classification)	Qualified Rent	
					During Contract	After Contract	Subsidy type*	Term (yrs)										50%	80%
Efficiency	1.0		-	-	-	-			-	-	0	0		-				476	570
Efficiency	1.0		-	-	-	-			-	-	0	0		-				476	570
Efficiency	1.0		-	-	-	-			-	-	0	0		-				476	570
1 Bedroom	1.5	1 bed/ba - 50% AMI	17		440.00			15.00		46.00	7,480	599		47.7%	50%		Subsidized	509	611
1 Bedroom	1.5										0			-				509	611
2 Bedroom	3.0	2 bed/1ba mgr	1								0	880		-	60%		MGR	611	734
2 Bedroom	3.0										0			-				611	734
2 Bedroom	3.0										0			-				611	734
2 Bedroom	3.0										0			-				611	734
2 Bedroom	3.0										0			-				611	734
3 Bedroom	4.5										0			-				706	848
3 Bedroom	4.5										0			-				706	848
3 Bedroom	4.5										0			-				706	848
3 Bedroom	4.5										0			-				706	848
3 Bedroom	4.5										0			-				706	848
3 Bedroom	4.5										0			-				706	848
3 Bedroom	4.5										0			-				706	848
3 Bedroom	4.5										0			-				706	848
3 Bedroom	4.5										0			-				706	848
3 Bedroom	4.5										0			-				706	848
3 Bedroom	4.5										0			-				706	848
Commercial			-	-					-	-	0	0		N/A		C		706	848

Total Units 18

Total LIHTC Units 1 8%

Monthly LIHTC Rents -

Annual LIHTC Rent -

Total Square Footage (Resident 11,063

Common Area 5,728

Other facilities 500

Total Square Footage: 17,291

Subsidy Contract (yrs.) 15

Total Subsidized Units 17

Monthly Rent Subsidy -

During Contract 7,480

After Contract -

Annual Rent Subsidy -

During Contract 89,760

After Contract -

Total Income 7,480

Total Market Units - 0%

Monthly Market Rent -

Total Square Footage -

Annual Market Rent -

Total Units Comm. -

Monthly Rent /SF -

Total Square Footage -

Annual Comm. Rent -

Percent of total income 0.00%

HUD Income Guidelines

Median Income/

Family of 4 ->

As of (Date)

Location

54,300

3/2/2005

Lane County, OR

*Subsidy Types:

Section 8 Project-Based

Section 8

SHPP/HOPWA Operating

Shelter + Care

McKinney M-Rehab SRO

Tenant Vouchers

NOTES

Tenant Paid:

Owner Paid:

Total Monthly Income - yr 1	7,480
Total Annual Income from Rents	89,760
Estimated "other" income	-
Total Annual Income	89,760

Family Size	Adjustm't Factor	Estimated			Override		Used in Evaluation		
		50%	60%	80%	50%	80%	50%	60%	80%
1	0.70	18,000	22,800	30,400	-	-	18,000	22,800	30,400
1.6	0.75	20,350	24,450	32,600	-	-	20,350	24,450	32,600
2	0.80	21,700	26,050	34,750	-	-	21,700	26,050	34,750
3	0.90	24,450	29,300	38,100	-	-	24,450	29,300	38,100
4	1.00	27,150	32,600	43,450	-	-	27,150	32,600	43,450
4.5	1.04	28,250	33,900	45,200	-	-	28,250	33,900	45,200
5	1.08	28,300	35,200	46,900	-	-	28,300	35,180	46,900
6	1.16	31,500	37,800	50,400	-	-	31,500	37,800	50,400
7	1.24	33,650	40,400	53,950	-	-	33,650	40,380	53,950
7.5	1.28	34,750	41,700	55,600	-	-	34,750	41,700	55,600
8	1.32	36,850	43,000	57,350	-	-	36,850	43,020	57,350

UNITS		18																	
SOURCE OF FUNDS	Principal	Percent of Funding	Per Unit	Converted Construction Loan	Payment type	Rate	Paye Per Year	Loan Maturity Date	1st Pay Date	Amort Yrs	Term Yrs	Reamort Yrs	Sponsor Loan Yrs	Source (see Option)	Comments				
	-	-	-	N	A-Amortizing	0.00%	12	03/02/08	04/01/08	30	30	N	N						
Contingent Loans (From Residual Cash Flow)																			
HACSA Sponsor Loan	801,811	28.58%	44,534	Y	A-Amortizing	3.50%	1	03/02/08	04/01/08	40	40	N	N		See Note a				
HACSA Sponsor Loan (HELP)	75,000	2.77%	4,187	Y	A-Amortizing	5.10%	1	03/02/08	04/01/08	40	40	N	N		See Note a				
	-	-	-	N	A-Amortizing	0.00%	1	03/02/08	04/01/08	40	40	N	N						
	-	-	-																
	-	-	-																
	-	-	-																
Grants																			
	-	-	-		Federal Grant (Y/N)														
	-	-	-	Grant															
	-	-	-	Grant	N														
	-	-	-	Equity															
	-	-	-	Grant															
State Tax Credit Equity Provider	-	-	-	Equity															
GP Capital	-	-	-	Grant															
Developer Fee Via Cash Flow	92,324	3.41%	5,128																
Net Equity	1,740,880	64.24%	96,714																
Total	2,708,795	100.00%	150,544																

HACSA Sponsor Loan:

HOME	\$	583,555
HITF	\$	100,000
OMHAS (Mental Health Agency)	\$	100,000
Weatherization	\$	8,055
Total	\$	801,611

Loan Types	Loan Codes
A-Amortizing	1-Non-Federal Loan/CDBG
S-Simple Int only	2-Federal Financing
C-Compound Int only	3-Home

Grant Codes
1- Non-Federal
2- Federal

NOTE:

a. (N/A) De Minimis for governmental entities have less than 10% interest in everything, regularly engaged in lending money, governmental entity.

b. No blended rate issue - IRS ruling

Absorption Schedule

Page 3

Lease-up schedule		Start of Subidy Rents		10/31/07	
Total units		2007		18	
Year 1:		New abs.	Total abs.	% Units	Monthly Income
January		0	0	0%	-
February		0	0	0%	-
March		0	0	0%	-
April		0	0	0%	-
May		0	0	0%	-
June		0	0	0%	-
July		0	0	0%	-
August		0	0	0%	-
September		0	0	0%	-
October		0	0	0%	-
November		0	0	0%	-
December		17	17	94%	7,064
Total		17		8%	7,064
Average Percent				8%	7.87%

Lease-up schedule		2008		Monthly Income	
Year 2:		New abs.	Total abs.	% Units	Monthly Income
January		0	17	94%	7,064
February		0	17	94%	7,064
March		0	17	94%	7,064
April		0	17	94%	7,064
May		0	17	94%	7,064
June		0	17	94%	7,064
July		0	17	94%	7,064
August		0	17	94%	7,064
September		0	17	94%	7,064
October		0	17	94%	7,064
November		0	17	94%	7,064
December		0	17	94%	7,064
Avg Occupcy		17	17	94%	84,773
Check:	OK			94%	94%

Lease-up schedule		2009		Monthly Income	
Year 3:		New abs.	Total abs.	% Units	Monthly Income
January		0	17	94%	7,064
February		0	17	94%	7,064
March		0	17	94%	7,064
April		0	17	94%	7,064
May		0	17	94%	7,064
June		0	17	94%	7,064
July		0	17	94%	7,064
August		0	17	94%	7,064
September		0	17	94%	7,064
October		0	17	94%	7,064
November		0	17	94%	7,064
December		0	17	94%	7,064
Avg Occupcy		0	17	94%	84,773
Check:	Error			94%	94%

Tax Credit Information				Page 2							
Deferred Developer Fee Rate	0.00%	Credit type 9 or 4%	9%	HUD 221 (d)(3) Threshold Basis Limits							
Applicable Fed. Rate (AFR)	4.52%	Date:	Estimated	Unit Type	# of Units	Limit	Total				
Acquisition Credit Rate		Date:		0 Bedroom			0				
Construction Credit Rate	8.01%	Date:	6/1/2005	1 Bedroom	0	-	-				
Credit Rate Locked-In?	N	Date:		2 Bedroom	0	-	-				
Annual Tax Credit: 2005	\$196,727	Year	2005	3 Bedroom		-	-				
Annual Tax Credit -- 2nd year allocation, if applicable:	\$0	Year		4 Bedroom		-	-				
Total Annual Tax Credit Allocation	\$196,727	Unallocated		0		-	-				
Total Annual Rehab Credit Allocated	\$196,727			Basis Boost 0% or 15% or 20%		-	-				
Total Annual Acquisition Credit Allocated	\$0			California Impact Fee Adjustment		-	-				
Eligible for Acquisition Credit	N	Total LIHTC Basis + Land+Commercial		Total Basis Limit \$		-	-				
Eligible for California State Tax Credit	N	Ten Percent Carry-over Test (Y/N)		Qualified LIHTC Basis per Application		-	-				
Tax Credit Allocated for	\$0	Year		Acq=		-	-				
Eligible for Historic Rehabilitation Tax Credit (Y/N)?	N	Year		Construction=		-	-				
Eligible for State Historic Tax Credit (Y/N)?	N	State Historic Credit Percentage				-	-				
State Credit	Y	Number of Years				-	-				
Eligible Cost Incurred To Date						-	-				
Development Schedule											
	TOTAL	Building or Phase	Building or Phase	Building or Phase	Building or Phase	Building or Phase	Building or Phase	Building or Phase	Building or Phase	Building or Phase	Building or Phase
Number of Units	17	17	0	0							
Percent of Total Units	100%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Percent of Total Residential Development Costs	100%	100.00%	0.00%	0.00%							
% Non-Residential Development Costs Allocated to Each Build	0%										
Percent of Acquisition Costs	0%	0.00%	0.00%								
Start of Construction	02/13/07	02/13/07									
Completion/CoO/Placed in Service	10/31/07	10/31/07									
Construction Period (Months)	9.0	9.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Start of Leasing/Move-In Date	10/31/2007	10/31/07									
100% Lease-Up/Qualified Occupancy	12/1/2007	12/01/07									
Leasing Period (Months)	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall Constr./Leaseup Period (Months)	9.6	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Eligibility for Historic Credit (Y/N)	0%	N	N	N	N	N	N	N	N	N	N
Eligibility for 130% Basis Boost (Y/N)	0%	N	N	N	N	N	N	N	N	N	N
Eligibility for Cal State Tax Credits (Y/N)	0%	N	N	N	N	N	N	N	N	N	N
Eligibility for State Historic Tax Credits (Y/N)	0%	N	N	N	N	N	N	N	N	N	N
Eligibility for State Tax Credits (Y/N)	0%	N	N	N	N	N	N	N	N	N	N
Percent of Historic Credits per Building or Phase	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Acquisition Credits Allocated	-	-	-	-	-	-	-	-	-	-	-
LIHTCs Allocated @ 130%	-	-	-	-	-	-	-	-	-	-	-
LIHTCs Allocated @ 100%	196,727	196,727	-	-	-	-	-	-	-	-	-
Historic Credits Allocated	-	-	-	-	-	-	-	-	-	-	-
State Historic Credits Allocated	-	-	-	-	-	-	-	-	-	-	-
Cal State Credits Allocated @ 130%	-	-	-	-	-	-	-	-	-	-	-
Cal State Credits Allocated @ 100%	-	-	-	-	-	-	-	-	-	-	-
State Credits Allocated @ 100%	-	-	-	-	-	-	-	-	-	-	-
Basis for Appraisal	Value										
Appraisal	\$990,823										

New Winds () 2006 21-Mar-07		Project Information Sheet				Page 1	
Florence, Oregon		F:\Common\Projects 2007\ORNew Winds\Commitment\New Winds commitment 3-21-07.xls\Proj Info				Update SMT	
Project Description		3/21/2007		Outside		N	
62431	Partnership Name (project name until closing)	New Winds	Limited Partnership Name	New Winds Apartments LP	Partnership Name		
	Spreadsheet Purpose	Commitment			NEF Partnership Series	2006	
	Spreadsheet Status (Draft/Final)	Draft			Effective Tax Rate	35%	
	Location: City	Florence	Deal Source:	NEF	State Tax Rate (CA only)	0.0%	
	State	Oregon	ZipCode		Upper-Tier Pct	100%	
	County	Lane	Team Leader:	MA Leonard	Co-Limited Partner Name, if split		
	Type	Urban	Acquisition Staff:	Emily Chen	Co-Limited Partner Interest	0%	
	Sponsor	Housing Authority and Community Asset Manager:		Amanda Gaudet			
	Number of Buildings	1					
	Construction Type	New					
	Target Population	Family					
Pricing Target		\$	-	Summary	Total Equity		
	Net Equity/LIHTC\$ Factor	\$0.8850			\$ 1,740,860		
	Historic Credit Price	\$0.0000					
Partnership Information							
	NEF Admission to Partnership	4/16/2007					
	NEF Initial Funding:	4/16/2007					
	Projected First Credit Year	2007					
	Sale of Project	12/31/2022	Years	15 link to first Credit Year	3600		
	General Partner Tax Exempt? (Y/N)	Y		40 year Depreciation is required if nonproft recieves more than 0.01% of sale proceeds share, or cash flow, you must change the depreciation page			
	Lower- Tier Limited Partner: Profit/Loss Share	99.99%					
	Sale Proceeds Share	99.99%					
	Operating Reserve - No. Months	9		\$ Amt or % of EGI	Withdraw Exit Tax Reserve Y/N	Interest Rate	Est Reserve Amount
	Annual Funding of Operating Reserve	Y	Amount	-	Accrue Interest (Y/N)	Y	2.00%
	Annual Funding of Replacement Reserve	Y	Amount	4,000	Accrue Interest (Y/N)	Y	2.00%
	Annual Funding of Revenue Deficit Reserve	N	Amount	0%	Accrue Interest (Y/N)	N	0.00%
	Annual Funding of Exit Tax Reserve	N	Amount		Accrue Interest (Y/N)	N	0.00%
	Annual Funding of Tax and Insurance Escrows	N	Amount		Accrue Interest (Y/N)	N	0.00%
	Annual NEF Asset Management Fee	Y	Amount	2,000	Accrue Interest (Y/N)	Y	2.00%
	Annual Partnership Management Fee to Sponsor	Y	Amount	4,500	Accrue Fee(Y/N)	Y	2.00%
	Incentive Fee Set-Aside (%)	0.0%				Total Reserves Per Unit	618
Rental Information							
	Annual Residential Rent Increase - LIHTC: Yr1 to 15	2.00%		Expense Trend			
	- Subsidized	2.00%		3.00%			
	- Non LIHTC	2.00%					
	Annual Residential Rent Incr.-30 Yr. Analysis: Yr16 to 30/55	3.00%					
	Residential Vacancy Rate - LIHTC: Yr1 to 15	7.00%					
	- Subsidized	7.00%					
	- Non LIHTC	7.00%					
	Residential Vacancy Rate - 30 Yr. Analysis: Yr16 to 30/55	7.00%					
	Annual Commercial Rent Increase						
	Commercial Vacancy Rate						
	Other Income Annual Amount	\$0		Source:	Growth Rate 2.00%		