

RECORDED AT THE REQUEST OF
AND AFTER RECORDING RETURN TO:

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2024-003661

Klamath County, Oregon

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**REGULATORY AGREEMENT
(MOUNTAINVIEW TOWNHOMES PROJECT)**

among the

STATE OF OREGON

acting by and through its

STATE TREASURER

and its

HOUSING AND COMMUNITY SERVICES DEPARTMENT

as Governmental Lender,

MOUNTAINVIEW TOWNHOMES LIMITED PARTNERSHIP

as Owner

and

ZIONS BANCORPORATION, NATIONAL ASSOCIATION

as Fiscal Agent

Relating to

\$15,000,000

Oregon Housing and Community Services Department
Housing Development Revenue Note
(Mountainview Townhomes Project)
2024 Series F

Dated as of May 1, 2024

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REGULATORY AGREEMENT

THIS REGULATORY AGREEMENT (the “**Regulatory Agreement**”) is dated as of May 1, 2024, among the STATE OF OREGON (the “**State**”), acting by and through its STATE TREASURER (the “**Treasurer**”) and its HOUSING AND COMMUNITY SERVICES DEPARTMENT (the “**Department**”) (the State acting by and through its Treasurer and the Department, collectively, the “**Governmental Lender**”), ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as fiscal agent (the “**Fiscal Agent**”) and MOUNTAINVIEW TOWNHOMES LIMITED PARTNERSHIP, an Oregon limited partnership (together with its successors and assigns, the “**Owner**”);

WITNESSETH:

WHEREAS, the Governmental Lender, U.S. Bank National Association, as funding lender (together with its successors and assigns, the “**Funding Lender**”), and the Fiscal Agent will execute and deliver a Funding Loan Agreement, dated as of May 1, 2024 (the “**Funding Loan Agreement**”) pertaining to the loan made to the Governmental Lender by the Funding Lender (the “**Funding Loan**”), the proceeds of which will be loaned to the Owner (the “**Borrower Loan**” and together with the Funding Loan, the “**Loans**”) pursuant to a Borrower Loan Agreement, dated as of May 1, 2024, by and among the Governmental Lender, the Fiscal Agent and the Owner (the “**Borrower Loan Agreement**”), in connection with the acquisition, construction, furnishing and/or equipping of the Owner’s multifamily housing project;

WHEREAS, the Owner’s multifamily housing project consists of an 72-unit multifamily residential project known as “Mountainview Townhomes,” located in the City of Klamath Falls, Klamath County, Oregon (as more particularly described herein, the “**Project**”);

WHEREAS, the Borrower will have a leasehold interest in the Project Site pursuant to a Ground Lease Agreement, dated as of May 3, 2024, between the Owner, as tenant, and the Klamath Housing Authority, a public body corporate and politic of the State of Oregon, as landlord, pursuant to which the Project Site will be leased to the Owner for a term of ninety-nine (99) years;

WHEREAS, the Funding Loan is evidenced by an Oregon Housing and Community Services Department Housing Development Revenue Note (Mountainview Townhomes Project), 2024 Series F, dated May 8, 2024 (the “**Governmental Note**”) in the aggregate principal amount of \$15,000,000, delivered by the Governmental Lender to the Funding Lender;

WHEREAS, the Owner’s repayment obligations in respect of the Borrower Loan is evidenced by a Promissory Note, dated as of May 1, 2024 (the “**Borrower Note**”) in the aggregate principal amount of \$15,000,000, delivered to the Governmental Lender by the Owner, which Borrower Note will each be endorsed by the Governmental Lender to the Fiscal Agent as security for the Funding Loan; and

WHEREAS, the Department and the Owner intend to restrict the use of the Project as provided herein to preserve the exemption from federal income taxation of interest on the Governmental Note;

NOW, THEREFORE, the Owner does hereby impose upon the Project the following covenants, restrictions, charges and easements, which shall run with the land and shall be binding and a burden upon the Project and all portions thereof, and upon any purchaser, grantee, owner or lessee of any portion of the Project and any other person or entity having any right, title or interest therein and upon the respective heirs, executors, administrators, devisees, successors and assigns of any purchaser, grantee, owner or lessee of any portion of the Project and any other person or entity having any right, title or interest therein, for the length of time that this Regulatory Agreement shall be in full force and effect in accordance with its terms.

Section 1. Definitions.

Unless otherwise expressly provided herein or unless the context clearly requires otherwise, the terms defined above shall have the meanings set forth above and the following terms shall have the respective meanings set forth below for the purposes hereof or, if not defined below, capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Funding Loan Agreement.

“Act” means Oregon Revised Statutes Chapter 286A and Sections 456.515 to 456.725, inclusive, together with any amendments.

“Adjusted Income” means adjusted income, for purposes of Section 8 of the Housing Act, as defined in Regulations Section 24 CFR Section 5.611.

“Affiliate” means any corporation, partnership, limited liability company or other entity directly or indirectly controlling, controlled by or under common control with such entity. For this purpose, “control,” “controlled” or “controlling” means (i) the ownership directly or indirectly of voting control of the corporation or other entity, (ii) control of the management through holding, directly or indirectly, a general partnership interest in a limited partnership or the managing member interest in a limited liability company, or (iii) if such entity has no stock or equity, control over a majority of the board of directors of such entity.

“Available Units” means Dwelling Units in the Project that are actually occupied and Dwelling Units in the Project that are vacant and have been occupied at least once after becoming available for occupancy, provided that (a) a Dwelling Unit that is vacant on the later of (i) the date the Project is acquired or (ii) the Closing Date, is not an Available Unit and does not become an Available Unit until it has been occupied for the first time after such date, and (b) a Dwelling Unit that is not available for occupancy due to renovations is not an Available Unit and does not become an Available Unit until it has been occupied for the first time after the renovations are completed.

“Borrower Loan Agreement” means that certain Borrower Loan Agreement, dated as of May 1, 2024, by and among the Governmental Lender, the Owner and the Fiscal Agent, pursuant to which the Department will loan the proceeds of the Borrower Loan to the Owner, as the same may be amended and supplemented from time to time.

“Closing Date” means May 8, 2024.

“Code” means the Internal Revenue Code of 1986, as amended, together with corresponding and applicable final, temporary or proposed regulations and revenue rulings issued or amended with respect thereto by the Treasury Department or Internal Revenue Service of the United States. All references herein to sections, paragraphs or other subdivisions of the Code or the regulations promulgated thereunder shall be deemed to be references to correlative provisions of any successor code or regulations promulgated thereunder.

“Deed of Trust” means the “Security Instrument” as such term is defined in the Funding Loan Agreement, or any deed of trust (or similar security instrument) containing a power of sale clause reflecting a valid, perfected first-priority lien on the fee interest in the Project, delivered by the Owner to secure the Owner’s obligations to a third-party lender.

“Dwelling Units” or **“Units”** means the units of multifamily residential rental housing comprising the Project that are available for occupancy. For purposes of this definition, no manager’s unit so designated shall be treated as a rental unit during the time of such occupation.

“Financial Institution” means (a) any national bank, banking corporation, national banking association or other banking institution, whether acting in its individual or fiduciary capacity, organized under the laws of the United States, any state, any territory or the District of Columbia, the business of which is substantially confined to banking and is supervised by the Comptroller of the Currency or a comparable state or territorial official or agency; (b) an insurance company whose primary and predominant business activity is the writing of insurance or the reinsuring of risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state, a territory or the District of Columbia; (c) an investment company registered under the Investment Company Act of 1940 or a business development company as described in Section 2(a)(48) of that Act; (d) an employee benefit plan, including an individual retirement account, which is subject to the provisions of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, insurance company or registered investment company; or (e) institutional investors or other entities who customarily purchase commercial paper or tax-exempt securities in large denominations.

“Fiscal Agent” means Zions Bancorporation, National Association, as fiscal agent, or any successor Fiscal Agent serving as such pursuant to the Funding Loan Agreement and any separate or co-Fiscal Agent serving as such thereunder.

“Functionally Related and Subordinate” shall have the meaning assigned in Treasury Regulations Sections 1.103-8(a)(3) and 1.103-8(b)(4)(iii) and shall include facilities for use by Tenants; for example, laundry facilities, parking areas and recreational facilities provided that the same is of a character and size commensurate with the character and size of the Project.

“Funding Loan Agreement” means that certain Funding Loan Agreement, dated as of May 1, 2024, between the Governmental Lender and the Fiscal Agent.

“Housing Act” means the United States Housing Act of 1937, as amended.

“Investor” means NEF Assignment Corporation, as nominee, an Illinois not-for-profit corporation.

“Loans” have the meaning given in the first recital to this Regulatory Agreement.

“Median Income for the Area” means the median income for the primary metropolitan statistical area in which the Project is located as calculated in a manner consistent with determinations of median income for such area under Section 8 of the Housing Act (or if such program is terminated, under such program as is in effect immediately before such termination), as modified from time to time pursuant to the requirements of Revenue Ruling 94-57 and any successor law, *provided* that the Median Income for the Area for a calendar year shall not be less than the area median gross income for the area for the preceding calendar year.

“Note Counsel” means Orrick, Herrington & Sutcliffe LLP or an attorney at law or a firm of attorneys at law selected by the Department, of nationally recognized standing in matters pertaining to obligations issued by states and their political subdivisions and the tax-exempt nature of interest on such obligations.

“Note Holder” means the persons or entities in whose name the Governmental Note is registered.

“Operating Agreement” means the Pass-Through Revenue Bond Program, Low Income Housing Tax Credit Program & Local Innovation and Fast Track Housing Program Operating Agreement and Declaration of Restrictive Covenants dated as of May 1, 2024, made and entered into by and between the Department and the Owner.

“Owner” or **“Borrower”** means the Owner, as defined in the introductory paragraph hereof, and its successors and assigns.

“Ownership Agreement” means the Owner’s amended and restated limited partnership agreement, as the same may be further amended or supplemented from time to time.

“Project” means the Project Site and all buildings, structures, fixtures, equipment and other improvements now and hereafter constructed or located thereon. The Project will consist of 72 apartment units of affordable housing known as “Mountainview Townhomes,” located in the City of Klamath Falls, Klamath County, Oregon. Proceeds of the Loans will not be used to finance any commercial or retail space on the Project Site or any parking or storage facilities not dedicated exclusively for use by residential tenants, and thus such space is not included in the definition of the term “Project.” The Project will be subject to a leasehold interest pursuant to a Ground Lease Agreement, dated as of May 3, 2024, between the Klamath Housing Authority, as landlord, and the Owner, as tenant.

“Project Site” means the real property described in EXHIBIT A attached hereto.

“Publicly-Held Corporation” means a corporation the outstanding voting stock of which is registered under Section 12(b) or 12(g) of the Securities and Exchange Act of 1934, as amended.

“Qualified Project Period” means a period beginning on the first day on which at least 10% of the Dwelling Units in the Project are first occupied and ending on the latest of (i) 15 years after the date on which 50% of the Dwelling Units are first occupied, (ii) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates, or (iii) the date that the Governmental Note and any other federally tax-exempt obligations relating to the Project cease to be outstanding.

“Qualified Tenants” means the Tenants inhabiting a Qualified Unit.

“Qualified Units” means Dwelling Units whose Tenants have an aggregate Adjusted Income that does not exceed 60% of the Median Income for the Area at the time of initial occupancy, adjusted for household size. A Dwelling Unit occupied by one or more students shall only constitute a Qualified Unit if such students meet the requirements of Section 142(d)(2)(C) of the Code. For purposes of applying the Code to the Governmental Note and any obligations issued to refund them, the definition of “income” set forth herein for determining whether a Dwelling Unit in the Project is a Qualified Unit will not change, even if the definition of “income” under the above-referenced Regulations Section is changed. As provided in Section 3(i) hereof, the character of a Dwelling Unit as a Qualified Unit shall be redetermined from time to time.

“Regulatory Agreement” means this Regulatory Agreement, as amended and supplemented from time to time.

“Related Persons” means a person who is related to another person if:

(a) The relationship between such persons would result in a disallowance of losses under Section 267 of the Code (relating to disallowance of losses, etc., between related taxpayers) and Section 707(b) of the Code (relating to losses disallowed, etc., between partners and controlled partnerships) and the regulations thereunder, or

(b) Such persons are members of the same controlled group of corporations, as defined in Section 1563(a) of the Code, relating to definition of “controlled group of corporations” (except that “more than 50 percent” shall be substituted for “at least 80 percent” each place it appears in Section 1563(a) of the Code) and the regulations thereunder.

“Tenant” shall mean any occupant of a Dwelling Unit, other than visitors and short term guests of Tenants staying in the Dwelling Unit for a period not to exceed 30 days.

“Transferee” means the person to whom the Owner sells, transfers to or disposes of the Project, the Owner itself or any portion of or interest in either (other than by leasing or renting for individual tenant use as contemplated in this Regulatory Agreement, easements, licenses and similar items), including a “Related Person.”

“Treasury Regulations” means the regulations of the United States Department of the Treasury under the Code.

Section 2. Qualified Residential Rental Project. The Department and the Owner hereby acknowledge and agree that, at all times during the term of this Regulatory Agreement, the Project is to be owned, managed and operated as a “qualified residential rental project,” as such phrase is used in Section 142(d) of the Code and the related Treasury Regulations. To that end, the Owner hereby represents, covenants, warrants, and agrees as follows:

(a) The Owner shall own a leasehold interest in and shall operate the Project as residential rental property containing Dwelling Units and facilities Functionally Related and Subordinate to such Dwelling Units, in accordance with Section 142(d) of the Code and related Treasury Regulations;

(b) Each of the Dwelling Units in the Project must contain complete and separate facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, within the meaning of Treasury Regulations Section 1.103-8(b)(8), as supplemented and amended, provided that, with the approval of the Department and Note Counsel, as provided under Section 142(d)(2)(D) of the Code, such Dwelling Units may, in the alternative, qualify as single room occupancy units;

(c) Once available for occupancy, for the term of this Regulatory Agreement, each Dwelling Unit in the Project must be rented or available for rental on a continuous basis to members of the general public, without preference to any particular group or class, except preferences permitted under Section 42 of the Code (as clarified by Section 42(g)(9) thereof), or otherwise consistent with federal housing policy governing non-discrimination, as evidenced by the rules and regulations of the Department of Housing and Urban Development (HUD) (24 CFR subtitle A and chapters I through XX); provided, however, that any residential rental unit that is part of a hospital, nursing home, sanitarium, lifecare facility, trailer park, or intermediate care facility for the mentally and physically handicapped is not for use by the general public; and

(d) The Project shall consist of proximate buildings or structures located on a single “tract” of land which have similarly constructed Dwelling Units financed pursuant to a “common plan” together with Functionally Related and Subordinate facilities which shall be owned by the same “person,” except for the common areas (as such terms are used in the Treasury Regulations) for federal tax purposes. The Owner has covenanted (and does hereby covenant, represent and warrant) that no interest in the Owner, the Investor or the Project will be transferred, directly or indirectly, without the written consent of the Department, except as expressly allowed herein, and an opinion of counsel to the Department that such transfer will not, in and of itself, adversely affect any exclusion of interest on the Governmental Note from gross income for purposes of federal income taxation (except for transfers permitted by and made in compliance with Section 11 hereof).

Section 3. Qualified Units. Pursuant to the requirements of Section 142(d) of the Code and the Act, the Owner hereby represents, covenants and agrees as follows:

(a) Throughout the Qualified Project Period, at least 40 percent of the Dwelling Units in the Project shall be Qualified Units either occupied by Qualified

Tenants or, if previously rented to and occupied by Qualified Tenants, held vacant and available for rent.

(b) For purposes of satisfying this occupancy requirement, the following rules shall apply. Dwelling Units that are Qualified Units at the beginning of their occupancy will continue to qualify as Qualified Units until the earlier of (1) the date the character of the Unit is re-determined pursuant to the next sentence hereof or (2) the circumstances described in Section 3(i) hereof. As indicated in the definition of a Qualified Unit, when certain new Tenants join existing Tenants in a Unit, the character of the Unit as a Qualified Unit or as a Unit that is not a Qualified Unit must be re-determined on the basis of the then-current income of the current Tenants and the number of Tenants in the Unit of the date of such certification. A Qualified Unit shall be deemed, upon the termination of the Qualified Tenant's occupancy, to be continuously occupied by a Qualified Tenant until reoccupied, other than for a temporary period, at which time the character of the Dwelling Unit shall be redetermined. In no event shall such temporary period exceed 31 days.

(c) The Qualified Units shall be of a quality comparable to those units that are rented by other tenants. Tenants in the Qualified Units shall have equal access to and enjoyment of all common facilities and services of the Project. The Owner agrees that the Qualified Units shall be dispersed throughout the Project in a manner reasonably acceptable to the Department.

(d) The Owner will obtain, complete, and maintain on file, until three years after the end of the Qualified Project Period, income certifications from each Qualified Tenant, dated immediately prior to the initial occupancy of such Qualified Tenant and, except as provided in the next sentence of this Section 3(d), no less frequently than annually thereafter (as further described in Section 3(i) hereof) in the form prescribed by the Department, which form may be updated and amended from time to time (the "**Income Certification**"), or in such substitute forms as required or allowed by the Department, and will provide such additional information as may be required in the future by the Department and by Section 142(d) of the Code, as the same may be amended from time to time, as interpreted by Note Counsel. In lieu of obtaining an annual Income Certification, the Owner may, with respect to any particular twelve-month period ending on the recertification date, deliver to the Department no later than fifteen days after such date a certification that as of such date, no Dwelling Unit in the Project of comparable or smaller size was occupied within the preceding twelve months by a new resident whose income exceeded the limit applicable to Qualified Tenants upon admission to the Project. The Owner shall verify that the income provided by an applicant in an Income Certification is accurate by taking such steps as the Department may require, including, but not limited to one or more of the following steps as a part of the verification process: (1) obtain a pay stub for the most recent pay period; (2) obtain an income tax return for the most recent tax year; (3) secure a credit report or conduct a similar information search; (4) obtain an income verification form from the applicant's current employer; (5) obtain an income verification form from the Social Security Administration if the applicant receives assistance from such agency; (6) if the prospective tenant maintains bank accounts, a copy of the most recent bank statements

for such accounts; and (7) if the applicant is (i) unemployed and has no such tax return or (ii) has no Social Security Administration verification form, obtain another form of independent verification or an executed written declaration of the prospective tenant. Any third-party verifications so obtained shall be kept in the tenant files or as otherwise required by the Department.

(e) The Owner will maintain complete and accurate records pertaining to the Qualified Units, and will permit any duly authorized representative of the Department, the Fiscal Agent, and the Department of the Treasury or the Internal Revenue Service, upon reasonable notice, to inspect the books and records of the Owner pertaining to the Project, including those records pertaining to the occupancy of the Qualified Units. Such records shall be retained by the Owner for three years after the end of the Qualified Project Period or the end of this Regulatory Agreement, whichever is longer.

(f) The Owner will prepare and submit to the Department and the Fiscal Agent, within thirty days after the end of each year during the Qualified Project Period or as otherwise determined by the Department, a Certificate of Continuing Program Compliance essentially in the form set forth in EXHIBIT B, attached hereto, executed by the Owner stating compliance with the income limitations of this Regulatory Agreement, including (i) the percentage of the Dwelling Units of the Project which were Qualified Units occupied or deemed occupied pursuant to subsection (b) hereof, by Qualified Tenants during such period, and (ii) that either (A) no uncured default has occurred under this Regulatory Agreement or (B) that a default has occurred, in which event the certificate shall describe the nature of the default and set forth the measures being taken by the Owner to remedy such default.

(g) Except as permitted by law, the Owner shall not discriminate against any Tenant who is a parent or legal guardian with whom a child resides or is expected to reside, except (i) in the event that the Project is designated exclusively for households, the heads of whom are over 62 years of age or, if permitted by the Department and the Code, over 55 years of age if the household meets the requirements of 42 U.S.C. 3607(b)(2)(c), or (ii) in compliance with other applicable law.

(h) Each lease pertaining to a Qualified Unit shall contain a provision to the effect that the Owner has relied on the Income Certification and supporting information supplied by the Qualified Tenant in determining qualification for occupancy of the Qualified Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease. Each lease pertaining to a Qualified Unit shall contain a provision prohibiting the Tenant from allowing the Dwelling Unit to be occupied, other than on a temporary basis not exceeding 30 days, by any additional persons unless, prior to such occupancy, the Tenant and all other persons who will occupy such Dwelling Unit provide current Income Certifications in the form prescribed by the Department, which form may be updated and amended from time to time, and unless the Owner consents in writing to such occupancy. Each lease pertaining to a Qualified Unit shall contain a provision stating that Tenants shall be required to recertify income annually and upon addition of any Tenant to the Dwelling Unit unless an existing Tenant in such Unit is a parent or guardian of the new Tenant. The Owner shall

not renew the lease of any Qualified Unit unless all Tenants therein comply with the recertification requirement.

(i) Except as provided in Section 3(d) above, the determination of whether or not the income of the occupants of a Dwelling Unit exceeds the applicable income limit shall be made at least annually on the basis of the then current income of the Tenants of the Dwelling Unit. No later than, and dated as of the respective yearly anniversary of the execution of each Qualified Tenant's lease for a unit in the Project (and no less than once each calendar year with respect to the Tenants of each Qualified Unit) throughout the Qualified Project Period, the Owner shall recertify each Qualified Tenant's income by obtaining a completed Income Certification in the form prescribed by the Department, which form may be updated and amended from time to time. If the aggregate Adjusted Income of Qualified Tenants in a Qualified Unit, as of the most recent determination thereof, exceeds one hundred forty percent (140%) of the applicable income limit for a Qualified Unit occupied by the same number of tenants, the Dwelling Unit occupied by such tenants shall continue to be treated as a Qualified Unit unless and until an Available Unit of comparable or smaller size is rented to persons other than Qualified Tenants.

Section 4. Modification of Special Tax Covenants. The Owner and the Department hereby agree as follows:

(a) To the extent any amendments to the Act, the Treasury Regulations or the Code shall, in the written opinion of Note Counsel filed with the Department, the Fiscal Agent, and the Owner, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement that must be complied with in order to maintain the exemption from taxation of interest on the Governmental Note, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements.

(b) To the extent any amendments to the Act, the Treasury Regulations or the Code shall, in the written opinion of Note Counsel filed with the Department, the Fiscal Agent and the Owner, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified, to provide such less restrictive requirements but only by written consent signed by the Department (which consent shall not unreasonably be withheld, conditioned or delayed) and the Owner and the Note Holder, and further approved by the written opinion of Note Counsel that such amendment will not affect the tax exempt status of interest on the Governmental Note.

(c) The Owner and the Department shall execute, deliver and, if applicable, file of record any and all documents and instruments, necessary to effectuate the intent of this Section 4, and the Department hereby appoints the Fiscal Agent as its true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Department, as is applicable, any such document or instrument (in such form as may be approved in writing by Note Counsel) if the Department defaults in the performance of its obligations under this subsection (c); provided, however, that the Fiscal Agent shall take no action under this subsection (c) without first notifying the Owner, the Investor or the

Department, respectively, and without first providing the Owner, the Department, or both, as is applicable, an opportunity to comply with the requirements of this Section 4. The Fiscal Agent shall have no duty or obligation to execute, deliver or file any such documents or instruments, nor any liability for executing any such documents or instruments as attorney-in fact.

Section 5. Indemnification. The Owner hereby covenants and agrees that it shall jointly and severally save, indemnify, hold harmless and (subject to the limitations of ORS Chapter 180) defend the Department, the Oregon State Treasurer and the State, together with their respective officers, members, representatives, officials, agents and employees (the "Department Indemnified Parties"), and the Fiscal Agent and its respective directors, officers, employees and agents (the "Fiscal Agent Indemnified Parties" and, with the Department Indemnified Parties, collectively, the "Indemnified Parties") from and against (i) any and all claims by or on behalf of any person arising from any cause whatsoever in connection with the approval of the financing for the Project or the making of the Funding Loan; (ii) any and all claims arising from any act or omission of the Owner or any of its agents, servants, contractors, employees or licensees, in connection with the Funding Loan or the Project; (iii) any and all claims arising out of or related to the design, development, construction, rehabilitation, installation, operation, use, occupancy, maintenance, or ownership of the Project (including compliance with laws, ordinances and rules and regulations of public authorities relating thereto); and (iv) any and all losses, claims, damages, liabilities or expense of every conceivable kind, character and nature whatsoever of the Fiscal Agent or the Department arising out of, resulting from or in any way connected with (a) the Fiscal Agent's acceptance or administration of the trusts under the Funding Loan Agreement, or the exercise or performance of any of its powers or duties under the Funding Loan Agreement, in each instance, in accordance with and subject to the terms thereof, or (b) the execution and delivery of the Governmental Note or any certifications or representations of the Owner made in connection with any such claim or proceeding brought thereon, provided, however, that the Owner shall have no duty under this Section 5 to any Indemnified Party to the extent that any losses, claims, liabilities or expenses suffered by or threatened against such Indemnified Party arose solely from (i) the willful misconduct of the Indemnified Party in the case of the Department Indemnified Parties, or (ii) the gross negligence or willful misconduct of the Indemnified Party in the case of the Fiscal Agent Indemnified Parties. The Owner also shall pay and discharge and shall indemnify and hold harmless the Indemnified Parties from any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Project. In the event that any action or proceeding is brought against the Department, the Fiscal Agent or any of the other Indemnified Parties, with respect to which indemnity may be sought hereunder, the Owner, upon written notice from the Indemnified Party, shall assume (subject to ORS Chapter 180) the investigation and defense thereof, including the employment of counsel and the payment of all expenses related thereto. The Department and other Indemnified Parties shall have the right to reject Owner's selection of counsel if the State chooses to act as their counsel or if they reasonably determine that the counsel selected by the Owner has a non-waivable conflict of interest or the use of the same counsel to represent the Owner and one or more of the Indemnified Parties would otherwise be prohibited by applicable canons of ethics. Each of the Indemnified Parties shall have the right to approve any settlement in connection with any such losses, claims, damages, liabilities, expenses or actions (collectively, the "Claims") as they relate to that Indemnified Party.

Notwithstanding any transfer of the Project to another Owner, the Owner shall remain obligated to jointly and severally save, indemnify, hold harmless and defend the Indemnified Parties pursuant to this Section 5 for all Claims arising from acts and omissions that occurred prior to the date of such transfer or the date that the transfer is approved in writing by the Department, whichever is later.

Subject to the paragraph immediately above, notwithstanding the prepayment or maturity of the Governmental Note or termination of this Regulatory Agreement, termination of any of the Financing Documents or otherwise, the Owner shall remain obligated to jointly and severally save, indemnify, hold harmless and (subject to the limitations of ORS Chapter 180) defend the Indemnified Parties pursuant to this Section for all Claims arising out of acts and omissions that occurred during the term of this Regulatory Agreement or the Qualified Project Period, whichever is longer.

In addition to the foregoing provisions of this Section, the Owner will pay upon demand all of the reasonable fees and expenses paid or incurred by the Indemnified Parties including without limitation, reasonable fees of counsel incurred prior to trial, at trial or on appeal and in any bankruptcy or arbitration proceedings, and in enforcing the provisions of this Regulatory Agreement.

This indemnification shall extend to and include, without limitation, all reasonable costs, reasonable counsel fees, expenses or liabilities incurred in connection with any such Claim, or any proceeding brought with respect to any such Claim, except:

(a) in the case of the foregoing indemnification of the Fiscal Agent Indemnified Parties to the extent such Claims and fees, expenses or liabilities are caused by the bad faith, gross negligence or willful misconduct of such Person; and

(b) in the case of the foregoing indemnification of the Department Indemnified Parties, to the extent such damages are caused by the willful misconduct or bad faith of such Person.

Section 6. Term. This Regulatory Agreement and all of the terms hereof shall become effective upon its execution and delivery and shall remain in full force and effect for a term and period equal to the Qualified Project Period, except for the record retention provisions of Section 3(d) and 3(e), which shall remain in full force and effect until three years after the end of the Qualified Project Period; it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Governmental Note, the termination of the Funding Loan Agreement and the repayment of the Funding Loan. Notwithstanding any other provisions of this Regulatory Agreement, this entire Regulatory Agreement or any of the provisions or sections hereof may be terminated upon written agreement by the Department (at the Department's sole discretion) and the Owner, if the Department shall have received an opinion of Note Counsel that such termination will not adversely affect the exemption from federal or State income taxation of the interest on the Governmental Note. The Owner shall provide notice of any termination of this Regulatory Agreement to the Fiscal Agent. The Owner understands that, in the event of prepayment of the Funding Loan subsequent to the date that is 15 years after the beginning of the Qualified Project Period, the provisions of this Regulatory

Agreement shall remain valid, binding and enforceable until such date as the Governmental Note executed and delivered by the Department with respect to the Project has been retired and no Governmental Note with respect to the Project is Outstanding.

The terms of this Regulatory Agreement to the contrary notwithstanding, this Regulatory Agreement, and each and all of the terms hereof, shall terminate and be of no further force and effect in the event of (A) a foreclosure or delivery of a deed in lieu of foreclosure whereby a third party shall take possession of the entire Project, (B) involuntary non-compliance with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the date hereof that prevents the Department and the Fiscal Agent from enforcing all of the provisions hereof, or (C) condemnation or a similar event with respect to the entire Project (the events identified in clauses (A), (B), and (C) of this sentence, the “**Early Termination Events**”); provided that (i) the Governmental Note, together with any refunding or refinancing obligations, are paid in full or otherwise discharged and cancelled within a reasonable period thereafter, and (ii) the Department shall have received an opinion from Note Counsel that an Early Termination Event, within the meaning of this Regulatory Agreement and Treasury Regulations Section 1.103-8(b)(6)(iii), or successor provision thereto, has in fact occurred; provided in addition, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time during the Qualified Project Period subsequent to the termination of such provisions as the result of an Early Termination Event, any person or entity that was an obligor under the Funding Loan Agreement or otherwise with respect to the Governmental Note prior to such Early Termination Event, including the Owner or any Related Person to it (within the meaning of Section 1.103-10(e) of the Treasury Regulations), obtains an ownership interest in the Project for federal income tax purposes. Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement. In the event of a transfer of the Project under the circumstances described in the first sentence of this paragraph, the Department shall have the right to impose such restrictions or conditions as to the ownership, use, operation and disposition of the Project as the Department shall deem necessary or appropriate in order to preserve the tax-exempt status of the interest paid on the Governmental Note, to comply with the Act and this Regulatory Agreement (including the Note Declaration), including, without restriction, a prohibition against the Owner or any Related Person obtaining an ownership interest in the Project during the Qualified Project Period.

Section 7. Submittal of Forms. The Owner agrees to prepare and submit the following forms and reports:

(a) The Owner agrees to file with the Internal Revenue Service, on or prior to March 31 of each year, beginning on the first March 31 following the close of the first calendar year of the Qualified Project Period, or as otherwise required by the Internal Revenue Service, Form 8703, with a copy thereof to the Department, the Investor and the Fiscal Agent, no later than April 15 of each year.

(b) The Owner agrees to submit to the Department or its designee the reports described in Section 3(d) hereof and Section 3(f) hereof, and with respect to the report required by Section 3(f) hereof, a copy shall be delivered to the Fiscal Agent and the Investor, and such other reports as the Department may reasonably require to demonstrate compliance with the terms of this Regulatory Agreement, in such format as may be required by applicable rules, regulations or policies now or hereafter promulgated by the Department of Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(d).

(c) The Owner shall submit to the Department any additional information or completed forms reasonably requested by the Department to comply with Internal Revenue Service reporting requirements related to multifamily housing that are applicable to the Project or the financing thereof by the execution and delivery of the Governmental Note. Such information or forms shall be submitted by the Owner to the Department within 30 days of receipt of a written request therefor from the Department, or such longer time as is necessary to obtain the information requested provided that the Owner notify the Department in writing that it will be unable to obtain said information within such 30-day period and Owner shall proceed with all reasonable effort to obtain said information and transmit it to the Department as soon as possible.

Section 8. No Discrimination; Marketing. Except as permitted by Section 3(g) or otherwise by law, the Owner shall not discriminate in the provision of housing on the basis of race, creed, color, sex, national origin, religion, marital status, sexual orientation, family status, age, disability or the receipt of public assistance, except that the Owner may give preference to households, the head of which is at least 62 years of age or, if permitted by the Code, over 55 years of age if the household meets the requirements of 42 U.S.C. 3607(b)(2)(c). The Owner shall use its reasonable efforts to advertise and market the Qualified Units within the City of Klamath Falls and Klamath County, Oregon.

Section 9. Covenants With Respect to Tax-Exempt Status of the Governmental Note. The Owner covenants that it will not (a) take any action, (b) fail to take any action or (c) make any use of the Project or the proceeds of the Funding Loan, which would cause the interest on the Governmental Note to be or become includable in the gross income of the persons holding such Governmental Note for federal income tax purposes, other than substantial users. Without limiting the generality of the foregoing, the Owner further covenants and agrees that it will take such action or actions (including, without limitation, consenting and agreeing to amendments to this Regulatory Agreement or any of the other documents as may be necessary), so that the Owner, all subsequent owners of the Project and the Project comply fully and continuously with Section 142(d) of the Code, as amended as of the date hereof and applicable to the Governmental Note, and all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service pertaining to obligations issued under Section 142(d) of the Code, including, without limitation, the Treasury Regulations.

Section 10. Covenants Run With the Project Site.

(a) The Owner represents and warrants that the execution and delivery of the Governmental Note by the Governmental Lender is an inducement to the Owner to continue to operate the Project in accordance with this Regulatory Agreement. In consideration of the execution and delivery of the Governmental Note and the loan of proceeds of the Funding Loan, the Owner has entered into this Regulatory Agreement and has agreed to restrict the uses to which the Project may be put on the terms and conditions set forth herein. The Owner hereby acknowledges that the restrictions, covenants and provisions contained herein are necessary to ensure that (i) the Project will be operated as a qualified residential rental project within the meaning of Section 142(d) of the Code, (ii) the interest on the Governmental Note in the hands of the Note Holder will be exempt from federal income taxation under Section 103 of the Code and (iii) the requirements of the Act will be satisfied. Therefore, the Owner covenants, agrees and acknowledges that the Department, the Fiscal Agent and the Note Holder are the beneficiaries of this Regulatory Agreement, that the Department has relied on this Regulatory Agreement in determining to execute and deliver the Governmental Note, and that the Note Holder has relied on this Regulatory Agreement in determining to purchase or otherwise become the registered holder of the Governmental Note.

(b) The Department and the Owner hereby declare their express intent that, during the term of this Regulatory Agreement, the covenants, restrictions, charges and easements set forth herein shall be deemed covenants running with the land and shall, except as provided in Section 6 of this Regulatory Agreement, pass to and be binding upon the Department's and the Owner's successors in title including any purchaser, grantee or lessee of any portion of the Project and any other person or entity having any right, title or interest therein and upon the respective heirs, executors, administrators, devisees, successors and assigns of any purchaser, grantee or lessee of any portion of the Project and any other person or entity having any right, title or interest therein. Except as provided in Section 6 of this Regulatory Agreement, each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof or interest therein (other than a rental agreement or lease for a Dwelling Unit) shall contain an express provision making such conveyance subject to the covenants, restrictions, charges and easements contained herein; provided, however, that any such contract, deed or other instrument shall conclusively be held to have been executed, delivered and accepted subject to such covenants, regardless of whether or not such covenants are set forth or incorporated by reference in such contract, deed or other instrument.

Section 11. Sale, Transfer or Other Disposition of the Project or Transfer of Interest in the Owner or Investor.

(a) Transfer of Any Interest in Project by Owner. Except as provided otherwise in the Deed of Trust or in Section 6 of this Regulatory Agreement, if the Owner sells, transfers or otherwise disposes of any interest in the Project or any portion thereof (other than by leasing or renting a Dwelling Unit for individual tenant use as contemplated hereunder), without obtaining the prior written consent of the Department,

the Department may declare an Event of Default under the terms of this Regulatory Agreement and exercise the remedies provided for in Section 15 hereof or as otherwise provided in this Regulatory Agreement (including incorporated documents) or available at law. The Department's consent shall not, however, be unreasonably withheld or delayed but may be conditioned upon:

(i) reasonable evidence satisfactory to the Department that the Owner is not then in default hereunder beyond any applicable grace period or cure period;

(ii) an opinion of counsel to the Transferee, delivered to the Department and the Fiscal Agent, to the effect that the Transferee has assumed in writing all duties and obligations of the Owner under this Regulatory Agreement and that this Regulatory Agreement is a legal, valid and binding obligation of the Transferee;

(iii) an opinion of Note Counsel to the effect that the sale, transfer or disposition of the Project or any portion thereof will not adversely affect the exclusion of the interest on the Governmental Note from the gross income for federal income tax purposes; and

(iv) the payment of a transfer fee required by the Department and any other conditions that may be imposed by the Department or the Fiscal Agent in the discretion of either (but without obligations on the part of the Fiscal Agent) to assure compliance with federal or state law and program standards, including (without limitation) Department orders and administrative rules, as amended, and also including but not limited to the Owner providing the Department with current financial information with respect to the Transferee and a full description of the Transferee and its principal's and other relevant members' experience in real property management.

Any sale, transfer or other disposition of the Project in violation of this Section 11(a) shall be ineffective to relieve the Owner, any Transferee or the Project of any continuing obligations under this Regulatory Agreement. The Department's consent hereunder shall not be deemed continuing and the Owner and each permitted Transferee shall continue to be bound by this Section 11(a) unless the Department has consented to the sale, transfer or disposition of the Project or the sale, transfer or disposition of the Project is otherwise permitted by the Deed of Trust and by this Regulatory Agreement.

(b) Transfer of Any Interest in Owner. If the Owner sells, transfers or otherwise disposes of any interest in the Owner without obtaining the prior written consent of the Department, the Department may declare an Event of Default under the terms of this Regulatory Agreement and exercise the remedies provided for default in Section 15 hereof or as otherwise provided in this Regulatory Agreement or available at law. The parties agree, however, that, so long as the Owner is not then in default hereunder beyond any applicable grace period or cure period, a sale, assignment or

transfer of an interest in the Owner made in full compliance with any of clause (i), (ii), (iii) or (iv) below shall constitute a permitted transfer of an interest in the Owner.

(i) Transfers Permitted Prior to Making All Capital Contributions. Prior to making all of the capital contributions required to be made by the Investor under the terms and conditions of the Ownership Agreement a one-time transfer of the Investor's limited partnership interest in the Owner may be made within one (1) year of this Regulatory Agreement to an Affiliate of the Investor with advance written notice to the Department of such transfer ("**Permitted Affiliate Transfer of Owner Interest**"). No Department consent shall be required for a Permitted Affiliate Transfer of Owner Interest, but written notice shall be provided to the Department as set forth above in connection with each such transfer. Further, the Department will not impose a transfer fee or charge on the Owner for a Permitted Affiliate Transfer of Owner Interest.

(ii) Other Transfers Made Prior to Making All Capital Contributions. Prior to making all capital contributions, other than a Permitted Affiliate Transfer of Owner Interest pursuant to clause (i) above, no interest in the Owner may be transferred without the written consent of the Department which may be given or withheld in its sole but reasonable discretion, taking into consideration those factors it determines to be relevant. The Department shall communicate its determination to consent or withhold consent to a transfer promptly to the Owner and may impose a transfer fee or charge on the Owner consistent with program administrative rules, as amended from time to time.

(iii) Transfers of Owner Interest After Making All Capital Contributions. After all of the capital contributions to be made by the Investor under the terms and conditions of the Ownership Agreement have been made, the sale or other transfer of the limited partnership interest in the Owner (a "**Post Conversion Transfer of Owner Interest**"), may be made subject to the following: the Department must (A) be given advance written notice of the proposed sale or transfer; (B) give its written consent to the sale or transfer which consent shall not be unreasonably withheld, conditioned or delayed; and (C) the Department may impose a transfer fee or charge on the Owner consistent with program administrative rules, as amended from time to time. The parties agree that a Post Conversion Transfer of Owner Interest shall be presumed reasonable and that the Department will promptly provide its consent to such a transfer upon confirmation that such transfer involves a transfer to an Affiliate of the Investor.

(iv) Transfers of Interests in General Partner of Owner. To ensure appropriate use of tax credit capital contributions by the Owner, and that any party having an ownership interest in the general partner of the Owner is suitable for such purpose, appropriate for the operational integrity of the general partner, and sufficiently limited in its capacity to direct or control actions by the general partner, a party proposing to acquire an ownership interest in the general partner (a "**Member**") may not acquire an ownership interest in the general partner without the prior written consent of the Department. Such consent shall be

conditioned on (a) the ownership interest in the general partner to be acquired by the Member being not greater than one-percent (1%) of the ownership interest in the Owner and (b) the Department receiving evidence reasonably satisfactory to the Department establishing the suitability of the Member.

(c) Transfer of Any Interest in Investor. If the Investor sells, transfers or otherwise disposes of any ownership interest in the Investor without obtaining the prior written consent of the Department, the Department may declare an Event of Default under the terms of this Regulatory Agreement and exercise the remedies provided for default in Section 15 hereof or as otherwise provided in this Regulatory Agreement or available at law. The parties agree, however, that, so long as the Owner is not then in default hereunder beyond any applicable grace period or cure period, a sale, assignment or transfer of an interest in the Investor made in full compliance with any of clause (i), (ii) or (iii) below shall constitute a permitted transfer of an interest in the Investor.

(i) Transfers Permitted Prior to Making All Capital Contributions. Prior to making all of the capital contributions required to be made by the Investor under the terms and conditions of the Ownership Agreement: (1) transfers of interests in the Investor (the “**Investor Membership Interests**”) may be made among the initial holders of the Investor Membership Interests (the “**Initial Investment Members**”), provided that the Owner provides written notice to the Department of the transfer within thirty (30) days of the Owner learning of the transfer; and (2) transfers of Investor Membership Interests may be made to a person or entity that is not an Initial Investment Member if, after making such transfers not less than 75% of the holder(s) of the Investor Membership Interests are either (a) the Investor or an Affiliate of the Investor, or (b) Financial Institutions or Publicly Held Corporations with a credit rating at the time of such transfer of BBB- or better by S&P Global Ratings or Baa3 or better by Moody’s Investor Service, Inc., or wholly-owned subsidiaries of such entities or are otherwise holders that have been approved by the Department, provided that the Owner shall provide written notice to the Department of the transfer within thirty (30) days of the Owner learning of the transfer. Transfers of Investor Membership Interests described in clauses (1) and (2) of this clause (i) are referred to herein as “**Permitted Investor Membership Interest Transfers**”). No Department consent shall be required for any Permitted Investor Membership Interest Transfer pursuant to clause (1) or (2) of this clause (i), but written notice shall be provided to the Department as set forth above in connection with each such transfer. Further, the Department may impose a transfer fee or charge on the Owner for other Permitted Investor Membership Interest Transfers consistent with program administration rules, as amended from time to time.

(ii) Other Transfers Made Prior to Making All Capital Contributions. Prior to making all capital contributions when due and payable pursuant to the terms and conditions of the Ownership Agreement, other than Permitted Investor Membership Interest Transfers pursuant to clause (i) above, no interest in the Investor, including any Investor Membership Interest, may be transferred without the written consent of the Department which may be given or withheld in its sole

but reasonable discretion, taking into consideration those factors it determines to be relevant. The Department shall communicate its determination to consent or withhold consent to a transfer promptly to the Owner and may impose a transfer fee or charge on the Owner consistent with program administrative rules, as amended from time to time.

(iii) Transfers of Investor Interest After Making All Capital Contributions. After all of the capital contributions to be made by the Investor under the terms and conditions of the Ownership Agreement have been made, the sale or other transfer of any limited partnership interest or membership interest in the Investor, including any Investor Membership Interest (a “**Post Conversion Transfer of Investor Interest**”) may be made without prior notice to or approval by the Department, provided that the Owner shall provide written notice to the Department of any Post Conversion Transfer of Investor Interest within thirty (30) days of reasonable discovery of such transfer. The Department will not impose a transfer fee or charge on the Owner for a qualifying Post Conversion Transfer of Investor Interest.

(d) Removal and Replacement of Owner’s General Partner. The Investor may seek to remove a general partner or a special limited partner of the Owner for cause pursuant to the terms of the Ownership Agreement in effect as of the date of this Regulatory Agreement, or pursuant to any revisions to such provisions adopted by the parties to the Ownership Agreement and approved in writing by the Department, subject to the following: (1) the Investor must notify the Department in writing of its desire to remove the general partner for cause; (2) the Investor must notify the Department in writing of the successor general partner and (3) the Department must give its written consent to the removal and replacement of the general partner, which consent will not be unreasonably withheld, conditioned or delayed. If the Ownership Agreement provisions related to the removal of the general partner are amended without the Department’s written approval (a “**Removal Amendment**”), and the Investor seeks to remove the general partner for cause pursuant to the Removal Amendment, the prior written consent of the Department must be obtained and the Department may give or withhold its consent in its sole discretion. Notwithstanding the foregoing, the Investor also may replace a general partner of the Owner for cause with an Affiliate of the Investor on a temporary basis for not longer than sixty (60) days pursuant to the terms of the Ownership Agreement in effect as of the date of this Regulatory Agreement, or pursuant to any revisions adopted by the parties to the Ownership Agreement and approved in writing by the Department. Such temporary replacement does not require prior Department approval and the Department will not impose a transfer fee, but notice thereof must be provided to the Department within two (2) business days of such replacement. Permanent removal or replacement of the general partner of the Owner must still be accomplished in conformance with the first two sentences of this Section 11(d).

Section 12. Uniformity; Common Plan. The provisions hereof shall apply uniformly to the entire Project to establish and carry out a common plan for the use, development and improvement of the Project Site, excluding such portions of the Project Site that are used for other than residential rental facilities and common areas supporting such facilities.

Section 13. Compliance; Owner's Obligation; Certain Matters Relating to Fiscal Agent. The Owner shall exercise reasonable diligence to comply with the requirements of this Regulatory Agreement and shall correct any such noncompliance within thirty (30) days after such noncompliance is first discovered by the Owner or would have been discovered by the exercise of reasonable diligence, or within 30 days after the Owner receives notice of such noncompliance from the Fiscal Agent or Department or their respective successors or assigns; provided, however, that such period for correction may be extended if the Owner is exercising due diligence to correct the noncompliance and upon receipt of an opinion of Note Counsel that such extension, in and of itself, would not cause the interest on the Governmental Note to be includable in gross income for the purpose of federal income taxation pursuant to Section 103 of the Code. The Fiscal Agent shall not be required to review or verify the reports delivered to it pursuant to the provisions hereof, shall not be required to conduct any investigation into or review of the operations or records of the Owner, and shall not be required to monitor compliance with the provisions of this Regulatory Agreement. The Fiscal Agent can at all times assume compliance with this Regulatory Agreement unless otherwise notified in writing by the Department or Owner of any noncompliance. After the date on which no Governmental Note remains outstanding as provided in the Funding Loan Agreement, the Fiscal Agent shall no longer have any duties or responsibilities under this Regulatory Agreement and all references to the Fiscal Agent in this Regulatory Agreement shall be deemed references to the Department.

Section 14. Enforcement of Terms. The benefits of this Regulatory Agreement shall inure to, and may be enforced by, the Department and the Fiscal Agent and their successors and assigns, during the term of this Regulatory Agreement, whether or not the Funding Loan is paid in full and whether or not the Governmental Note is Outstanding. Notwithstanding the foregoing, the requirements set forth in this Regulatory Agreement shall cease to apply to the Project if the events specified in Section 6 hereof occur. In determining whether any default or lack of compliance by the Owner exists under this Regulatory Agreement, the Fiscal Agent shall not be required to conduct any investigation or review of operations by the Owner (other than as required by this Regulatory Agreement) and may rely solely upon any notice delivered to the Fiscal Agent by the Owner or the Department with respect to the occurrence or absence of a default. The parties hereto agree that they will execute and deliver any and all documents and instruments necessary to effectuate the provisions of this Section 14. The Owner understands and agrees that strict compliance with the provisions of this Regulatory Agreement is necessary in order to preserve the tax-exempt status of the Governmental Note. The Owner understands that the opinion of the Department's Note Counsel regarding compliance with the federal tax requirements described herein shall be final and binding upon the Owner.

Section 15. Remedies. If the Owner defaults in the performance or observance of any covenant, agreement or obligation of the Owner set forth in this Regulatory Agreement and if such default remains uncured for a period of 30 days after the notice thereof shall have been given to the Owner, the Investor and the Note Holder by the Department or by the Fiscal Agent with a copy to the Department, then the Department may declare an "Event of Default" to have occurred hereunder and, at its option, may take any one or more of the following steps:

- (a) by mandamus or other suit, action or proceeding at law or in equity, require the Owner to perform its obligations and covenants hereunder or enjoin any acts or things that may be unlawful or in violation of the rights of the Department hereunder;

(b) have access to and inspect, examine and make copies of all of the books and records of the Owner pertaining to the Project; or

(c) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Owner hereunder.

If the Owner shall fail to observe or perform any covenant, condition or agreement contained herein on its part to be observed or performed and if such noncompliance is not corrected as provided for in Section 13 herein, then such noncompliance shall be considered an Event of Default; provided, with respect to any failure covered by this Section 15, no Event of Default shall be deemed to have occurred so long as a course of action adequate in the judgment of the Department to remedy such failure shall have been commenced within a 30-day period and shall thereafter be diligently prosecuted to completion, thereby remedying the failure. The Investor shall be entitled, but shall not have the obligation, to cure any Event of Default hereunder within the timeframe provided to the Owner hereunder, and the parties agree to accept such performance as if it were undertaken by the Owner itself. The Department hereby agrees that any cure of any Event of Default hereunder made or tendered by the Investor shall be deemed to be cured by the Owner, and shall be accepted or rejected by the Department on this same basis as if made or tendered by the Owner.

Section 16. Enforceability. In the event of a violation of any of the provisions hereof (if such violation continues without cure beyond the applicable notice and cure periods), the Department, or any entity succeeding to the Department's functions, or the Fiscal Agent may institute and prosecute any proceeding at law or in equity to abate, prevent or enjoin any such violation or attempted violation, or to recover monetary damages caused by such violation or attempted violation. No obligation of the Owner under this Regulatory Agreement, including, without limitation, any indemnification obligation, any other obligation for the payment of money, any claim and any judgment for monetary damages against the Owner, occasioned by breach or alleged breach by the Owner of its obligations under this Regulatory Agreement, shall be secured by or in any manner constitute a lien on, or security interest in, the Project, whether in favor of the Department, the Fiscal Agent or any other person. Accordingly, neither the Department nor the Fiscal Agent shall have the right to enforce any monetary obligation hereunder other than directly against the Owner, without recourse to the Project. The provisions hereof are imposed upon and made applicable to the Project and shall run with the land and shall be enforceable against the Owner and each purchaser, grantee or lessee (but not including residential tenants of the Dwelling Units) of the Project or any portion thereof at any time and from time to time, and the respective heirs, legal representatives, successors and assigns of the Owner and each such purchaser, grantee or lessee. No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage or waive the right of any party entitled to enforce the same or obtain relief against or recover for the continuation or repetition of such breach or violation or any similar breach or violation thereof at any later time or times.

No breach or violation of this Regulatory Agreement shall defeat or otherwise impair the lien of a deed of trust, mortgage or similar encumbrance upon the Project given in good faith and for value.

Subject to the provisions hereof regarding indemnification, the Owner hereby agrees to pay, indemnify and hold the Department, the Fiscal Agent or any other party authorized hereunder to enforce the terms of this Regulatory Agreement harmless from any and all costs, expenses and fees, including all reasonable attorneys' fees which may be incurred by the Department, the Fiscal Agent or any other party in enforcing or attempting to enforce this Regulatory Agreement following any Event of Default on the part of the Owner hereunder or its successors, whether the same shall be enforced by suit or otherwise; together with all costs, reasonable fees and expenses which may be incurred in connection with any amendment to this Regulatory Agreement or otherwise by the Department at the request of the Owner (including the reasonable fees and expenses of Note Counsel in connection with any opinion to be rendered hereunder).

Section 17. Recordation; Amendment; Termination. This Regulatory Agreement shall be duly recorded at or prior to the Closing Date and all amendments shall be duly recorded as an encumbrance upon the Project in the office of the County Recorder of Klamath County, Oregon, in which county the Project is located. The provisions hereof shall not be amended, revised or terminated (except as provided in Section 6 of this Regulatory Agreement) prior to the expiration of the stated term hereof except by an instrument in writing duly executed by the Department, the Owner (or its successors in title) and the Fiscal Agent and duly recorded. The Department's consent to any such amendment, revision or termination, other than termination pursuant to Section 6 of this Regulatory Agreement (whether or not the Governmental Note shall then be Outstanding), shall be given only upon receipt of an opinion of Note Counsel that such amendment, revision or termination will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Governmental Note. An opinion of Note Counsel approving the modification of any of the terms of this Regulatory Agreement as herein provided shall become applicable upon the delivery of such opinion to the Department, and the Fiscal Agent and the recording of the instrument evidencing the modification in the office of public records in Klamath County, Oregon.

Section 18. Right to Waive Requirement for Note Counsel Opinion. The Department may, in its sole and absolute discretion, waive the requirement for the delivery of an Opinion of Note Counsel set forth herein.

Section 19. No Conflict with Other Documents. The Owner warrants that the Owner has not executed, and will not execute, any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that in any event the requirements of this Regulatory Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith.

Section 20. Severability. The invalidity of any clause, part or provision of this Regulatory Agreement shall not affect the validity of the remaining portions thereof.

Section 21. Notices. All notices to be given pursuant to this Regulatory Agreement shall be in writing or given electronically with confirmation of receipt, and shall be deemed given when mailed by certified or registered mail, return receipt requested, or when electronic confirmation of receipt is provided, to the parties hereto at the addresses set forth below, or to such other place as a party may from time to time designate in writing:

To the Department: State of Oregon Housing and Community Services
Department
725 Summer Street NE, Suite B
Salem, OR 97301-1266
Telephone: (503) 580-7816
Attention: Assistant Director of Capital Markets
Email: OR.BondInvestor@oregon.gov
Facsimile: (503) 986-2020

With a copy to: Oregon Housing and Community
Services Department
725 Summer Street NE, Suite B
Salem, OR 97301-1266
Attention: Asset and Property Management Section

With a copy to: Orrick, Herrington & Sutcliffe LLP
1140 SW Washington Street, Suite 500
Portland, OR 97205
Attention: Michael E. Schrader
Email: mschrader@orrick.com
Telephone: (503) 943-4840

To the Owner Mountainview Townhomes Limited Partnership
c/o Stewardship Development LLC
1247 Villard Street
Eugene, OR 97403
Attention: Amanda Perkins
Email: amanda@stewardshipproperties.net
Telephone: (541) 517-9065

And to: KHA Mountainview GP LLC
c/o Klamath Housing Authority
1445 Avalon Street
Klamath Falls, OR 97603
Attention: Executive Director
Email: ann@klamathhousing.org
Telephone: (541) 884-0649

With a copy to: Kantor Taylor PC
1200 Fifth Avenue, Suite 1910
Seattle, WA 98101
Attention: Mark Kantor
E-mail: mkantor@kantortaylor.com
Telephone: (206) 812-2500

And with a copy to: Elliot, Ostrander & Preston, P.C.
707 SW Washington Street, Suite 1500
Portland, OR 97205
Telephone: (503) 753-3582
Attention: Paul Dagle
Email: paul.dagle@daglelaw.com

To the Investor: NEF Assignment Corporation
10 S. Riverside Plaza, Suite 1700
Chicago, IL 60606
Attention: Vice President – Asset Management

With a copy to: Kutak Rock LLP
1650 Farnam Street
Omaha, NE 68102-2186
Attention: Erin O’Gara
Email: Erin.Ogara@kutakrock.com

To the Funding Lender and Servicer: U.S. Bank National Association
1307 Washington Ave., Suite 300
Mail code: SL MO RMCD
St. Louis, MO 63103
Attention: Community Development Lending

With a copy to: Davis Wright Tremaine LLP
865 S Figueroa Street, Suite 2400
Los Angeles, CA 90017
Attn: Nancy Clapp
Email: nancyclapp@dwt.com
Telephone: (213) 633-6835

To the Fiscal Agent: Zions Bancorporation, National Association
Corporate Trust Department
601 Union Street, Suite 3600
Seattle WA, 98101
Telephone: (206) 438-1267
Attention: Anna McCully
Email: anna.mccully@zionsbank.com


With a copy to: Zions Bancorporation, National Association
800 W Main Street, Suite 1000
Boise, ID 83702
Telephone: (208) 501-7466
Attention: Allison Darnall
Email: allison.darnall@zionsbancorp.com

Section 22. Governing Law. This Regulatory Agreement shall be governed and interpreted in accordance with the internal laws of the State of Oregon without regard to conflicts of laws principles.

[Remainder of Page Intentionally Left Blank – Signature Pages Follow]

IN WITNESS WHEREOF, the parties have caused this Regulatory Agreement to be signed by their respective, duly authorized representatives, as of the day and year first written above.

**STATE OF OREGON acting by and through its
STATE TREASURER and its
HOUSING AND COMMUNITY SERVICES
DEPARTMENT**

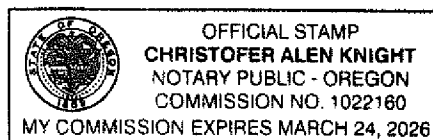
By: 
Caleb Yant
Deputy Director

STATE OF OREGON)
) ss.
COUNTY OF MARION)

The foregoing instrument was acknowledged before me this 1 day of May, 2024 by Caleb Yant, Deputy Director, on behalf of the State of Oregon, acting by and through its State Treasurer and its Housing and Community Services Department.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Notary Public for Oregon
My Commission Expires: MARCH 24, 2026



MOUNTAINVIEW TOWNHOMES LIMITED PARTNERSHIP,
an Oregon limited partnership

By: KHA Mountainview GP LLC,
an Oregon limited liability company,
Its: Managing General Partner

By: Klamath Housing Authority,
Its: Manager

By: 
Ann Malfavon, Executive Director

By: Stewardship Mountainview LLC,
an Oregon limited liability company,
Its: Administrative General Partner

By: Stewardship Development LLC,
an Oregon limited liability company,
its manager

By: JCP Real Estate LLC,
an Oregon limited liability company
its member

By: _____
Amanda Perkins, Member

[NOTARY PAGES FOLLOW]

MOUNTAINVIEW TOWNHOMES LIMITED PARTNERSHIP,
an Oregon limited partnership

By: KHA Mountainview GP LLC,
an Oregon limited liability company,
Its: Managing General Partner

By: Klamath Housing Authority,
Its: Manager

By: _____
Ann Malfavon, Executive Director

By: Stewardship Mountainview LLC,
an Oregon limited liability company,
Its: Administrative General Partner

By: Stewardship Development LLC,
an Oregon limited liability company,
its manager

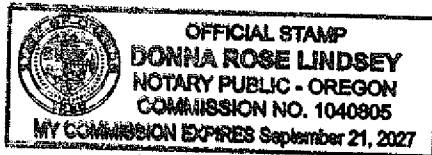
By: JCP Real Estate LLC,
an Oregon limited liability company
its member

By: *Amanda Perkins*
Amanda Perkins, Member

[NOTARY PAGES FOLLOW]

STATE OF OREGON)
) ss.
COUNTY OF KLAMATH)

This instrument was acknowledged before me this 6th day of May, 2024 by Ann Malfavon, the Executive Director of the Klamath Housing Authority, the Manager of KHA Mountainview GP LLC, an Oregon limited liability company, the Managing General Partner of Mountainview Townhomes Limited Partnership, an Oregon limited partnership.



Donna Lindsey
Notary Public; State of OREGON,
Print Name: Donna Lindsey
My Commission Expires: 9/21/27

STATE OF OREGON)
) ss.
COUNTY OF _____)

This instrument was acknowledged before me this _____ day of May, 2024 by Amanda Perkins, Member of JCP Real Estate LLC, an Oregon limited liability company, the Member of Stewardship Development LLC, an Oregon limited liability company, the Manager of Stewardship Mountainview LLC an Oregon limited liability company, the Administrative General Partner of Mountainview Townhomes Limited Partnership, an Oregon limited partnership.

Notary Public; State of OREGON
Print Name: _____
My Commission Expires: _____

ACKNOWLEDGED BY:

**ZIONS BANCORPORATION, NATIONAL
ASSOCIATION**, as Fiscal Agent

By: Anna McCully
Anna McCully, Vice President
Zions Bank Division

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

This instrument was acknowledged before me this 1st day of May 2024, by Anna McCully, as Vice President, Zions Bank Division, on behalf of Zions Bancorporation, National Association, as Fiscal Agent.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Zavonne R Shareef
Notary Public for Washington
My Commission Expires: 10-29-24



EXHIBIT A

LEGAL DESCRIPTION

All that certain Real Property situated in the City of Willamette, County of Klamath, State of Oregon, described as follows:

Parcel 1, Land Partition 15-23, a replat of Parcel 3 Land Partition 8-20, a replat of Parcel 3 of Land Partition 2-17 situate in the NE1/4 Section 14, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon and recorded December 26, 2023 as Instrument No. 2023-010962, Klamath County Records.

EXHIBIT B

Certification of Continuing Program Compliance

The undersigned, _____, being duly authorized to execute this Certificate on behalf of MOUNTAINVIEW TOWNHOMES LIMITED PARTNERSHIP, an Oregon limited partnership (the "**Owner**"), hereby represents and warrants that, with respect to the Mountainview Townhomes project (the "**Project**"), as of _____, _____:

- (i) The total number of residential units in the Project is: _____
- (ii) The number of units actually occupied by tenants whose income does not exceed the applicable income limit is: _____
- (iii) The number of units occupied by continuing residents whose income is treated as not exceeding the applicable income limit is: _____
- (iv) The number of units previously occupied by low-income tenants currently held vacant for occupancy is: _____
- (v) Sum of 2, 3, and 4 _____
- (vi) **Percentage of total units treated as occupied by low-income tenants (5 divided by 1.)** _____%

At no time since the date of the filing of the last Certificate of Continuing Program Compliance have less than forty percent (40%) of the units in the Project been occupied or been last occupied by tenants whose income is treated as not exceeding the applicable income limit.

No default has occurred under the terms of the Regulatory Agreement or, if a default has occurred, the following describes such default and the measures being taken by the Owner to remedy such default:

DATE: _____
