



APN# 1320-30-410-014.
Recording Requested by:
Name: Stefanie Sharp
Address: 71 Washington Street
City/State/Zip: Reno, Nevada 89503

When Recorded Mail to:
Name: Stefanie Sharp
Address: 71 Washington Street
City/State/Zip: Reno, Nevada 89503

Mail Tax Statement to:
Name: Minden Pacific Associates
Address: 1320 E. Aultman
City/State/Zip: Ely, Nevada 89301

**Section 1602 Subgrant Award Agreement
(Title of Document)**

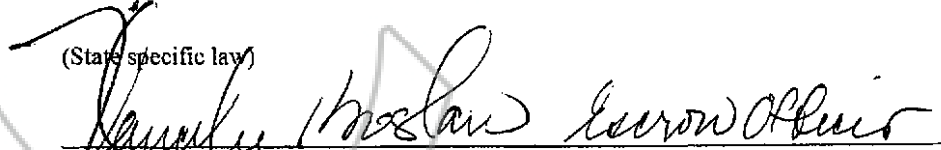
Please complete Affirmation Statement below:

I the undersigned hereby affirm that the attached document, including any exhibits, hereby submitted for recording does not contain the personal information of any person or persons.
(Per NRS 239B.030)

-OR-

I the undersigned hereby affirm that the attached document, including any exhibits, hereby submitted for recording does contain the personal information of a person or persons as required by law:

(State specific law)



Signature Title
Naumika Boslan

Printed Name

This page added to provide additional information required by NRS 111.312 Sections 1-2 and NRS 239B.030 Section 4. This cover page must be typed or printed in black ink. (Additional recording fee applies)



SECTION 1602 SUBAWARD AGREEMENT

Between

NEVADA HOUSING DIVISION,
as Division

and

Minden Pacific Associates, a Nevada Limited Partnership
as Owner

WHEN RECORDED RETURN TO:

Nevada Housing Division
Hilary Lopez, Ph.D.
Chief of Federal Programs
1535 Old Hot Springs Rd., Suite 50
Carson City, NV 89706



SECTION 1602 SUBAWARD AGREEMENT
(Section 1602 Program)

This SECTION 1602 SUBAWARD AGREEMENT (this "**Agreement**") is made and entered into on December 30, 2009 by and between) Minden Pacific Associates, a Nevada limited partnership (together with its successors and assigns, the "**Owner**"). the **NEVADA HOUSING DIVISION**, a division of the Department of Business and Industry of the State of Nevada (the "**Division**").

RECITALS

WHEREAS, the Division has entered into a grant agreement with Treasury for a grant of funds in lieu of federal low-income housing tax credits (the "**Tax Credits**") under Section 42 of the Internal Revenue Code of 1986, as amended (the "**Code**"), pursuant to the Section 1602 Program (the "**Section 1602 Program**") authorized under Section 1602 of the American Recovery and Reinvestment Act of 2009 (the "**Recovery Act**");

WHEREAS, the Division is a "designated state housing authority" within the meaning of the Recovery Act;

WHEREAS, the Division has the authority to make subawards of the Section 1602 Program Funds (the "**Section 1602 Program Funds**") to eligible applicants in accordance with the Program Requirements;

WHEREAS, the Owner intends to acquire, construct, develop, improve, maintain, own, operate, lease and otherwise deal with a residential rental housing project to be located in Minden, Nevada, known as Mahogany Court Apartments (the "**Project**");

WHEREAS, the Owner has demonstrated to the Division that the Owner has been unable to obtain a commitment from the Tax Credit Investor in an amount sufficient to make the **construction** of the Project financially feasible after having made a good faith and exhaustive effort to do so;

WHEREAS, the Owner has submitted to the Division a Tax Credit Assistance Program and Section 1602 Exchange Program Application requesting a subaward of the Section 1602 Program Funds to assist in the financing of the construction/acquisition/rehabilitation of the Project;

WHEREAS, the Division has approved a Loan of Section 1602 Program Funds to the Owner in the aggregate amount of up to **\$4,464,540.00** (the "**Subaward**"), provided that the Owner shall (i) enter into this Agreement ensuring compliance with the requirements of Section 1602 Program and agreeing to repay the Subaward upon a violation of any of the terms or conditions hereof, (ii) grant to the Division a Recapture Deed of Trust (the "**Recapture Deed of Trust**") on the Project as security therefore as hereinafter described, and (iii) enter into a Loan Agreement with the Division providing for payment upon a Recapture Event and the Owner has agreed to accept the Subaward subject to the terms and conditions set forth herein;



WHEREAS, the Owner has represented that it will use the Subaward to finance the construction/rehabilitation of a "qualified low-income building" within the meaning of Section 42 of the Code;

WHEREAS, the Owner under this Agreement, intends, declares and covenants that the regulatory and restrictive covenants set forth herein governing the use, occupancy and transfer of the Project shall be and are covenants running with the Land and the Project for the term stated herein and binding upon all successors and assigns of the Owner with respect to the Project for such term;

WHEREAS, the parties have agreed that this Agreement is to be recorded in the office of the deed of registry for the county where the Project is located and is to run with the land; and

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

ARTICLE I **DEFINITIONS**

The capitalized terms used in this Agreement shall have the meanings ascribed to them in the Recitals hereto and in this Article I; provided that certain terms used and not defined herein shall have the meanings ascribed to them in or for purposes of Section 42 of the Code.

"Agreement" means this Section 1602 Subaward Agreement, including any subsequent amendments.

"Asset Manager" means The Tax Credit Equity Group (TCEG) of the Royal Bank of Canada and any successor thereto approved by the Division who will perform and provide the asset management duties set forth in 9.2 of this Agreement.

"Budget" means the final sources and uses for the Project attached hereto as **Exhibit B**. The Budget must clearly show the total development costs of the Project, the total amount of Subaward granted to the Project and the total anticipated amount of Tax Credit equity to be contributed to the Owner by the Tax Credit Investor, if any. The Division may refuse to approve inclusion in the Budget of (or require the review of) proposed costs that appear unreasonable.

"Business Day" means a day of the year on which banks are not required or authorized to close in the State.

"Closing" means the date on which this Agreement is executed and delivered by all of the parties hereto.

"Code" means the Internal Revenue Code of 1986, as amended, and as the context may require, the Treasury Regulations promulgated thereunder, and any published rulings, procedures and notices thereunder.



“Compliance Period” means the 15-year compliance period described in Section 4Z(i)(1) of the Code, as applicable to the building(s) in the Project plus any additional period set forth in the LURA for which the Project will be subject to rent restrictions.

“Construction Completion Date” means the date upon which the Division determines that construction of the Project is substantially complete, except for punch list items, and that the Project is ready for its intended use, which date is anticipated to occur by June 30, 2011.

“Construction/Draw Schedule” means the detailed construction/draw schedule for the Project attached hereto as **Exhibit F**.

“Cost Certification” means the final cost certification to be submitted to the Division within sixty (60) days of the placed in service date of the Project but no later than December 1 of the year the Project is placed in service in the form customarily used by the Division.

“Deed of Trust” means any deed of trust, deed to secure debt or any similar security instrument, as amended, restated, modified or supplemented from time to time on the Project given by the Owner to any Lender to secure any indebtedness, together with any other documents pertaining to said indebtedness, which were required by the Lender as a condition to making a Mortgage Loan.

“Division” means the Nevada Housing Division, a division of the Department of Business and Industry of the State of Nevada.

“Draw Documents” shall have the meaning set forth in Section 4.1(b) of this Agreement.

“Eligible Basis” shall mean the adjusted basis of all of the building(s) in the Project, determined as to each such building as of the close of the first year of the “credit period” as more particularly defined in Section 42(d) of the Code.

“Entity” means any general partnership, limited partnership, corporation, joint venture, trust, limited liability company, limited liability partnership, business trust, cooperative or other business association.

“Event of Bankruptcy” or **“Bankruptcy”** means, as to a specified Person:

(i) the entry of a decree or order for relief by a court having jurisdiction in respect of such Person in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of such Person or for any substantial part of his property, or ordering the winding-up or liquidation of his affairs and the continuance of any such decree or order unstayed and in effect for a period of ninety (90) consecutive days; or

(ii) the commencement by such Person of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by him to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian,



sequestrator (or similar official) of such Person or for any substantial part of his property, or the making by him of any assignment for the benefit of creditors, or the taking of action by the Person in furtherance of any of the foregoing.

“Event of Default” shall mean any event set forth in 10.1(a) of this Agreement.

“Excess Amount” shall have the meaning set forth in Section 2.1(c) of this Agreement.

“Excess Development Costs” shall have the meaning set forth in Section 7.2 of this Agreement.

“Expiration Date” means **December 31, 2011**, as such date may be extended in accordance with Section 4.1(e).

“Fiscal Quarter” means any of the three (3) consecutive month periods of each Fiscal Year ending on March 31, June 30, September 30 and December 31.

“Fiscal Year” means the twelve (12)-month period which begins on January 1 and ends on December 31 of each calendar year.

“Governmental Authority” means the Division, the IRS or any other federal, state or local governmental agency or authority having jurisdiction over the particular matter to which reference is being made.

“Guidelines” means the *“Application and Terms and Conditions: Grants to States for Low-Income Housing Projects in Lieu of Low-Income Housing Credits for 2009”* published by Treasury in May 2009, and any updates, modifications or successor guidelines thereto.

“HUD” means the U.S. Department of Housing and Urban Development and its successors.

“IRS” means the Internal Revenue Service.

“Land” means the real property which the Owner will own, upon which the Project will be constructed and which is described in **Exhibit A**.

“Lender” means TBA.

“Low-Income Unit” means 20 of the 21 dwelling units in the Project that are to be held for occupancy by the Owner and occupied in such a manner as to qualify such units as “low-income units” under Section 42(i)(3) of the Code.

“LURA” means the Land Use Restriction Agreement For Low-Income Housing Tax Credits to be entered into by the Division and the Owner in which the Owner agrees to maintain the Project for occupants who meet the income requirements under Code Section 42(g) and to maintain the Project as “rent-restricted” under Code Section 42(g) for a certain period of time set forth in the LURA, subject to certain exceptions set forth therein.



“Minimum Set-Aside Test” means the set-aside test described in Section 42(g)(1) of the Code selected by the Owner whereby at least 40% of the units in the Project must be occupied by individuals with incomes less than or equal to 60% of area median income, as adjusted for family size, determined in accordance with Section 42(g)(1) of the Code.

“Mortgage Loan(s)” means the loans listed on **Exhibit B**.

“NHD Section 1602 Procedures” means any and all requirements adopted by the Division in connection with Section 1602 Program Funds as set forth at <http://www.nvhousing.state.nv.us> under the tab labeled “Final Section 1602 Procedures” and includes any amendments thereto.

“Owner” means **Minden Pacific Associates, a Nevada LP** and its successors and assigns.

“Person” means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits; and, unless the context otherwise requires, the singular shall include the plural, and the masculine gender shall include the feminine and the neuter and vice versa.

“Placed In-Service Date” means the date by which at least one unit in each building in the Project must be ready and available for occupancy in accordance with state and local laws, which date shall be **December 31, 2011**.

“Plans and Specifications” means the plans and specifications for the construction of the Project, including, without limitation, specifications for materials, and all amendments and modifications thereof.

“Program Requirements” means any and all requirements for receiving and maintaining a Subaward of Section 1602 Program Funds as set forth in Section 1602 of the Recovery Act, the Guidelines, and any other rules, regulations, guidelines or notices published by the IRS or Treasury from time to time with respect to the Section 1602 Program that are applicable to the Project.

“Project” means the 21 unit residential rental housing development in 2 building(s), including any related facilities and structures to be constructed on the Land, and all other real and personal property that is used in connection with the development and operation of the Land located in **Minden, Nevada**.

“OAP” means the Division’s 2009 LIHTC Qualified Allocation Plan, including any amendments thereto.

“Recapture Event” shall mean any event set forth in Section 6.1 of this Agreement.

Recapture Deed of Trust” means the deed of trust granted by the Owner to the Division to secure the obligation of the Owner to repay all or a portion of the Subaward in accordance with the terms of this Agreement.



“Recovery Act” means the American Recovery and Reinvestment Act of 2009.

“Required Percentage” means the minimum percentage of Low-Income Units in the Project, which shall be the greater of the Minimum Set-Aside Test or the Subaward Fraction.

“Requisition” means a requisition for disbursement of the Subaward submitted by the Owner in the form attached hereto as **Exhibit D**.

“Section 1602 Program” and **“Section 1602 Program Funds”** shall have the meanings attributed thereto in the Recitals.

“State” means Nevada.

“Subaward” means the loan of Section 1602 Program Funds in the aggregate amount of up to **\$4,460,540.00** to be made by the Division to the Owner to assist in the financing of the construction of the Project pursuant to all of the terms and conditions of this Agreement and made pursuant to a Loan Agreement with the Division providing for repayment upon the occurrence of a Recapture Event; provided, however, that the Subaward, determined at the time of the Cost Certification, may not exceed 85% of each such building’s Eligible Basis, as of the end of the first year of the of the “credit period” applicable to such building, as defined in Section 42(f)(1) of the Code

“Subaward Fraction” means the lesser of (i) the fraction obtained by dividing the amount of the Subaward, once fully disbursed, into the Eligible Basis of the Project, determined in accordance with the Section 42(d) of the Code (including any increase in basis pursuant to Section 42(d)(5)(B)), or (ii) the “applicable fraction” as defined in Code Section 42(c)(1).

“Tax Credit Allocation” means the allocation of Tax Credits to the Owner with respect to the Project pursuant to the QAP or a previously effective Qualified Allocation Plan of the Division, which allocation is anticipated to produce Tax Credits for the benefit of the Tax Credit Investor.

“Tax Credit Investor” means, if applicable, the party identified as such in the Recitals who has firmly committed to make an equity investment in the Owner in exchange for Tax Credits, together with any party authorized to act on behalf of the Tax Credit Investor hereunder or under the partnership agreement of the Owner.

“Tax Credits” means the federal low-income housing tax credits under Section 42 of the Code.

“Treasury” means the United States Department of the Treasury, including the United States of America acting through the Treasury.

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



ARTICLE II
SUBAWARD OF SECTION 1602 PROGRAM FUNDS

Section 2.1. Subaward

(a) The Division shall make the Subaward to the Owner pursuant to the terms and conditions of this Agreement. In no event shall the aggregate amount of the Subaward advanced pursuant to this Agreement and the Program Requirements exceed the lesser of (i) **\$4,460,540.00** or (ii) the amount determined by the Division to be necessary for the financial feasibility of the Project and its viability as a qualified low-income housing project throughout the Compliance Period, which shall be determined in a manner consistent with determinations made by the Division with respect to Tax Credits pursuant to Section 42(m)(2) of the Code.

(b) The Owner shall receive the Subaward and use the proceeds thereof to pay the costs incurred by the Owner in connection with the construction/rehabilitation of the Project. The funding of the Subaward (and any portion thereof) is expressly conditioned upon the Owner complying with all of the Program Requirements and the terms of this Agreement.

(c) If, at the time of the Cost Certification, the Division shall determine that (i) the amount of the Subaward is more than the amount necessary for the financial feasibility of the Project and its viability as a qualified low-income housing project throughout the Compliance Period, (ii) a portion of the Subaward has been expended on costs not eligible under the Program Requirements, or (iii) the total amount of the Subaward exceeds 85% of the Eligible Basis of the Project as determined by the Division (in each such case, the amount determined by the Division to have been excessive or not permissible is the "Excess Amount"), the Division shall provide the Owner with notice thereof and the Owner shall pay, in immediately available funds within ten (10) Business Days from the date of such notice, an amount equal to the Excess Amount to the Division. In addition to the foregoing, the Division may take any other remedial action it deems necessary or advisable to fulfill its Program Requirement to Treasury or otherwise carryout the principal purposes of the Section 1602 Program.

(d) The Subaward and each disbursement of the proceeds thereof are contingent upon the appropriation and disbursement of sufficient Section 1602 Program Funds by Treasury to the Division for reimbursement of the costs incurred by the Owner with respect to the Project. If the Division fails to receive adequate Section 1602 Program Funds from Treasury, the Division shall so notify the Owner in writing within a reasonable period of time and shall not be liable for failure to make any disbursements under this Agreement.

Section 2.2. Term

This Agreement shall be effective upon its execution and delivery and shall remain in full force and effect until the expiration of the Compliance Period unless earlier terminated in accordance with the terms hereof (the "Term").



ARTICLE III
INITIAL/FINAL DISBURSEMENT OF SECTION 1602 PROGRAM FUNDS

Section 3.1. Due Diligence and Closing Requirements

(a) Prior to Closing, the Owner shall provide the Division with the due diligence materials listed in **Section 1 of Exhibit C**, all in form and substance reasonably satisfactory to the Division.

Section 3.2. Other Closing Conditions

(a) The Owner shall complete the "Project Performance Report" in the form attached hereto as **Exhibit E** and deliver such report to the Division.

(b) Prior to the first disbursement of the Subaward under this Agreement, the Owner shall execute, record and deliver the Recapture Deed of Trust and this Agreement to the Division. The Recapture Deed of Trust shall be, and shall provide that it is, prior, senior and superior to the Mortgage Loans

(c) If any disbursement of the Subaward is requested at Closing, the Owner shall complete and submit a Requisition to the Division, together with the due diligence materials listed in **Section 1 of Exhibit C**, each in form and substance satisfactory to the Division, prior to any disbursement.

Section 3.3. Final Disbursement Conditions

Prior to the final disbursement of the Subaward under this Agreement, the Owner shall submit to the Division the Cost Certification and the due diligence materials listed in **Section 3 of Exhibit C**, each in form and substance reasonably satisfactory to the Division. The Owner acknowledges that the Division shall be under no obligation to issue IRS 8609 Form(s), Low Income Housing Credit Allocation and Certification, for the Project until all conditions have been met for the final disbursement of the Subaward.

ARTICLE IV
DISBURSEMENTS OF SECTION 1602 PROGRAM FUNDS

Section 4.1. Request for Section 1602 Program Funds from Treasury

(a) The Division shall use the Section 1602 Program Funds it receives from Treasury with respect to the Project to reimburse the Owner for costs incurred in connection with the construction/rehabilitation of the Project to the extent such costs are properly submitted to the Division in accordance with the procedures set forth in this Article IV and all other terms and conditions of this Agreement. The Owner may not request a disbursement of the Subaward from the Division until such funds are needed to pay such costs of the Project. Accordingly, the amount of each Requisition must be limited to the amount of funds needed for costs actually incurred by the Owner at the time of the Requisition, may not include requests for prospective or future needs, and may not be placed into escrow accounts or advanced in lumps sums to the Owner.



(b) Requisitions can be submitted monthly to the Division by no later than the tenth (10th) day⁴ of each month. Each Requisition must be submitted for approval to the Division, together with the completed and executed documents listed in Exhibit D, each in form and substance reasonably satisfactory to the Division (the "Draw Documents").

(c) The Division shall submit a request for the Section 1602 Program Funds to the Treasury in an amount equal to the approved amount of the current Requisition (not to exceed, in the aggregate, the amount of the Subaward) within five (5) Business Days of approval by the Division of the Draw Documents.

(d) The Owner shall cooperate with the Division in obtaining and providing any additional documentation that may be required by the Treasury to approve the request for the Section 1602 Program Funds.

(e) At the discretion of the Division, a ten percent (10%) retainage may be withheld from each disbursement of the Subaward. Such retainage shall be released with the final disbursement of the Subaward; provided the Owner has satisfactorily performed the described work in accordance with this Agreement, the Recapture Deed of Trust and the Program Requirements have been met.

(f) The Owner acknowledges and agrees that no Subaward shall be disbursed after the Expiration Date; provided, however, that the Expiration Date may be extended at the sole discretion of the Division. To request an extension of the Expiration Date, the Owner must submit to the Division for their review and approval documentation (in form and substance acceptable to the Division) reflecting that at least thirty percent (30%) of the construction of the Project has been completed by December 31, 2010. All Requisitions must be submitted to the Division at least ten (10) Business Days prior to the Expiration Date.

(g) The Division will not make any disbursements to the Owner for costs that:

- (i) are prohibited under the Program Requirements;
- (ii) are not strictly in accordance with the terms of this Agreement and the NHD section 1602 Procedures;
- (iii) are requested after the Expiration Date, unless such date is extended under Section 4.1(e) hereof;
- (iv) were requested and/or incurred after termination of this Agreement; or
- (v) were requested during the occurrence and continuation of an uncured Event of Default.

(h) The Division is authorized to make modifications to the disbursement procedures set forth herein and to establish additional requirements for disbursement of the Subaward to the Owner as may be necessary or advisable for compliance with all the Program Requirements.



The Owner acknowledges and agrees that any fee payable to the Owner as a development fee must be paid in accordance with the NHD Section 1602 Procedures and must not exceed the amount stated in the original application for low income tax credits for the Project. In addition, the developer fee shall be payable in accordance with the following schedule:

- (i) 15% at the later of (a) close of Section 1602 funding, or (b) the close of all other funding sources;
- (ii) 55% at the completion of construction; and
- (iii) 30% at stabilization and issuance of Section 1602 compliance notice by the Division.

Section 4.2. Disbursements of Section 1602 Program Funds to Owner

Not later than three (3) Business Days of receipt of the Section 1602 Program Funds by the Division from Treasury, the Division shall disburse such funds to the Owner.

Section 4.3. Construction/Draw Schedule; Change Orders

(a) The Owner expects to submit Requisitions to the Division for disbursements of the Subaward at the times and in the amounts set forth in the Construction/Draw Schedule attached hereto as **Exhibit F**. The Owner shall update the Construction/Draw Schedule as and when Requisitions for disbursements of the Subaward are made.

(b) The Owner's anticipated construction schedule is set forth on the Construction/Draw Schedule attached hereto as **Exhibit F**.

(c) The Owner shall submit to the Division, for approval, any change order by the Division or its designee and submit notice if such change order would prevent the Project from meeting the Placed In-Service Date or prevent the Subaward from being fully disbursed to the Owner by the Expiration Date.

Section 4.4. Construction Meetings; Monitoring

The Division shall have the right to attend the construction progress meetings and monitor the Project's construction until satisfaction of the Construction Completion Date.

ARTICLE V
COVENANTS AND RESTRICTIONS

Section 5.1. LURA

The Owner will enter into the LURA with the Division, record the LURA in the office of the deed of registry for the county in which the Project is located and comply with the terms thereof throughout the term of the LURA. The LURA will be in effect as of the end of each taxable year in which the buildings in the Project are placed in service. The terms of the LURA



are by this reference incorporated into this Agreement with the same force and effect as if written out word for word at this point.

Section 5.2. Compliance with Program Requirements

(a) The Owner will comply with all of the Program Requirements applicable to the Project throughout the Compliance Period.

(b) The Owner will comply with all of the requirements of Section 42 of the Code and the LURA throughout the term of the LURA.

(c) The Owner will maintain the Required Percentage throughout the Compliance Period.

(d) No later than **December 31, 2010**, the Owner shall have a basis in the Project that is not less than ten percent (10%) of the "reasonably expected basis in such project" as of the Placed In-Service Date for purposes of Section 42(h)(1)(E)(ii) of the Code.

(e) Each building in the Project which is required to contain Low-Income Units will be placed in service by the Placed In-Service Date.

(f) The Project will become a "qualified low-income housing project" (as defined in Section 42(g)(1) of the Code) by the end of the year following the year in which the first building in the Project, which is required to contain Low-Income Units, is placed in service.

Section 5.3. Compliance with NHD Section 1602 Procedures

The Owner hereby acknowledges and agrees that they have read and understand the NHD Section 1602 Procedures and that by executing this Agreement they have agreed to comply with the provisions of the NHD Section 1602 Procedures, including, but not limited to:

(a) timely provision to the Division of the guaranties required for construction completion and operating deficits;

(b) the Division's right to approve any proposed sale, exchange, lease (other than leases of dwelling units to individual tenants in the ordinary course of business), mortgage, pledge refinancing, or other disposition of the Project (or any portion thereof) or any material asset of the Owner;

(c) the income and rent restrictions during the Compliance Period; and

(d) timely submission of (i) monthly progress reports to the Division or its designee detailing construction progress, draws on the Section 1602 Loan Funds and other funding sources and other information requested by the Division or its designee, and (ii) quarterly progress reports with the information required by the US Department of Treasury under the Section 1602 Program.



Failure to comply with the provisions contained in this Section will subject the Owner to remedies set forth in the NHD Section 1602 Procedures which are incorporated herein by reference.

ARTICLE VI
RECAPTURE

Section 6.1. Recapture Event

(a) A Recapture Event shall be deemed to occur if, at any time during the Compliance Period, any one or more of the following events shall occur:

(i) The Owner fails to expend an amount equal to at least ten percent (10%) of the "reasonably expected basis" of the Project for purposes of Section 42(h)(1)(E)(ii) of the Code by **December 31, 2010**;

(ii) There has been an Event of Default hereunder, and as a consequence thereof, the Division has determined that the Project cannot meet the Placed In-Service Date;

(iii) The Tax Credit Allocation is terminated or cancelled;

(iv) The Project fails to meet the Placed In-Service Date;

(v) The Project does not become a "qualified low-income housing project" (as defined in Section 42(g)(1) of the Code) by the end of the year following the year in which the first building in the Project, which is required to contain Low-Income Units, is placed in service;

(vi) The Project fails to meet or maintain the Required Percentage;

(vii) After the first year of the Compliance Period, the Project ceases to be a "qualified low-income housing project" (as defined in Section 42(g)(1) of the Code);

(viii) The Subaward, or a portion thereof, has been determined by the Division or the Treasury to have been expended in violation of the Program Requirements and such amount has not been repaid to the Division as set forth in Section 2.1(c).

(b) If a Recapture Event shall occur, the applicable portion of the Subaward disbursed to the Owner shall be subject to "recapture" in the amounts set forth below (the "Recapture Amount").

(i) If the Recapture Event arises under Section 6.1(a)(vi) and (vii) above, after allowing any permitted period for correction, the Recapture Amount shall be equal to the full amount of the Subaward, less 6.67% for each year of the



Compliance Period in which a Recapture Event has not occurred; provided, however, that if the Owner restores (A) the percentage of Low-Income Units to the Required Percentage and/or (B) the Project as a "qualified low-income housing project," as applicable, the Recapture Event and any Recapture Amount may be waived by the Division with respect to subsequent years in the Compliance Period in which the Project is in compliance, provided that such waiver is permitted under the Program Requirements.

(ii) If the Recapture Event arises under Section 6.1(a)(i), (ii), (iii), (iv), or (v) above, the Recapture Amount shall be an amount equal to the full amount of the Subaward disbursed to the Owner under the terms of this Agreement.

(iii) If the Recapture Event arises under Section 6.1(a)(viii) above, the Recapture Amount shall be an amount equal to the amount of the Subaward determined to have been expended in violation of the Program Requirements.

(c) If a Recapture Event occurs, in addition to the Recapture Amount, the Owner will pay to the Division upon demand an amount equal to the costs and fees incurred by the Division in connection with such Recapture Event.

Section 6.2. Enforcement

(a) The Recapture Amount shall be due and payable to the General Fund of Treasury and shall be deemed a debt owed to the Treasury, enforceable against any assets of the Owner. Such Recapture Amount shall be secured and enforceable by the lien of the Recapture Deed of Trust against the Project in favor of the Treasury, which lien may be enforced by the Division on behalf of the Treasury.

(b) A notice of lien imposed hereunder shall be filed and recorded in the office of register of deeds within the state, county in which the Project is located.

(c) Unless another date is specifically fixed by law, the lien imposed hereunder shall arise at the time the Recapture Amount becomes due and shall continue until liability for the Recapture Amount is satisfied in full.

(d) The lien of the Recapture Deed of Trust shall be subordinate to the Mortgage Loan and such priority shall be reflected upon recordation.

Section 6.3. Notice

The Division shall provide the Owner with written notice in accordance with Section 11.1 of any Recapture Event or of any circumstances which, with the passage of time, would give rise to a Recapture Event, of which, in either event, it shall become aware of. Upon the giving of notice to the Owner, the Division shall also provide copies of any such notice(s) to any Tax Credit Investor and any Lender. The failure of the Division to provide notice as herein required shall not relieve the Owner of any obligation hereunder or prevent the declaration or occurrence of a Recapture Event, nor shall it serve to relieve the Owner of any of the consequences thereof.



Section 6.4. Preservation of Rights and Remedies

Any action under this Article VI will not limit or deprive the Division or the Treasury from exercising any other rights and remedies that they have under law or equity, or any rights and remedies provided herein with respect to Events of Default.

ARTICLE VII
REPRESENTATIONS AND WARRANTIES

Section 7.1. Representations, Warranties and Covenants of the Owner

The Owner hereby represents, warrants and covenants to the Division that the following are true and correct as of Closing and will be true and correct on the due date of each disbursement of the Subaward, and as applicable, throughout the Compliance Period:

(a) The Owner is and shall continue to be duly organized, validly existing and in good standings under the laws of the state of its organization and has full power and authority to perform its obligations under this Agreement.

(b) No litigation, demand, investigation, claim or proceeding against the Owner or any other litigation or proceeding directly affecting the Project is pending or, to the best knowledge of the Owner, threatened, before any court, administrative agency or other Governmental Authority that would, if adversely determined, have a material adverse effect on the Owner or the construction, use and operation of the Project.

(c) No default by the Owner or any affiliate thereof having any relationship with the Project has occurred or is continuing (nor has there occurred any continuing event which, with the giving of notice or the passage of time or both, would constitute such a default in any material respect) under any of the financing documents for the Project or other documents or instruments governing the development, use, occupancy and operation of the Project.

(d) All material building, zoning, health, safety, business and other applicable certificates, permits and licenses necessary to permit the construction, use, occupancy and operation of the Project have been or will, at the time required, be obtained and maintained (other than, prior to completion of construction of the Project or a specified portion thereof, such as are issuable only upon completion of construction or such specified portion thereof); and the Owner has not received any notice or has any knowledge of any violation with respect to the Project of any law, rule, regulation, order or decree of any Governmental Authority having jurisdiction which would have a material adverse effect on the Project or the construction, use or occupancy thereof, except for violations which have been cured or can be cured within any applicable cure period, and are in the process of being cured, and notices or citations which have been withdrawn or set aside by the issuing agency or by an order of a court of competent jurisdiction.

(e) The Owner has or will have a fee interest in the Project and has good and marketable title thereto, free and clear of any liens, charges or encumbrances other than the Mortgages, encumbrances the Owner is permitted to create under the terms of this Agreement, and mechanics' or other liens that have been bonded against (or as to which other cash



equivalent security has been provided) in such a manner as to preclude the holder of such lien from having any recourse to the Project or the Owner for payment of any debt secured thereby.

(f) No Event of Bankruptcy has occurred as to the Owner.

(g) No Event of Default has occurred and is continuing.

(h) The sources of funds available to the Owner are sufficient to enable the Owner to complete the construction of the Project in accordance with the Plans and Specifications and the Construction/Draw Schedule.

(i) The Project will continue to be owned and operated by the Owner through the Compliance Period or, if later, the date (if any) through which the Owner is required to own and operate the Project pursuant to the LURA or any other documents governing the use and operation of the Project.

(j) The Owner has complied and will comply with all terms of the Tax Credit Allocation and has made no material changes in the Project without the prior written approval of the Division.

(k) The Project will be operated so that it will meet (and an appropriate election has been or will be made with respect to) the Minimum Set-Aside Test as of the dates established by Section 42(g)(3) of the Code and at all times thereafter through the end of the Compliance Period.

(l) The Project will, at all times throughout the Compliance Period, meet the Required Percentage.

(m) Each of the representations and disclosures made by the Owner to the Division in any application for the Tax Credits or Section 1602 Program Funds is true and correct as of the date hereof. Each of the covenants, agreements and conditions contained in such documents have been duly performed or satisfied by the Owner to the extent that performance or satisfaction is required on or prior to the date of Closing, and the Owner has no reason to believe that the covenants, agreements, and conditions required to be performed or satisfied after the date hereof will not be performed or satisfied in a timely manner.

(n) The LURA will be in effect as of the end of each taxable year in which the buildings in the Project are placed in service.

(o) The Owner will develop and operate the Project in accordance with (i) the applicable provisions of Section 42 of the Code, (ii) the terms of this Agreement, (iii) the Program Requirements, (iv) all applicable federal, State, and local statutes, rules and regulations with respect to the Project including, without limitation, the Fair Housing Act (42 U.S.C. 3601, et seq.), as amended, and (v) all applicable requirements of any Governmental Authorities having jurisdiction over the Project.



(q) The Owner shall not sell, lease (other than by residential leases in the ordinary course of business), transfer or otherwise dispose of any material portion of the Project, without the prior written consent of the Division.

Section 7.2. Covenant of Completion

The Owner unconditionally covenants and warrants that it shall meet the Construction Completion Date. The Owner shall cause the Project to satisfy all construction related requirements of the Mortgage Loans, including any requirement related to completion of the Project. The Owner shall pay all costs to complete the construction of the Project in accordance with the Plans and Specifications when and as incurred, regardless of whether such costs exceed the amounts anticipated for such items in the Budget or the sources otherwise available to pay such costs (in either such event, said costs being referred to as "**Excess Development Costs**"). The Owner shall pay any Excess Development Costs by the earliest of (a) the date required to avoid a default or penalties under the Mortgage Loans, (b) the date required to keep all sources of funding for the Project "in balance," (c) the date required to keep all expenses without a specific maturity date paid on a sixty (60)-day current basis, or (d) such earlier date as may be set forth in this Agreement.

ARTICLE VIII
BOOKS AND REPORTING

Section 8.1. Financial Status Reports

(a) The Owner shall maintain or cause to be maintained for the term of this Agreement a complete and accurate set of books and supporting documentation of transactions with respect to the conduct of the Owner's business. The Division shall have the right to examine the books of the Owner and all other records and information concerning the operation of the Project from time to time without prior notice during regular business hours provided that such examination shall not unreasonably disrupt or interfere with the Owner's business or operations.

(b) The Owner shall send to the Division no later than twenty (20) calendar days following the close of each Fiscal Quarter the following information (which need not be audited): (i) a balance sheet as of the end of each Fiscal Quarter, (ii) a statement of income for each such Fiscal Quarter, (iii) a statement of cash flows and (iv) (collectively, the "**Quarterly Financial Status Reports**"). If the Quarterly Financial Status Reports are not delivered to the Asset Manager when due hereunder, then the Owner shall be obligated to pay to the Division an amount equal to \$100 per day for each day after the due date until such Quarterly Financial Status Reports are delivered. Failure to deliver the Quarterly Financial Status Reports when due hereunder may also result in the suspension of any further disbursements of the Subaward hereunder.

(c) An annual pro forma operating budget shall be prepared by the Owner and furnished to the Asset Manager within thirty (30) days prior to the beginning of each Fiscal Year.



(d) The Owner shall submit to the Asset Manager any other financial reports that the Division deems necessary to comply with Section 1602 of the Recovery Act and the Program Requirements, as the same may be amended from time to time.

(e) In the event that the Owner fails to submit to the Division in a timely and satisfactory manner any report required by this Agreement, the Division may, in its sole discretion, withhold any or all disbursements otherwise due or requested by the Owner hereunder until such time as the Owner fully cures or performs any and all delinquent reporting obligations.

Section 8.2. Compliance Monitoring Reports

(a) No later than six (6) months before initial occupancy of the dwelling units is scheduled to begin, the Owner shall supply the Division with a timetable of pre-opening marketing activities as well as expected lease-up acceptable to the Division, which acceptance may not be unreasonably withheld.

(b) The Division reserves the right to carryout regular and periodic field inspections to ensure compliance with the requirements of this Agreement and the Program Requirement.

Section 8.3. Project Performance Reports

No later than five (5) calendar days following the end of each Fiscal Quarter, commencing with first full Fiscal Quarter ending after the date hereof through the Construction Completion Date, the Owner shall complete a "Project Performance Report" providing information required by Treasury and deliver such report to the Division in the form attached hereto as Exhibit E.

ARTICLE IX
ASSET MANAGEMENT

Section 9.1. Asset Manager

The Owner shall be responsible for engaging the Asset Manager acceptable to the Division and paying any asset management fees to the Asset Manager. The Asset Manager shall perform asset management duties to assure compliance of the Program Requirements and the requirements of this Agreement. If in the Division's reasonable judgment the Asset Manager fails to adequately perform the asset management duties, the Division can request that the Owner assumes direct control of such asset management duties or replaces the current Asset Manager with an entity acceptable to the Division.



Section 9.2. Asset Management Duties

(a) The Asset Manager will enter into the Asset Management Fee Agreement (the "Management Agreement") with the Owner and the Division. The Owner hereby affirms that the fees set forth in the Management Agreement are the sole liability of the Owner including, but not limited to, any unit inspection or file inspection payable to the Division. The Asset Manager will provide the following services to the Project:

- (i) Review the use of the proceeds of the Subaward to ensure such proceeds are being spent only in accordance with the requirements of this Agreement, in particular and without limitation, Article IV hereof, and with the Program Requirements;
- (ii) Review and report to the Division no less than quarterly on the progress of construction of the Project, its compliance with the Construction/Draw Schedule, the Plans and Specifications, and the Budget, and any changes to anticipated sources and uses, or other matters which, in the judgment of the Asset Manager, may adversely affect the ability of the Owner to complete the construction of the Project by the Construction Completion Date;
- (iii) Review all financial status reports required to be delivered pursuant to Section 8.1 of this Agreement;
- (iv) Review all compliance monitoring reports required to be delivered pursuant to Section 8.2 of this Agreement; and
- (v) Other duties as required by the Treasury.

ARTICLE X
DEFAULT; TERMINATION

Section 10.1. Default

(a) Any of the following events shall constitute an Event of Default under this Agreement:

- (i) A breach by the Owner of any of its representations, warranties or covenants contained in this Agreement or in the performance of any of its obligations under this Agreement, in either event that (A) has or might reasonably be expected to have a material adverse impact on the operation of the Project, and (B) is not cured within ten (10) Business Days (in the case of a monetary default) or twenty (20) Business Days (in the case of a non-monetary default) following notice of such breach or default from the Division to the Owner, provided, however, that if a non-monetary default cannot reasonably be cured within twenty (20) Business Days and the Owner commences a cure within twenty (20) Business Days and proceeds in good faith to effect such cure thereafter, the cure period with respect to such breach or default shall be extended for up to the lesser of (x) an additional thirty (30) Business Days or (y) the latest permissible date for



correction of the applicable breach under the Program Requirements without causing a Recapture Event;

(ii) The commencement of foreclosure proceedings with respect to any Deed of Trust which has not been withdrawn or dismissed within thirty (30) calendar days after the date of such commencement;

(iii) The Owner's failure to perform any term or condition of this Agreement; provided, however, that if a cure period is provided for the remedy of such failure, Owner's failure to perform will not constitute an Event of Default until such date as the specified sure period expires;

(iv) A violation of any law, regulation or order applicable to the Owner or the Project that has or might reasonably be expected to have a material adverse impact on the operation of the Project and is not cured within the applicable cure period, if any, provided in such law, regulation, or order; or

(v) A default has occurred under the LURA, which is not cured within the time period for cure as provided therein; or

(vi) Gross negligence, fraud, willful misconduct, misappropriation of the Subaward, or criminal activity by the Owner;

(vii) A Recapture Event shall occur and the Recapture Amount due in connection therewith shall remain unpaid for a period of ten (10) Business Days after notice thereof from the Division or Treasury, unless a later date is specified in such notice;

(viii) The Owner fails to comply with the Construction/Draw Schedule set forth in Exhibit F and the Division has determined that the Project cannot be completed by the Placed In-Service Date;

(ix) A breach by the Owner of any or its representations, warranties and covenants contained in this Agreement that has a material adverse impact on the Project;

(x) The Owner fails to timely execute an amendment to this Agreement in such form as the Division requires because of changes to the Program Requirements; or

(xi) Repeated or prolonged failure to provide reports required by Articles VIII and IX.



Section 10.2. Remedies on Default

(a) The Division shall have the right to exercise any of the following remedies upon an Event of Default:

- (i) Temporarily suspend making disbursements of the Subaward under this Agreement pending correction of the deficiency or default by the Owner;
- (ii) Cease making any further disbursements of the Subaward under this Agreement;
- (iii) Terminate this Agreement;
- (iv) If the Event of Default is a Recapture Event, require the immediate payment of the Recapture Amount;
- (v) Declare the Owner and/or any affiliate of the Owner not to be in good standing for purpose of the Division's programs; or
- (vi) Exercise any other rights and remedies that may be available under law or in equity.

(b) The Division shall defer the enforcement of remedies upon the occurrence of an Event of Default for such period as it determines appropriate, if it determines that any Tax Credit Investor or any Lender is taking appropriate measures to correct the circumstances giving rise to the Event of Default.

(c) Each right and remedy provided in this Agreement is distinct from all other rights or remedies under this Agreement, or the LURA, the Recapture Deed of Trust or otherwise afforded by applicable law, and each shall be cumulative and may be exercised concurrently, independently, or successively, in any order.

Section 10.3. Third-Party Rights to Notice and Cure

The Division shall provide any Tax Credit Investor and any Lender with a copy of any written notice of default provided to the Owner pursuant to the terms of this Article XI. The Division hereby agrees that any cure of any default made or tendered by any Tax Credit Investor any Lender shall be deemed to be a cure by the Owner and shall be accepted or rejected on the same basis as if such cure were made or tendered by the Owner.

Section 10.4. Enforcement of Provisions

The Owner acknowledges that one of the primary purposes for requiring compliance with the provisions of this Agreement is to assure compliance with Section 42 of the Code and the Program Requirements. In consideration for receiving the Subaward, the Owner hereby agrees and consents that the Division, the State and/or the United States of America shall be entitled to enforce specific performance by the Owner (and its successors and assigns) of its obligations under this Agreement in any tribunal in the State for any and all breach of the conditions and



restrictions hereof or material representations made by the Owner at any time in addition to all other remedies expressly provided in this Agreement and/or by law or in equity.

ARTICLE XI
GENERAL PROVISIONS

Section 11.1. Notices

Except as otherwise specifically provided herein, all notices, demands or other communications hereunder shall be in writing and shall be deemed to have been given (a) two (2) Business Days after being deposited in the United States mail and sent by certified or registered mail, postage prepaid, (b) one (1) Business Day after being delivered to a nationally recognized overnight delivery service, (c) on the day sent by telecopier or other facsimile transmission, answerback requested, or (d) on the day delivered personally, in each case, to the parties at the addresses set forth below or at such other addresses as such parties may designate by notice to the Owner:

- (i) If to the Division, 1535 Old Hot Springs Rd., Suite 50, Carson City, NV 89706, Attn: Chief of Federal Programs,
- (ii) If to the Owner, at 1320 E. Aultman, Ely, NV 89301 with copies to 430 E. State Street, Suite 100, Eagle, Idaho 83616..
- (iii) If to the Tax Credit Investor pursuant to Section 6.3 or 10.3, at N/A
- (iv) If to the Lender pursuant to Section 6.3 or 10.3 at TBD.

Section 11.2. Rules of Construction

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

- (i) Words importing the singular number include the plural number and words importing the plural number include the singular number;
- (ii) Words of the masculine gender include correlative words of the feminine and neuter genders, and vice-versa;
- (iii) The table of contents and the headings or captions used in this Agreement are for convenience of reference and do not constitute a part of this Agreement, nor affect its meaning, construction, or effect;
- (iv) Words importing persons include any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization, or government or agency or political subdivision thereof;



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

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

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

Section 11.3. Binding Nature of Restrictions

This Agreement shall be recorded against the Project in the office of the register of deeds for the county in which the Project is located. The restrictions and covenants contained in this Agreement shall run with the land and be binding upon the Owner and all of the Owner's successors, assigns, heirs, grantees, or lessees. All references to "Owner" in this Agreement shall include the Owner's successors, assigns, heirs, grantees, or lessees.

Section 11.4. Assignments

This Agreement and the proceeds of the Subaward may not be assigned, pledged, hypothecated, transferred, mortgaged or otherwise conveyed to any Person or Entity.

Section 11.5. Absence of Rights in Third-Parties

No provision of this Agreement shall be construed in any manner so as to create any rights in Persons or Entities that are not a party to this Agreement other than Treasury and /or any Tax Credit Investor as contemplated under this Agreement. The provisions of this Agreement shall be interpreted solely to define specific duties and responsibilities between the Owner, the Division, and shall not provide any basis for claims of any other Person or Entity other than Treasury.

Section 11.6. Applicable Law

This Agreement shall be construed and enforced in accordance with the internal laws of the State.

Section 11.7. Counterparts

This Agreement may be executed in several counterparts, and all so executed shall constitute one agreement, binding on all the parties hereto. Any counterpart of this Agreement, which has attached to it separate signature pages which together contain the signatures of all the parties hereto or is executed by an attorney-in-fact on behalf of some or all of the parties, shall for all purposes be deemed a fully executed instrument.



Section 11.8. Survival

All representations, warranties, and indemnifications contained herein shall survive the termination of this Agreement.

Section 11.9. Separability of Provisions; Rights and Remedies; Arbitration; Consistency with Program Requirements

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

(b) Unless otherwise specifically provided herein, the rights and remedies of any of the parties hereunder shall not be mutually exclusive, and the exercise of one or more of the provisions hereof shall not preclude the exercise of any other provisions hereof. Each of the parties confirms that damages at law may be an inadequate remedy for breach or threat of breach of any provisions hereof. The respective rights and obligations hereunder shall be enforceable by specific performance, injunction, or other equitable remedy, but nothing herein contained is intended to limit or affect any rights at law or by statute or otherwise of any party aggrieved as against the other parties for a breach or threat of breach of any provision hereof, it being the intention by this paragraph to make clear that under this Agreement the respective rights and obligations of the parties shall be enforceable in equity as well as at law or otherwise.

(c) The provisions of this Agreement are intended to implement the Section 1602 Program in accordance with the Program Requirements and with Section 42 of the Code as applicable to the Section 1602 Program, and shall be interpreted consistently therewith. In the event of any conflict between the provisions of this Agreement and the Program Requirements, the Program Requirements shall govern, and to the extent necessary, the inconsistent provisions of this Agreement shall be without effect.

Section 11.10. Independent Contractor; Indemnification

It is expressly understood and agreed by the parties hereto that the Division is contracting with the Owner as an independent contractor, and that Owner, as such, agrees to hold harmless and to indemnify the Division and its officers, agents and employees from and against any and all claims, demands and causes of action of every kind and nature which may be asserted by any third-party in connection with, arising out of, or in any way incident to the services performed by the Owner under this Agreement.

Section 11.11. Conflict of Interest

No person who (a) is an employee, agent, consultant, officer or elected or appointed official of the Division or of any respondent that received funds and who exercises or has exercised any functions or responsibilities with respect to activities assisted with funds provided under this Agreement, or (b) who is in a position to participate in the decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from a Section 1602 Program-assisted activity, or have an interest in any contract,



subcontract or agreement (or the proceeds thereof) with respect to a Section 1602 Program-assisted activity either for themselves or those whom they have family or business ties, during their tenure and for one-year thereafter.

Section 11.12. Information Requests

The Owner shall promptly provide to the Division any information relating to the Project as may be requested by a federal or state agency for purposes of the Section 1602 Program Requirements of accountability and transparency.

Section 11.13 Amendments This Agreement can only be amended by instrument in writing signed by the Division and the Owner.

IN WITNESS WHEREOF, each of the Parties has executed this Agreement as of the date first written above.

Signatures Appear on Following Pages



Division Signature Page- Section 1602 Subaward Award Agreement

DIVISION:

NEVADA HOUSING DIVISION

By: Charles L. Horsey
Authorized Officer



STATE OF NEVADA)
) SS.
COUNTY OF Washoe)

The foregoing instrument was acknowledged before me this 28th day of December 2009
by Charles L. Horsey, an Authorized Officer of the Nevada Housing Division.

Heather Dericco
Notary Public

My Commission expires: February 5, 2012



EXHIBIT A
LEGAL DESCRIPTION

COPY



Order No. 024926-RTO

Legal Description

All that real property situate in the County of Douglas, State of Nevada, described as follows:

A portion of Parcel 3 as shown on the map of WESTWOOD VILLAGE UNIT NO. 4, PHASE A, filed for record in the office of the County Recorder of Douglas County, State of Nevada, on September 29, 1992, in Book 992, Page 5212, as Document No. 289477, more particularly described as follows:

COMMENCING at the Northwest corner of Parcel 3 as shown on Westwood Village Unit No. 4, Phase A, filed for record September 29, 1992 in the office of Recorder, Douglas County, Nevada in Book 992 at Page 5212, as Document No. 289477; thence along the North line of said Parcel 3, South 89°20'23" East, 12.00 feet to the point of beginning; thence continuing along said North line, South 89°20'23" East, 627.00 feet to the East line of said Parcel 3; thence along said East line, South 00°49'00" West, 133.41 feet to the North right-of-way line of Mahogany Drive; thence along said right-of-way line the following three courses; North 89°11'00" West, 209.34 feet to the beginning of a curve, concave to the North; along the arc of said curve, having a radius of 470.00 feet, central angle of 21°02'00", arc length of 172.54 feet; and chord bearing and distance of North 78°40'00" West, 171.57 feet; North 68°09'00" West, 266.73 feet; thence North 00°39'37" East, 4.65 feet to the point of beginning.

The Basis of Bearing of this description is North 89°20'23" West, the North line of said Parcel 3.

NOTE: The above metes and bounds description appeared previously in that certain Boundary Line Adjustment Grant, Bargain, Sale Deed recorded in the office of the County Recorder of Douglas County, Nevada on June 11, 2008, as Document No. 724839 of Official Records.

Assessor's Parcel Number(s):
1320-30-410-014



EXHIBIT B
BUDGET/MORTGAGE LOANS

COPY



EXHIBIT C

DUE DILIGENCE REQUIREMENTS

Section 1. Due Diligence Required at Closing:

1. Construction Loan documents. Copy of the executed construction loan documents.
2. Executed Partnership Agreement. Copy of the executed Partnership Agreement with the Tax Credit Investor, if applicable.
3. Return of LIHTC. If the project proposed to return a portion of its Tax Credits, please execute and submit an Agreement to Return LIHTC and return one copy to the Division.
4. Warranty Deed. Copy of the record Warrant Deed for the Project.
5. Conditional Award. Receipt by the Division of diligence set forth in the Conditional Award dated [DATE]

Section 2. Due Diligence Required Prior to First Disbursement:

1. Architect Certification. Certification (Part I) from the Project architect in the form attached hereto as Attachment 1.
2. Title Policy. Copy of the Title Policy with extended lien and survey coverage.
3. Builder's Risk Insurance. Copy of Builder's Risk Casualty Insurance Policy which shall include an endorsement adding the Division as an additional insured.
4. Construction Contract. Copy of the executed Construction Contract for the Project.

Section 3. Due Diligence Required Prior to Final Disbursement:

1. Lien Waiver. Copy of all release or waiver of all mechanics and material liens
2. Certificate of Occupancy. Copy of the local government occupancy certificate for each building in the Project.
3. Architect's Certificate Certification (Part II) from the Project architect in the form attached hereto as Attachment 1.
4. LURA. Copy of the recorded LURA.



EXHIBIT D
REQUISITION FORM

Owner Name and Address:

Pursuant to, and in accordance with, the provisions of the Section 1602 Subaward Agreement, dated _____ (the "Agreement"), between the Nevada Housing Division (the "Division"), and _____ (the "Owner"), the Owner hereby requests the Division to disburse to the Owner the sum of \$_____.

IT IS HEREBY CERTIFIED THAT:

- 1) None of the items for which disbursement is requested has formed the basis for any disbursement heretofore made under the Agreement;
- 2) The Owner has no notice of, and is not otherwise aware of, any mechanics', materialmen's, laborers', suppliers', vendors' or other liens or rights in respect thereof which should, in accordance with the Agreement, be satisfied or discharged before this disbursement is made;
- 3) This disbursement does not include any amount which the Owner is entitled to retain pursuant to any contract or agreement providing for the retention by the Owner of a portion of the price paid thereunder;
- 4) No Event of Default is continuing under the Agreement; and
- 5) Attached hereto are each of the following:
 - a) Attachment 1: An itemization of bills and invoices to be paid with the requested disbursement together with copies of all such bills and invoices;
 - b) Attachment 2: A Contractor's Sworn Statement together with supporting mechanics lien waivers signed by Owner's Contractor (Note: a Contractor's Sworn Statement and supporting mechanics lien waivers shall not be required prior to the initial disbursement of 1602 funds).
 - c) Attachment 3: An AIA inspection report signed by a licensed architect in support of the draw request indicating that all work and materials to be paid for with the disbursement have been furnished in accordance with the Plans and Specifications;

OWNER

Date: _____

Name, Title



ATTACHMENT 1
(Attach Itemization of bills and invoices
together with copies of all such bills and invoices)

COPY



ATTACHMENT 2

CONTRACTOR'S SWORN STATEMENT

State of _____

County of _____

The undersigned, being duly sworn, on oath deposes and says that he/she is the _____
(Title) of _____ (Business Name), that he/she has a contract with
_____, the owner(s), to furnish labor and materials for the

(Description of Work) on the following
described real estate in _____ County, State of Nevada, commonly known as

(Street Address), and legally described as

(Legal Description). That, for the purposes of said contract, the following persons, firms and corporations have been contracted with, and have furnished or are furnishing and preparing material for, and/or have done or are doing labor on the improvements to said real estate. That there is due and to become due to them, respectively, the exact amounts set opposite their names for material or labor as stated. That this statement is a full, true and complete statement of all such persons, firms and corporations, the amounts paid, and the amounts due or to become due to each. The undersigned further states that all material (except any material disclosed herein) has been or will be furnished from his/her own stock and has been paid for in full, and that there are no other contracts for material or labor outstanding. The undersigned agrees to furnish Waivers of Mechanic's Lien for all labor and materials under the contract.



Signed this _____ day of _____ (Month), _____ (Year).

(Name of Firm or Company, if applicable)

(Address)

By:

(Name), _____ (Title)

Subscribed and sworn to (or affirmed) before me this _____ day of _____
(Month), _____ (Year).

Notary Public



ATTACHMENT 3
(Attach AIA inspection Report)

COPY



EXHIBIT E
PROJECT PERFORMANCE REPORT

Name of Owner:

Owner EIN:

Name of Project:

Brief Description of Project:

Location of Project (City, County, State and Zip Code):

Number of Construction Jobs Funded:

Number of Non-Construction Job Funded:

Number of Total Housing Units Newly Constructed:

Number of Total Housing Units Rehabilitated:

Number of Low-Income Units Newly Constructed:

Number of Low-Income Units Rehabilitated:

The undersigned hereby certifies that the above Project Performance Report is true and correct and may be relied upon by the Nevada Housing Division.

[NAME]

By: _____
[Name] [Title]



EXHIBIT F

CONSTRUCTION/DRAW SCHEDULE

CONSTRUCTION SCHEDULE:

25% construction completion by September 30, 2010

50% construction completion by December 31, 2010

75% construction completion by March 31, 2011

DRAW SCHEDULE:

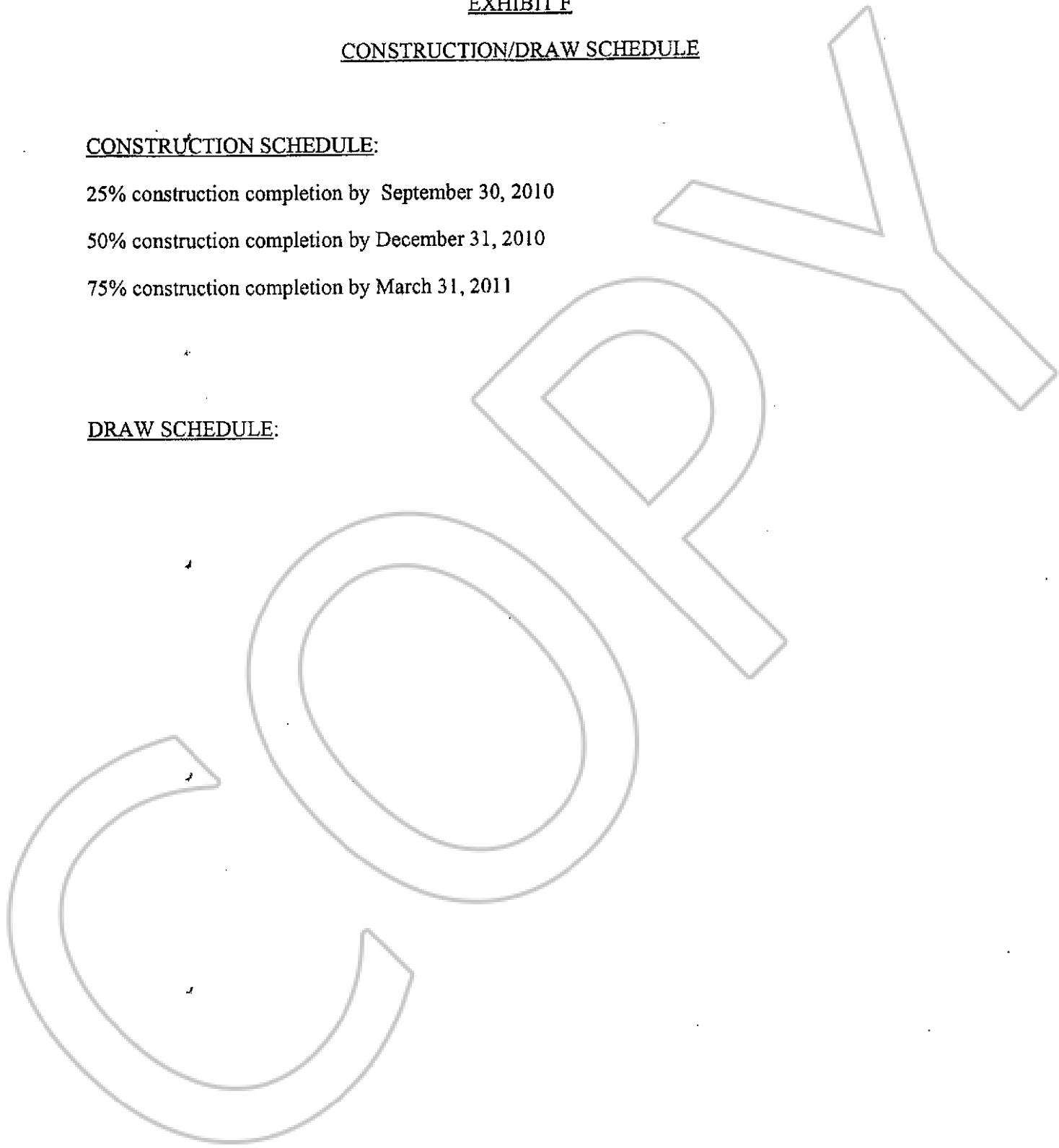




TABLE OF CONTENTS

	Page
ARTICLE I	DEFINITIONS..... 2
ARTICLE II	SUBAWARD OF SECTION 1602 PROGRAM FUNDS..... 7
Section 2.1.	Subaward..... 7
Section 2.2.	Term..... 7
ARTICLE III	INITIAL/FINAL DISBURSEMENT OF SECTION 1602 PROGRAM FUNDS 8
Section 3.1.	Due Diligence and Closing Requirements..... 8
Section 3.2.	Other Closing Conditions 8
Section 3.3.	Final Disbursement Conditions 8
ARTICLE IV	DISBURSEMENTS OF SECTION 1602 PROGRAM FUNDS..... 8
Section 4.1.	Request for Section 1602 Program Funds from Treasury 8
Section 4.2.	Disbursements of Section 1602 Program Funds to Owner..... 10
Section 4.3.	Construction/Draw Schedule; Change Orders 10
Section 4.4.	Construction Meetings; Monitoring..... 10
ARTICLE V	COVENANTS AND RESTRICTIONS 10
Section 5.1.	LURA..... 10
Section 5.2.	Compliance with Program Requirements 11
Section 5.3.	Compliance with NHD Section 1602 Procedures..... 11
ARTICLE VI	RECAPTURE 12
Section 6.1.	Recapture Event..... 12
Section 6.2.	Enforcement..... 13
Section 6.3.	Notice..... 13
Section 6.4.	Preservation of Rights and Remedies 14
ARTICLE VII	REPRESENTATIONS AND WARRANTIES..... 14
Section 7.1.	Representations, Warranties and Covenants of the Owner..... 14
Section 7.2.	Covenant of Completion..... 16
ARTICLE VIII	BOOKS AND REPORTING..... 16
Section 8.1.	Financial Status Reports 16
Section 8.2.	Compliance Monitoring Reports..... 17
Section 8.3.	Project Performance Reports 17



ARTICLE IX ASSET MANAGEMENT 17

 Section 9.1. Asset Manager 17

 Section 9.2. Asset Management Duties 18

ARTICLE X DEFAULT; TERMINATION 18

 Section 10.1. Default..... 18

 Section 10.2. Remedies on Default..... 20

 Section 10.3. Third-Party Rights to Notice and Cure..... 20

 Section 10.4. Enforcement of Provisions..... 20

ARTICLE XI GENERAL PROVISIONS 21

 Section 11.1. Notices 21

 Section 11.2. Rules of Construction 21

 Section 11.3. Binding Nature of Restrictions 22

 Section 11.4. Assignments 22

 Section 11.5. Absence of Rights in Third-Parties..... 22

 Section 11.6. Applicable Law 22

 Section 11.7. Counterparts 22

 Section 11.8. Survival 23

 Section 11.9. Separability of Provisions; Rights and Remedies; Arbitration;
Consistency with Program Requirements 23

 Section 11.10. Independent Contractor; Indemnification 23

 Section 11.11. Conflict of Interest 23

 Section 11.12. Information Requests 24

Exhibits

- Exhibit A – Legal Description
- Exhibit B – Budget/Mortgage Loans
- Exhibit C – Due Diligence Requirements
- Exhibit D – Requisition Form
- Exhibit E – Project Performance Report
- Exhibit F – Construction/Draw Schedule