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PACIFICA LAW GROUP LLP
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Seattle, WA 98101
Attention: Faith Li Pettis, Esq.



Skagit County Auditor
10/8/2015 Page

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REGULATORY AGREEMENT
(Ruby Portfolio – Fairhaven Manor)

Grantor: BOH PORTFOLIO PRESERVATION ASSOCIATES, LLLP, a Washington
limited liability limited partnership (BORROWER)

Grantee: WASHINGTON STATE HOUSING FINANCE COMMISSION

Legal Description

Abbreviated form: PTN TRACT 43 BURLINGTON ACREAGE, Skagit County

Additional legal on page A-1 of document

Assessor's Property Tax Parcel Account Number(s): P62559/3867-000-043-0708 and
P95540/3867-000-043-2308

Reference number(s) of documents being assigned or released and related documents: _____

REGULATORY AGREEMENT

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and is not part of the Regulatory Agreement.)

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TESTIMONIUM

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EXHIBIT A Legal Description

REGULATORY AGREEMENT
Ruby Portfolio – Fairhaven Manor

THIS REGULATORY AGREEMENT (the “Regulatory Agreement” or “Agreement”) is entered into as of October 1, 2015, between the WASHINGTON STATE HOUSING FINANCE COMMISSION (the “Commission”), a public body corporate and politic and BOH PORTFOLIO PRESERVATION ASSOCIATES, LLLP, a Washington limited liability limited partnership (the “Borrower”).

WITNESSETH:

WHEREAS, the Commission is authorized by the Constitution and the laws of the State of Washington, particularly Laws of 1983, Ch. 161, codified at chapter 43.180 RCW, as amended (the “Act”), to assist in the financing of multifamily housing projects in Washington; and

WHEREAS, Section 142 of the Internal Revenue Code of 1986, as amended (the “Code”), provides that the interest on obligations issued by or on behalf of a state or a political subdivision thereof which are used to provide qualified residential rental projects is exempt from federal income taxation if certain conditions specified in the Code are met; and

WHEREAS, the Borrower has applied to the Commission to issue two revenue notes designated as the Multifamily Revenue Note (Ruby Portfolio), Series 2015A and the Multifamily Revenue Note (Ruby Portfolio), Series 2015B (together, the “Notes”) and to use the proceeds from the sale thereof to acquire two loans made to the Borrower by the Mortgage Lender (the “Borrower Loans”), for the acquisition, rehabilitation and equipping of four multifamily residential projects, including specifically a 40-unit multifamily residential project located in the City of Burlington, Skagit County, Washington, known or to be known as Fairhaven Manor, located on land described at Exhibit A hereto and incorporated herein by this reference (such land, with all buildings, fixtures, equipment and improvements now or hereafter constructed or installed thereon, is herein referred to as, the “Project”); and

WHEREAS, in order to provide such financing, the Commission, U.S. Bank National Association (the “Fiscal Agent”) and Citibank, N.A. (in such capacity, the “Funding Lender”) have executed a Funding Loan Agreement (the “Funding Loan Agreement”) dated as of October 1, 2015, pursuant to which the Funding Lender will make two loans to the Commission (the “Funding Loans”), and the Commission will issue the Notes in favor of the Funding Lender; and

WHEREAS, the Commission, the Fiscal Agent, Citibank, N.A. (in such capacity, the “Mortgage Lender”) and the Borrower have executed a Borrower Loan Agreement (the “Borrower Loan Agreement”) dated as of October 1, 2015, pursuant to which the Commission will acquire the Borrower Loans made to the Borrower, evidenced by two notes (the “Borrower Notes”) in favor of the Mortgage Lender; and

WHEREAS, the Commission and the Borrower intend to restrict the use of the Project in accordance with requirements of the Code as provided herein to preserve the exemption from federal income taxation of interest on the Notes; and

WHEREAS, in addition to restricting the Project in order to meet the requirements of the Code, the Commission and the Borrower intend to restrict the use of the Project as provided herein to satisfy the purposes of the Commission in issuing the Notes; and

NOW, THEREFORE, in consideration of the issuance of the Notes by the Commission and the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower 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.

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. Capitalized terms not defined herein shall bear the meaning given them in the Funding Loan Agreement.

“Acceleration Default” means an event of default under this Agreement or the Funding Loan Agreement which, in the opinion of Note Counsel, would be likely to prevent the exclusion from federal income taxation of the interest on the Notes or a portion thereof in the absence of an acceleration of the Notes and redemption of the Notes.

“Additionally Qualified Residents” means and includes individuals and households earning up to 50% of median gross income for the area, adjusted for household size, determined in a manner consistent with determinations of lower-income households under Section 8 of the United States Housing Act of 1937, as amended. Occupants of a Unit shall not be considered Additionally Qualified Residents if all residents in the Unit are students (as defined in Section 152(f)(2) of the Code), none of whom file a joint income tax return unless such residents satisfy an exception for students set forth in Section 42(i)(3)(D) of the Code. The method of determining low or moderate income in effect on the date of issue will be determinative for the Notes, even if such method is subsequently changed.

“Available Unit” means a residential unit that is actually occupied and a residential unit that is unoccupied and has been leased at least once after becoming available for occupancy, provided that (a) in the case of an acquisition of an existing residential rental project, a Dwelling Unit that is unoccupied on the later of (i) the date the project is acquired or (ii) the earliest issue date of bonds issued to finance the acquisition of the project, under Section 142(d) of the Code, is not an “Available Unit” and does not become an “Available Unit” until it has been leased 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 leased for the first time after the renovations are completed.

“Borrower” means BOH PORTFOLIO PRESERVATION ASSOCIATES, LLLP, a Washington limited liability limited partnership, its successors and assigns.

“Borrower Loan Agreement” means the Borrower Loan Agreement, of even date herewith among the Commission, the Mortgage Lender, the Fiscal Agent and the Borrower, relating to the Borrower Notes and the Borrower Loans, as amended, modified, supplemented or restated from time to time.

“Borrower Loans” means the two nonrecourse loans, evidenced by the Borrower Notes to provide financing for the Project.

“Borrower Notes” means, collectively, the Multifamily Note (Variable Rate) and the Multifamily Note (Fixed Rate) in the original aggregate principal amount of \$13,000,000 of the Borrower in favor of the Mortgage Lender, which has been assigned to the Commission and further assigned to the Funding Lender.

“Code” means the Internal Revenue Code of 1986, as amended, together with corresponding and applicable final and temporary or proposed regulations and revenue rulings issued or amended with respect thereto by the Department of the Treasury or the IRS 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.

“First Occupied” means the date of first occupancy of a Unit by a resident (irrespective of whether such resident is a Project Qualified Resident).

“Fiscal Agent” means U.S. Bank National Association, a national banking association, and its successors and assigns.

“Functionally Related and Subordinate” shall mean and include facilities (other than Units) for use by residents; for example, laundry facilities, parking areas, swimming pools and other recreational facilities and other facilities which are reasonably required for the Project (including heating and cooling equipment, trash disposal equipment and Units for resident managers or maintenance personnel); provided, that such facilities are of a character and size commensurate with the character and size of the Project.

“Funding Lender” means Citibank, N.A., a national banking association, and any subsequent holder of the Notes.

“Funding Loan Agreement” means the Funding Loan Agreement, of even date herewith among the Commission, the Fiscal Agent and Citibank, N.A., relating to the Notes and the Funding Loans, as amended, modified, supplemented or restated from time to time.

“Funding Loans” means the two nonrecourse loans, evidenced by the Notes to provide financing for the Project.

“Investor Limited Partner” means Wincopin Circle LLLP, a Maryland limited liability limited partnership, its permitted successors and assigns.

“IRS” means the Internal Revenue Service.

“Loan Closing,” when used with respect to the Funding Loans and the Borrower Loans, means the issuance of the Notes by the Commission and the Borrower Notes by the Borrower.

“Loan Documents” means the Notes, the Borrower Notes and all other documents evidencing, securing or otherwise relating to the Funding Loans and the Borrower Loans, including all amendments, supplements and restatements.

“Mortgage Lender” means Citibank, N.A., a national banking association, its successors and assigns.

“Note Closing” means October 8, 2015.

“Note Counsel” means Pacifica Law Group LLP or an attorney at law or a firm of attorneys at law selected by the Commission of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on obligations issued by states and their political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

“Noteowner” means any owner of the Notes.

“Notes” means, collectively, the Multifamily Revenue Note (Ruby Portfolio), Series 2015A and the Multifamily Revenue Note (Ruby Portfolio), Series 2015B in the original aggregate principal amount of \$13,000,000 of the Commission.

“Occupancy Date” means the date on which at least 10% of the Units in the Project are First Occupied.

“Project” means the real property described in Exhibit A attached hereto and all buildings, structures, fixtures, equipment and other improvements now or hereafter constructed or located upon thereon.

“Project Qualified Residents” means and includes individuals and households earning up to 60% of median gross income for the area, adjusted for household size, determined in a manner consistent with determinations of lower-income households under Section 8 of the United States Housing Act of 1937, as amended. Occupants of a Unit shall not be considered Project Qualified Residents if all residents in the Unit are students (as defined in Section 152(f)(2) of the Code), none of whom file a joint income tax return unless such residents satisfy an exception for students set forth in Section 42(i)(3)(D) of the Code. The method of determining low or moderate income in effect on the date of issue will be determinative for the Notes, even if such method is subsequently changed.

"Qualified Units" means Units that are occupied by Project Qualified Residents, or after initial occupancy by a Project Qualified Resident, set-aside for Project Qualified Residents.

"Regulatory Agreement" or "Agreement" means this Regulatory Agreement.

"Regulatory Period" means the period described in Section 5 hereof.

"Transfer" means any transaction that results in a change in the ownership entity whether the title to the Property is transferred by a recordable deed or the interests in the ownership entity are transferred.

"Transferee" means the entity to whom the Project is sold or transferred.

"Treasury Regulations" means the final or temporary regulations of the Department of the Treasury under the Code.

"Units" means the accommodations for residents containing separate and complete facilities for living, sleeping, eating, cooking (equipped with a cooking range or microwave oven, refrigerator and sink) and sanitation comprising the Project that are available for occupancy.

Section 2. Federal Tax Law Requirements. For purposes of satisfying the requirements of the Code, the Borrower represents, warrants and covenants as follows:

(a) Qualified Residential Rental Project. The Commission and the Borrower hereby agree that the Project is to be developed, owned, managed and operated as a "qualified residential rental project" as such phrase is used in Section 142(d) of the Code at all times during the Regulatory Period. To that end, the Borrower hereby represents, covenants and agrees as follows:

(1) that the Project shall be rehabilitated and equipped for the purpose of providing residential rental accommodations containing Units and facilities Functionally Related and Subordinate to such Units, as described in Section 142(d) of the Code;

(2) that all of the Units in the Project shall contain complete and separate facilities for living, sleeping, eating, cooking (equipped with a cooking range or microwave oven, refrigerator and sink) and sanitation for single person or a household or shall qualify as a single-resident occupancy unit as provided in Section 142(d)(2)(D);

(3) that none of the Units in the Project shall be leased or rented on a transient basis or for a period of less than 30 days; used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium, nursing or rest home, trailer park or court, or by a cooperative housing corporation (as defined in Section 216(b)(1) of the Code);

(4) that once available for occupancy, each Unit in the Project shall be rented or available for rental on a continuous basis for the term of this Regulatory Agreement to members of the general public in compliance with applicable Treasury Regulations, this Agreement and applicable state and federal laws;

(5) that no Unit in the Project shall be occupied by the Borrower; provided, that if the Project contains five or more Units, this provision shall not be construed to prohibit occupancy of not more than one Unit by the Borrower;

(6) that the Borrower shall not take any steps in connection with a conversion of the Project to condominium ownership during the Regulatory Period; and

(7) that the Project shall consist of proximate buildings or structures located on a single "tract" of land which have similarly constructed Units financed pursuant to a "common plan" together with Functionally Related and Subordinate facilities all of which shall be owned by the Borrower for federal tax purposes.

(b) Similar Units. That the Qualified Units shall have substantially the same equipment and amenities (not including luxury amenities such as fireplaces) as the other Units in the Project.

(c) Size and Location. That the Qualified Units shall be of substantially the same size as other Units in the Project.

(d) Designated Units. If at any time during the Regulatory Period the Borrower is unable to rent or lease the Qualified Units to Project Qualified Residents, to hold such unrented Qualified Units vacant and to offer them for occupancy by Project Qualified Residents to meet the requirements of Section 4(a) and (b).

(e) Annual Income Determination. To make a determination at least annually of whether the income of residents of the Qualified Units continues to qualify such residents as Project Qualified Residents. Project Qualified Residents shall continue to be so qualified, notwithstanding any increase in income, until the annual determination of the resident's income reflects that the resident's income exceeds 140% of the applicable median gross income. Once it is determined that a Project Qualified Resident's income exceeds 140% of the applicable median gross income, then the next available Unit of comparable or smaller size must be rented to a Project Qualified Resident (and the Unit occupied by the resident whose income has exceeded 140% of the applicable median gross income will continue to be treated as reserved as required by Section 4(a) hereof until the next Unit is rented to a Project Qualified Resident). Such determination shall be made on the forms identified in Section 6(b), as such forms may be amended by the Commission, and are subject to independent investigation and verification by the Commission.

(f) Tax-Exempt Status of the Notes. To not (i) take any action, (ii) fail to take any action or (iii) make any use of the Project or the proceeds of the Notes or the Borrower Notes, which would cause the interest on the Notes to be or become includable in the gross income of the Noteowner. Without limiting the generality of the foregoing, the Borrower 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, in the opinion of Note Counsel) so that the Borrower, all subsequent owners of the Project and the Project comply fully and continuously with Section 142(d) of the Code, as amended and applicable to the Notes from time to time, and all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the IRS.

pertaining to obligations issued under Section 142(d) of the Code, including, without limitation, the Treasury Regulations.

(g) Recording. This Regulatory Agreement shall be duly recorded at or before Note Closing and all amendments shall be duly recorded in the office of the County Auditor of the county in which the Project is located in first position as an encumbrance upon the Project. The Borrower covenants, agrees and acknowledges that the Commission and the Noteowner(s) are the beneficiaries of this Agreement, that the Commission has relied on this Regulatory Agreement in determining to issue and sell the Notes, and that the Noteowner(s) has relied on this Regulatory Agreement in determining to purchase or otherwise become the registered owner(s) of the Notes; provided that this acknowledgement is not intended to grant to Noteowner(s) the right to enforce the terms of this Regulatory Agreement.

Section 3. Additional Requirements of the Commission. In order to satisfy the requirement of the Commission in issuing the Notes, the Borrower hereby represents, covenants and agrees as follows:

(a) Unit Mix. Qualified Units shall be in a range of sizes comparable to those Units which are available to other residents. To the extent practicable, the bedroom mix (ratios of one, two and three-bedroom Units, as applicable), of such Qualified Units will be in the same proportion as the bedroom mix for the entire Project.

(b) Reporting. To submit to the Commission, pursuant to Section 6 hereof, the required documentation with respect to each Project Qualified Resident residing in the Project; provided, that so long as the Regulatory Agreement (Extended Use Agreement) between the Commission and the Borrower (the "Tax Credit Regulatory Agreement") is in full force and effect with respect to the Project, the Commission shall waive the reporting requirements contained in Section 6 hereof for the Qualified Units subject to the reporting requirements of the Tax Credit Regulatory Agreement, and the Borrower shall report to the Commission pursuant to the terms of the Tax Credit Regulatory Agreement with respect to such units.

(c) Records. To maintain on file, for at least three years after the expiration of the Regulatory Period, copies of the original documentation required in Section 6 hereof with respect to each Project Qualified Resident.

(d) Inspection of Records. To permit any duly authorized representative of the Commission, the Funding Lender or the IRS to inspect during regular business hours, upon reasonable notice, the books and records of the Borrower pertaining to the incomes of the Project Qualified Residents who are residing or have resided in the Project including the records pertaining to the Units set-aside pursuant to Section 4(a) hereof. The Borrower is obligated to obtain and maintain on file, permit access to and submit to the Commission only that documentation with respect to Project Qualified Residents necessary to ensure compliance with Sections 3(a) and 4(a) hereof.

Section 4. Set Aside Requirements. In order to satisfy the requirements of the Code and the Commission in issuing the Notes, the Borrower hereby represents, covenants and agrees as follows:

(a) Federal Tax Law Requirements. Commencing on the date that is twelve months after the Note Closing and continuing at all times during the Regulatory Period, to maintain at least:

- ☐ 20% of the Available Units in the Project, rounded up to the next Unit, for occupancy by Additionally Qualified Residents; *or*
- ☒ 40% of the Available Units in the Project, rounded up to the next Unit, for occupancy by Project Qualified Residents.

provided that if within sixty days of the later of (1) the date of Note Closing or (2) the acquisition of the Project, more than 90% of the Units in the Project are not available for occupancy, the Borrower shall provide immediate written notice to the Commission and shall commence compliance with the requirements in this Section 4(a) on the Occupancy Date.

(b) State Law Requirements. *[None]*

(c) Compliance Monitoring Requirements. For purposes of monitoring compliance with this Regulatory Agreement, and taking into account the rounding necessary to achieve the requirements of Sections 4(a) and (b) hereof, the Project will be in compliance if the following set-asides are met at the times described above in Sections 4(a) and (b):

- ☒ 16 Units in the Project for occupancy by Project Qualified Residents

Only Qualified Units may be counted towards the low income set-aside requirements.

Section 5. Regulatory Period. Except as otherwise provided in Section 14 of this Regulatory Agreement, this Regulatory Agreement shall continue in full force and effect until the latest of the date (i) which is 15 years after the date of Note Closing, (ii) which is the first date on which the Notes or any note under Section 142(d) of the Code issued to refund the Notes is no longer Outstanding or (iii) on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937, as amended, terminates.

The Commission and the Borrower expressly agree and understand that the provisions hereof are intended to survive the retirement of the Notes and the discharge of the Funding Loan Agreement.

Section 6. Reporting Requirements.

(a) Submission of Reports. The Borrower shall submit copies of such documentation to the Commission (i) upon initial occupancy of a Qualified Unit for all Project Qualified Residents at the times specified in Section 6(b); (ii) upon each subsequent occupancy of a

Qualified Unit, for all Project Qualified Residents at the times specified in Section 2(e); and (iii) as often as necessary to comply with the requirements of Section 142(d) of the Code.

☒ (i) to the Commission, on or before the date that is eight months after the Note Closing (A) a Bond Certificate of Continuing Project Compliance and (B) for each Project Qualified Resident residing in the Project:

- (1) an Eligibility Certification,
- (2) a Rental Eligibility Application with Rider, and
- (3) income verification forms.

☒ (ii) to the Commission on or before the 7th day of each January, commencing on January 7, 2016, with respect to the twelve-month period ending December 31 (or a shorter period for the initial report), (i) a Bond Certificate of Continuing Project Compliance, setting forth for such period the information required to be provided in such certification; and (ii) for each Project Qualified Resident that has commenced occupancy of a Unit or has completed annual recertification in such twelve month period:

- (1) an Eligibility Certification,
- (2) a Rental Eligibility Application with Rider, and
- (3) income verification forms.

☒ (iii) to the Commission each January 7, the Affirmative Marketing Report.

☒ (iv) to the IRS on or prior to March 31 of each year or as otherwise required by the IRS, Form 8703, with a copy thereof to the Commission no later than April 15 of each year.

Notwithstanding the foregoing, if within sixty days of the later of (1) the date of Note Closing or (2) the acquisition of the Project, more than 90% of the Units in the Project are not available for occupancy, following the notice to the Commission required by Section 4(a), the Borrower shall provide compliance reports to the Commission at the times and in the forms required by the Commission.

Section 7. Project Access.

(a) No Discrimination. The Borrower shall not discriminate in the provision of housing on the basis of race, creed, color, sex, national origin, religion, familial status, marital status, age, disability or source of income, including the receipt of public assistance or housing assistance; provided, that the Borrower may take such actions as may be necessary to qualify for or to maintain its qualification for the exemption that relates to housing for older persons under the Fair Housing Amendments Act of 1988 and 24 CFR Part 100, Subpart E.

UNIVERSITY OF WASHINGTON
The Borrower shall comply with all applicable federal, state and local laws, rules and regulations now provided or which may be hereafter provided, including but not limited to (i) federal housing policy governing nondiscrimination and accessibility, as determined under the Americans with Disabilities Act, the Fair Housing Amendments Act of 1988, Architectural Barriers Act of 1968, Housing and Community Development Act of 1974; Civil Rights Act of 1964; Civil Rights Act of 1968; Age Discrimination Act of 1975; (ii) to the extent applicable, the Housing and Urban Development Act of 1968; the Uniform Relocation and Real Property Acquisition Act of 1970; and the Stewart B. McKinney Homeless Assistance Act; and (iii) the State Environmental Policy Act; State Workers Compensation Industrial Insurance Act; Washington Fair Housing Laws; and the Washington State Landlord/Tenant Act.

Any failure of the Commission to enforce the requirements of this Section 7(a) shall not constitute a waiver of the Borrower's obligations to comply with such requirements.

(b) Selection of Residents. When selecting residents for occupancy in Qualified Units, the Borrower shall not apply selection criteria to a potential resident that is more burdensome than selection criteria applied to any other resident or potential resident; and the Borrower shall take into consideration the rental history of such potential resident as evidence of the ability to pay the applicable rent, so long as: (i) the rental history is of a term of at least one year; and (ii) the history shows that the resident has paid at least the same percentage of his/her income for rent during that period as he/she will be required to pay for the rent of the Qualified Unit for which they are applying. The Borrower shall at least annually throughout the Regulatory Period notify the local public housing authority and at least two community agencies in the area of the availability of Qualified Units.

(c) Disabled Access. The Borrower covenants and agrees that the number of Units in the Project that are or will be constructed to be "handicapped-accessible," as such term is set forth in state building standards and building codes for serving disabled residents, will be consistent with the applicable building code requirements for the Project.

Section 8. Covenants to Run with the Land. The Borrower hereby declares its express intent that, during the term of this Agreement, the covenants, restrictions, charges and easements set forth herein, all of which touch and concern the land, shall be deemed covenants running with the land and shall, except as provided in Section 14 of this Regulatory Agreement, pass to and be binding upon the Borrower'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. Except as provided in Section 14 of this Regulatory Agreement, each and every contract, deed or other instrument hereafter executed encumbering or conveying the Project or any portion thereof or interest therein (other than a rental agreement or lease for a 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 9. Sale, Transfer or Conveyance of the Project. If the Borrower sells, transfers or otherwise disposes of the Project or any portion thereof (other than by leasing or renting for individual resident use as contemplated hereunder or upon transfer of title upon foreclosure of a deed of trust or deed in lieu of foreclosure; provided, that, to the extent that this Agreement has not been terminated pursuant to Section 14, any subsequent Transfer following foreclosure or deed in lieu of foreclosure shall be in accordance with the requirements of this Section 9) without obtaining the prior written consent of the Commission, an event of default shall occur under the terms of this Regulatory Agreement and the remedies provided for such default in Section 11 herein can be exercised. The Commission's consent shall not be unreasonably withheld but may be conditioned upon:

(a) reasonable evidence satisfactory to the Commission that the Borrower is not then in default hereunder beyond any applicable grace period or cure period or that such default will be cured within a reasonable period of time following such Transfer;

(b) reasonable evidence satisfactory to the Commission that the Borrower has paid or will pay all fees owing under the Funding Loan Agreement;

(c) agreement of the Borrower to provide the Transferee with the files, information and data necessary to comply with the reporting requirements of this Regulatory Agreement;

(d) if required by the Commission, an opinion of counsel for the Transferee, delivered to the Commission and the Fiscal Agent, to the effect that the Transferee has assumed in writing and in full all duties and obligations of the Borrower under this Agreement, the Borrower Loan Agreement and the Funding Loan Agreement and that this Agreement, the Borrower Loan Agreement and the Funding Loan Agreement constitute a legal, valid and binding obligations of the Transferee;

(e) a determination by the Commission, with regard to any project of the Transferee financed by the Commission, that

(i) the Transferee is not now in arrears on any payments of fees due and owing to the Commission or in default under a regulatory agreement, beyond any applicable grace period or cure period;

(ii) the Transferee does not have a documented history of repeated instances of noncompliance with nonmonetary provisions of this Regulatory Agreement which are not cured after notice thereof and within the applicable cure period or grace period, and

(iii) the Transferee does not have a documented history of repeated instances of failure to pay fees due and owing to the Commission or the Fiscal Agent which are not paid within a reasonable period after notice thereof;

(iv) either (a) the purchaser or assignee has at least three years' experience in the ownership, operation and management of similar size rental housing

projects, and at least one year's experience in the ownership, operation and management of rental housing projects containing below-market-rate units, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local government requirements applicable to such projects, or (b) the purchaser or assignee agrees to retain a property management firm with the experience and record described in subclause (a) above, or (c) the transferring Borrower or its management company will continue to manage the Project for at least one year following such transfer and during such period will provide training to the transferee and its manager in the responsibilities relating to the Qualified Units; and

(v) the person or entity that is to acquire the Project does not have pending against it, and does not have a history of, material building code violations or material complaints concerning the maintenance, upkeep, operation, and regulatory agreement compliance of any of its projects as identified by any local, state or federal regulatory agencies;

(f) payment to the Commission of the then applicable administrative fee of the Commission (as set forth in the Commission's Tax Credit Compliance Procedures Manual) to transfer ownership of the Project on its books and records and ensure compliance with this Section 9;

(g) an opinion of Note Counsel that such Transfer will not cause the interest on the Notes to lose its exemption from federal income taxation; and

(h) any other conditions which may be reasonably imposed by the Commission or the Fiscal Agent, to assure compliance with federal or state law. Any sale, transfer or other disposition of the Project in violation of this Section 9 shall be ineffective to relieve the Borrower or the Project of obligations under this Regulatory Agreement.

Notwithstanding the foregoing, the Commission's consent shall not be required (i) for a transfer of the Investor Limited Partner's interest in the Borrower to an affiliate of the Investor Limited Partner; (ii) for a foreclosure or a deed in lieu of foreclosure; or (iii) for any subsequent transfer following foreclosure, deed in lieu of foreclosure or a comparable conversion of the Borrower Loans (but consent will be required for a subsequent transfer of the Project following foreclosure or a deed in lieu of foreclosure if the Notes remain outstanding or the Owner or any related person (within the meaning of Section 1.103-10(e) of the Treasury Regulations) will obtain an ownership interest in the Project for federal income tax purposes as a result of such transfer). If the Notes remain outstanding following such transfer, only the requirements of Sections 9(d), 9(e), 9(f), 9(g) and 9(h) shall apply.

However, while consent shall not be required, written notice and an explanation of the change shall be required for the following: (i) the removal of a general partner of Borrower in accordance with the Borrower's partnership agreement and the replacement thereof with the Investor Limited Partner, or any of its affiliates; (ii) the transfer of general partner or managing member ownership interests in the Investor Limited Partner or any special limited partner to an entity which is not an affiliate of the Investor Limited Partner; (iii) the transfer of the Investor Limited Partner's partnership interest in Borrower to an entity which is not an affiliate of the Investor Limited Partner; (iv) the transfer of the interests of the Investor Limited Partner to Borrower's administrative general

partner or any of its affiliates; (v) for the events specifically excluded from Commission's consent described in the Bond Compliance Procedures Manual of the Issuer; or (vi) any amendments to the Borrower's partnership agreement to memorialize the transfers or removal described in subsections (i) through (v) above.

Any written consent to a sale or transfer obtained from the Commission shall constitute conclusive evidence that the sale or transfer is not a violation of the transfer provision.

Section 10. 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.

Section 11. Noncompliance; Defaults; Remedies. The Borrower shall exercise reasonable diligence to comply with the requirements of this Agreement and the Borrower shall correct (and/or the Investor Limited Partner may correct) any such noncompliance within sixty (60) days after such noncompliance is first discovered by the Borrower or would have been discovered by the exercise of reasonable diligence, or within 60 days after the Borrower and Investor Limited Partner receive notice of such noncompliance from the Commission or the Investor Limited Partner; provided, however, that such period for correction may be extended if the Borrower and/or the Investor Limited Partner is exercising due diligence to correct the noncompliance and upon receipt of an opinion of Note Counsel that such extension would not cause the interest on the Notes to be includable in gross income for the purpose of federal income taxation pursuant to Section 103 of the Code.

If the Borrower 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 this Section 11, then such noncompliance shall be considered an event of default and the Commission shall be entitled to bring an action at law or in equity to abate, prevent or enjoin any such violation or attempted violation, to recover monetary damages caused by such violation or attempted violation or to compel specific performance by the Borrower of its obligations under this Agreement, it being recognized that the beneficiaries of the Borrower's obligations hereunder cannot be adequately compensated by monetary damages in the event of the Borrower's default. 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.

Section 12. Enforcement of Terms. The benefits of this Agreement shall inure to, and may be enforced by the Commission and its successors and assigns, during the term of this Regulatory Agreement, whether or not the Funding Loans or Borrower Loans are paid in full and whether or not the Notes are outstanding. Notwithstanding the foregoing, the requirements set forth in this Regulatory Agreement shall cease to apply to the Project if any of the events specified in Section 14 hereof occurs. The parties hereto agree they will execute and deliver any and all documents and instruments necessary to effectuate the provisions of this Section 12.

Violations of the provisions of this Agreement shall be enforceable exclusively against the Borrower or its Transferee (as approved pursuant to Section 9 hereof) and only by the Commission

and/or the Fiscal Agent. No Noteowner shall have the right to enforce this Regulatory Agreement. The Commission, its successors, designees and assigns, assume no direct or indirect obligation to any former, present or prospective resident for violations of this Agreement. This Agreement is not intended, and shall not be construed, to create a duty or obligation of the Commission to enforce any term or provision of this Agreement on behalf of, at the request of, or for the benefit of, any former, present or prospective resident.

Section 13. Term, Amendment; Termination. This Regulatory Agreement shall become effective upon its execution and delivery, and shall remain in full force and effect for the Regulatory Period provided herein and shall terminate in its entirety at the end of the Regulatory Period, it being expressly agreed and understood that the provisions hereof may survive the retirement of the Notes and discharge of the Funding Loan Agreement and the Notes. When the Notes have been paid or deemed paid pursuant to the Funding Loan Agreement, the Fiscal Agent will no longer have any duties hereunder and all references to the Fiscal Agent will thereafter be deemed references to the Commission.

The provisions hereof shall not be amended, revised or terminated (except as provided in Section 14 of this Regulatory Agreement) prior to the expiration of the Regulatory Period except by an instrument in writing duly executed by the Commission and the Borrower (or their successors in title) and duly recorded. The Commission's consent to any such amendment, revision or termination, other than termination pursuant to Section 14 of this Regulatory Agreement (whether or not the Notes 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 Notes. 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 Commission and the recording of the instrument evidencing the modification in the office of public records in the County where the Project is located.

Notwithstanding any other provisions hereof, this Regulatory Agreement shall be amended to conform to any more restrictive requirement of any amendments to the Code, or amended Treasury Regulations (proposed or final), which in the opinion of Note Counsel, is necessary and desirable to preserve the tax-exemption of interest on the Notes, or any legislative enactment or final decision by a court of competent jurisdiction, affecting the tax-exempt status of the interest on the Notes when the same becomes applicable. The Commission, the Borrower and any Transferee of the Borrower agree to any such amendments as may be required to comply with any such amendments or decisions.

Section 14. Involuntary Termination. Notwithstanding anything herein to the contrary, the requirements of this Regulatory Agreement shall terminate and be of no further force and effect in the event of involuntary noncompliance with this Agreement caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Note Closing which prevents the Commission and its assigns from enforcing such provisions, or condemnation or a similar event, but only if, within a reasonable period, either the Notes are retired or amounts received as a consequence of such event are used to provide a project which meets the requirements hereof; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as a result of the foreclosure or the delivery of

a deed in lieu of foreclosure or a similar event, the Borrower or any related person (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. The Borrower hereby agrees that, following any foreclosure, transfer of title by deed in lieu of foreclosure or similar event, neither the Borrower nor any such related person as described above will obtain an ownership interest in the Project for federal tax purposes. Upon the termination of this Agreement, the parties hereto agree to execute, deliver and record the 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 Agreement in accordance with its terms. Such release is not subject to satisfaction of any outstanding obligation owed to the Commission.

Section 15. Indemnification. The Borrower hereby agrees to pay, indemnify and hold the Commission or any other party authorized to enforce the terms of this Agreement harmless from any and all costs, expenses and fees, including all reasonable attorneys' fees which may be incurred by the Commission or any other party in enforcing or attempting to enforce this Regulatory Agreement following any event of default on the part of the Borrower hereunder or their successors, whether the same shall be enforced by suit or otherwise; together with all costs, fees and expenses which may be incurred in connection with any amendment to this Regulatory Agreement or otherwise by the Commission or the Fiscal Agent at the request of the Borrower (including the reasonable fees and expenses of Note Counsel in connection with any opinion to be rendered hereunder). This agreement to indemnify is a separate agreement, shall survive any foreclosure action, attempted transfer or the like, is a personal obligation of the Borrower and action may be brought thereon independently of any other remedy provided for herein. Notwithstanding the foregoing, the Borrower agrees to pay, indemnify and hold harmless (i) the Fiscal Agent only to the extent that the costs, expenses and fees did not arise from the Fiscal Agent's negligence or willful misconduct, and (ii) the Commission only to the extent that the costs, expenses and fees did not arise from the Commission's gross negligence or willful misconduct.

Section 16. No Conflict with Other Documents. The Borrower warrants that it 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 17. Severability. The invalidity of any clause, part or provision of this Regulatory Agreement shall not affect the validity of the remaining portions thereof.

Section 18. Notices. All notices to be given pursuant to this Regulatory Agreement shall be in writing and shall be deemed given when mailed by certified or registered mail, return receipt requested, 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:

Borrower:

BOH PORTFOLIO PRESERVATION ASSOCIATES, LLLP
c/o Shelter Resources, Inc.
2223 112th Avenue, Suite 102
Bellevue, Washington 98004
Attention: Len Brannen or Corey Baldwin
Telephone: (425) 454-8205
Facsimile: (425) 455-8546

With a copy to:

BOH Portfolio Preservation Associates, LLLP
c/o Shelter America Group
9620 SW Bank Road
Vashon, WA 98070
Telephone: (206) 567-5540
Facsimile: (206) 552-4558
Christopher.bric@shelteramericagroup.com

And a copy to:

VLP Law Group LLP
548 Market Street
San Francisco, California 94104
Attention: Byron A. Rodriguez
Fax: 415.685.4866
brodriguez@vlplawgroup.com

Investor Limited
Partner:

Wincopin Circle LLLP
c/o Enterprise Community Asset Management, Inc.
11000 Broken Land Parkway, Suite 700
Columbia, MD 21044
Attention: General Counsel

With a copy to:

Gallagher Evelius & Jones LLP
218 North Charles Street, Suite 400
Baltimore, MD 21201
Attention: Kenneth Gross, Esq.

Commission:

Washington State Housing Finance Commission
1000 Second Avenue, Suite 2700
Seattle, Washington 98104-1046
Attention: Director, Asset Management and Compliance
Bond ID#: 630, Ruby Portfolio

Promptly upon determining that a violation of this Regulatory Agreement has occurred, the Commission or the Fiscal Agent shall, by notice in writing to the Borrower and the Investor Limited Partner, inform the Borrower and the Investor Limited Partner that such violation has occurred, the

nature of the violation and to the extent the Commission or the Fiscal Agent has knowledge thereof that the violation has been cured or has not been cured, but is curable within a reasonable period of time, or is incurable; notwithstanding the occurrence of such violation, neither the Commission nor the Fiscal Agent shall have, and each of them acknowledge that they shall not have, any right to cause or direct acceleration of the Funding Loans or the Borrower Loans, to enforce the Notes or the Borrower Notes. Copies of all other notices provided under this Regulatory Agreement shall be provided to the Servicer at the time the notice is given.


Section 19. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of Washington.

Section 20. Counterparts. This Agreement may be executed in counterparts and each such counterpart shall for all purposes be deemed to be an original and together shall constitute but one and the same instrument.

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

**WASHINGTON STATE HOUSING
FINANCE COMMISSION**

By _____


Kim Herman, Executive Director

[Signatures continue on next page]

**BOH PORTFOLIO PRESERVATION
ASSOCIATES, LLLP**, a Washington limited liability
limited partnership


By: BOH Portfolio Preservation JV Associates, LLC, a
Washington limited liability company, its
Administrative General Partner

By: Shelter Resources, Inc., a Washington
corporation, its Manager

By: 
Len Brannen, President

By: Shelter America Group-Ruby LLC, a Washington
limited liability company, its Managing General
Partner

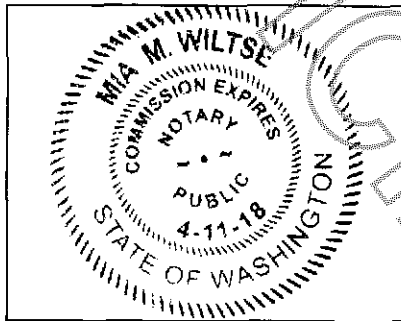
By: Shelter America Group, a Washington nonprofit
corporation, its Sole Member and Manager

By: 
Christopher Bric, President

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that **KIM HERMAN** is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Executive Director of the **WASHINGTON STATE HOUSING FINANCE COMMISSION**, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: October 1, 2015.



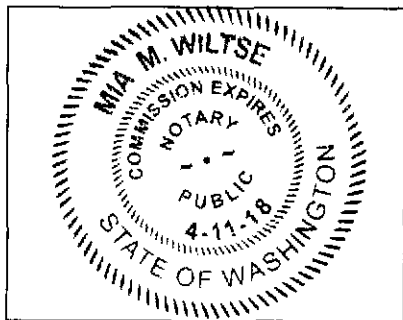
(Use this space for notarial stamp/seal)

Mia M. Wiltse
Notary Public
Print Name Mia M. Wiltse
My commission expires 4-11-18

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that **LEN BRANNEN** is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of Shelter Resources, Inc., the manager of BOH Portfolio Preservation JV Associates, LLC, the Administrative General Partner of **BOH PORTFOLIO PRESERVATION ASSOCIATES, LLLP**, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: October 1, 2015.



(Use this space for notarial stamp/seal)

Mia M. Wiltse
Notary Public
Print Name Mia M. Wiltse
My commission expires 4-11-18

EXHIBIT A
Legal Description

THE WEST HALF OF THE NORTH HALF OF THE EAST HALF OF TRACT 43, PLAT OF THE BURLINGTON ACREAGE PROPERTY, AS PER PLAT RECORDED IN VOLUME 1 OF PLATS, PAGE 49, RECORDS OF SKAGIT COUNTY, WASHINGTON;

EXCEPT THE TWO FOLLOWING DESCRIBED TRACTS:

1. BEGINNING AT THE SOUTHWEST CORNER OF THE EAST HALF OF THE NORTH HALF OF SAID TRACT 43;
THENCE NORTH ALONG THE WEST LINE OF SAID EAST HALF OF THE NORTH HALF 18.4 FEET; THENCE EAST, 311.5 FEET;
THENCE SOUTH 19.3 FEET TO THE SOUTH LINE OF SAID EAST HALF OF THE NORTH HALF; THENCE WEST ALONG THE SOUTH LINE OF SAID EAST HALF OF THE NORTH HALF, 311.5 FEET TO THE POINT OF BEGINNING.
2. THE EASTERLY 25 FEET THEREOF AS CONVEYED TO THE CITY OF BURLINGTON FOR ROAD PURPOSES BY DEEDS RECORDED DECEMBER 28, 1955 AND SEPTEMBER 13, 1977, UNDER AUDITOR'S FILE NOS. 529242 AND 864623, RECORDS OF SKAGIT COUNTY, WASHINGTON, RESPECTIVELY.

FURTHER DESCRIBED AS: COMMENCING AT AN ENCASED MONUMENT AT THE INTERSECTION OF W FAIRHAVEN AVE. AND S NORRIS ST; THENCE S 88°25'56" E 965.42 FEET TO A ENCASED MONUMENT AT THE INTERSECTION OF W FAIRHAVEN AVE. AND HULBUSH LN, SAID POINT BEING ON THE EXTENSION OF THE EAST LINE OF THE WEST HALF OF THE NORTH HALF OF THE EAST HALF OF LOT 43, PLAT OF THE BURLINGTON ACREAGE PROPERTY, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 1 OF PLATS, PAGE 49, RECORDS OF SKAGIT COUNTY, WASHINGTON; THENCE ALONG SAID EAST LINE, S 2°14'21" W 321.39 FEET TO A POINT 19.30 FEET NORTH OF THE SOUTHEAST CORNER OF THE WEST HALF OF THE NORTH HALF OF THE EAST HALF OF SAID LOT 43; THENCE N 88°29'27" W 25.00 FEET TO THE WEST LINE OF HULBUSH LN AND THE POINT OF BEGINNING; THENCE CONTINUING N 88°29'27" W 286.57 FEET TO A POINT ON THE WEST LINE OF SAID WEST HALF, SAID POINT BEING 18.40 FEET NORTH OF THE SOUTHWEST CORNER OF SAID WEST HALF OF THE NORTH HALF OF THE EAST HALF OF SAID LOT 43; THENCE N 2°11'34" E 291.70 FEET TO THE NORTHWEST CORNER OF SAID WEST HALF AND THE SOUTH LINE OF W. FAIRHAVEN AVE; THENCE ALONG SAID SOUTH LINE, S 88°25'56" E 286.80 FEET TO THE WEST LINE OF HULBUSH LN; THENCE S 2°14'21" W 291.41 FEET TO THE POINT OF BEGINNING;
SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON.