

EXHIBIT 3F
LCRA 10/25/22

TAX COMPLIANCE AGREEMENT

Dated as of November 1, 2022

among

**LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY
OF KANSAS CITY, MISSOURI
as Issuer**

**PG/PGN, LP,
as Borrower**

and

**UMB BANK, N.A.
as Trustee**

Relating to

**Not to Exceed
\$11,000,000
Multifamily Housing Revenue Bonds
(Palestine Gardens Project)
Series 2022**

of

**Land Clearance for Redevelopment Authority of
the Kansas City, Missouri**

TAX COMPLIANCE AGREEMENT

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TAX COMPLIANCE AGREEMENT

THIS TAX COMPLIANCE AGREEMENT (this “*Tax Agreement*”), entered into as of November 1, 2022, among **LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY OF KANSAS CITY, MISSOURI**, a public corporation duly organized and validly existing under the laws of the State of Missouri (the “*Issuer*”), **PG/PGN, LP**, a Missouri limited partnership, and its successors and assigns (the “*Borrower*”) and **UMB BANK, N.A.**, Kansas City, Missouri, a state banking corporation, as trustee (the “*Trustee*”).

RECITALS

1. This Tax Agreement is being executed and delivered in connection with the issuance by the Issuer of its Multifamily Housing Revenue Bonds (Palestine Gardens Project) Series 2022 in the aggregate principal amount of not to exceed \$11,000,000 (the “*Bonds*”). The Bonds are being issued under a Trust Indenture dated as of November 1, 2022 (the “*Indenture*”), between the Issuer and the Trustee, for the purpose of making a loan of the Bond proceeds to the Borrower under the Loan Agreement dated as of November 1, 2022 (the “*Loan Agreement*”) between the Issuer and the Borrower, to provide funds for certain purposes as described in this Tax Agreement and in the Trust Indenture and the Loan Agreement.

2. In order to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes, the Issuer, the Borrower and the Trustee must comply with certain provisions of the Internal Revenue Code of 1986, as amended (the “*Code*”), and the applicable regulations and rulings issued by the U.S. Treasury Department (the “*Regulations*”), regarding the uses and investment of the Bond proceeds and certain other money relating to the Bonds.

3. The Issuer, the Borrower and the Trustee are entering into this Tax Agreement in order to set forth certain representations, facts, expectations, terms and conditions relating to the use and investment of the Bond proceeds and of certain related money, in order to establish and maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes, and to provide guidance for complying with the arbitrage rebate provisions of Code § 148(f).

AGREEMENT

ARTICLE I. DEFINITIONS

Section 1.1. Definitions of Words and Terms. Except as otherwise provided in this Tax Agreement or unless the context otherwise requires, capitalized words and terms used here have the same meanings as set forth in Section 101 of the Indenture; and certain other words and phrases have the meanings assigned in Code § 148 and the Regulations. In addition to the words and phrases defined in the Indenture and in the Recitals to this Agreement, the following capitalized terms are defined:

“*Annual Compliance Checklist*” means the Annual Compliance Checklist attached to this Tax Compliance Agreement as Exhibit D.

“*Bona Fide Debt Service Fund*” means a fund, which may include Bond proceeds, that—

(1) is used primarily to achieve a proper matching of revenues with principal and interest payments on the Bonds within each Bond Year; and

(2) is depleted at least once each Bond Year, except for a reasonable carryover amount not to exceed the greater of (A) the earnings on the fund for the immediately preceding Bond Year, or (B) one-twelfth of the principal and interest payments on the Bonds for the immediately preceding Bond Year.

“Bond Compliance Agent” means UMB Bank, N.A., in its capacity of Bond Compliance Agent under this Tax Agreement.

“Bond Counsel” means the Hardwick Law Firm LLC or other firm of nationally recognized bond counsel acceptable to the Issuer and the Borrower.

“Bond Fund” means the Bond Fund established under the Indenture.

“Bond Restricted Funds” means the funds, accounts, and investments that are subject to arbitrage rebate and/or yield restriction rules that have been identified in this Tax Compliance Agreement.

“Bond Transcript” means the Transcript of Proceedings compiled by Bond Counsel in connection with the issuance of the Bonds.

“Bond Year” means each one-year period (or shorter period for the first Bond Year) ending _____ 1.

“Borrower” means PG/PGN, LP, a Missouri limited partnership, and its successors and assigns.

“Borrower’s Bond Compliance Officer” means the managing member of the Borrower’s general partner or the person he or she delegates this responsibility in writing.

“Borrower’s Compliance Procedure” means written policies and procedures of the Borrower designed to comply with IRS directives and improve tax law compliance and documentation for all of the Bonds.

“Code” means the Internal Revenue Code of 1986, as amended.

“Computation Date” means each date on which the rebate amount for the Bonds is computed. The Issuer or the Borrower may treat any date as a Computation Date, subject to the following limits:

(1) the first rebate installment payment must be made for a Computation Date not later than 5 years after the Issue Date;

- (2) each subsequent rebate installment payment must be made for a Computation Date not later than 5 years after the previous Computation Date for which an installment payment of rebate was made; and
- (3) the date the last Bond is discharged is a Computation Date.

“Final Written Allocation” means the Final Written Allocation of Bond proceeds as more fully described in Section 4.3(c) of this Tax Agreement.

“Financed Assets” means that part of a Project treated as financed with proceeds of that issue as reflected in a Final Written Allocation or, if no Final Written Allocation was prepared, the accounting records of the Trustee and the Borrower and this Tax Compliance Agreement.

“Gross Proceeds” means (1) sale proceeds (any amounts actually or constructively received by the Issuer from the sale of the Bonds, including amounts used to pay underwriting discount or fees, but excluding pre-issuance accrued interest); (2) investment proceeds (any amounts received from investing sale proceeds, other investment proceeds, or transferred proceeds); (3) any transferred proceeds; (4) any amounts held in a sinking fund for the Bonds; (5) any amounts held in a pledged fund or reserve fund for the Bonds; and (6) any other replacement proceeds. Specifically, Gross Proceeds include, but are not limited to, all amounts held in the following funds and accounts:

- (1) the Project Fund; and
- (2) the Bond Fund.

“Guaranteed Investment Contract” is any Investment with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, including any agreement to supply Investments on two or more future dates (*e.g.*, a forward supply contract).

“Investment” means any security, obligation, annuity contract or other investment-type property that is purchased directly with, or otherwise allocated to, Gross Proceeds. Such term does not include obligations the interest on which is excluded from federal gross income.

“IRS” means the United States Internal Revenue Service.

“Issue Date” means November _____, 2022.

“Minor Portion” means the lesser of \$100,000 or 5% of the sale proceeds of the Bonds.

“Net Proceeds” means (a) any amounts actually or constructively received from the sale of the Bonds, less (b) pre-issuance accrued interest, less (c) amounts deposited in a reasonably required reserve or replacement fund, plus (d) investment earnings on such amounts.

“Post-Issuance Compliance Policy” means the Tax-Advantaged Financing Compliance Procedures” adopted by the Issuer on _____, 2012.

“Post-Issuance Tax Requirements” means those requirements related to the use of proceeds of the Bonds, the use of the Project and the investment of Gross Proceeds after the Issue Date of the Bonds.

“Project” means all property acquired, constructed or improved with the Net Proceeds, as described in **Exhibit A**.

“Proposed Regulations” means the proposed arbitrage regulations including Prop. Treas. §§1.148-0, 1.148-3, 1.148-4, 1.148-5, 1.148-8 and 1.148-11 (published at 72 Fed. Reg. 54606 (Sept. 26, 2007)).

“Purchaser” means Legacy Bank & Trust.

“Rebate Analyst” means a firm of nationally recognized bond counsel, an independent certified public accountant, or such other person or firm selected by the Trustee or by the Borrower, and acceptable to the Trustee and the Sole Bondholder, to compute arbitrage rebate.

“Regulations” means all regulations issued by the U.S. Treasury Department to implement the requirements of Code §§ 103 and 141 through 150 and applicable to the Bonds.

“Regulatory Agreement” means the Land Use Restriction Agreement dated as of November 1, 2022, by and among the Issuer, the Borrower and the Trustee, as amended, supplemented and restated from time to time.

“Related Person” means the following: a person is related to another person if (a) the relationship between such persons would result in a disallowance of losses under Code §§ 267 or 707(b), or (b) such persons are members of the same controlled group of corporations, as defined in Code § 1563(a), except that “more than 50%” must be substituted for “at least 80%” in § 1563.

“Tax-Advantaged Bond File” means the file established and maintained by the Bond Compliance Agent as described in Section 4.3 hereof.

“Transcript” means the Transcript of Proceedings relating to the authorization and issuance of the Bonds.

“Yield” means yield computed under § 1.148-4 of the Regulations with respect to the Bonds, and computed under § 1.148-5 of the Regulations with respect to an Investment.

ARTICLE II. GENERAL REPRESENTATIONS AND COVENANTS

Section 2.1. Representations and Covenants of the Issuer. The Issuer represents and covenants to the Borrower and the Trustee as follows:

(a) **Organization and Authority.** The Issuer (1) is a public corporation duly organized and validly existing under the laws of the State of Missouri, and (2) has lawful power and authority to issue the Bonds for the purposes set forth in the Indenture, to enter into, execute and deliver the Indenture, the Loan Agreement, the Regulatory Agreement and this Tax Agreement and to carry

out its obligations under such documents, and (3) by all necessary action has been duly authorized to execute and deliver the Indenture, the Loan Agreement, the Regulatory Agreement and this Tax Agreement, acting by and through its duly authorized officials.

(b) ***Tax-Exempt Status of Bonds.*** The Issuer (to the extent within its power or direction) (1) will not use any money on deposit in any fund or account maintained in connection with the Bonds, whether or not such money was derived from the sale of the Bonds or from any other source, in a manner that would cause any Bond to be an “arbitrage bond” within the meaning of Code § 148, and (2) will not otherwise use or permit the use of any Bond proceeds or any other funds of the Issuer, directly or indirectly, in any manner, and will not take or permit to be taken any other action, that would cause interest on the Bonds to be included in gross income for federal income tax purposes. Before taking any action, or permitting any action to be taken, with respect to the Bonds, the Issuer shall be entitled to request an Opinion of Bond Counsel to the effect that such contemplated action will not cause the interest on the Bonds to be includable in gross income for federal income tax purposes.

Public Hearing and Approval. In connection with the issuance of the Bonds, Issuer held a public hearing as required under Code § 147(f) regarding the proposed issuance of the Bonds, on February 22, 2022 (the “***Public Hearing***”) with respect to the financing of the Project at the Issuer’s offices at the offices of the Authority in the conference room, 300 Wyandotte, Suite 400, Kansas City, Missouri 64105 in the City of Kansas City, pursuant to notice posted on the Issuer’s website on February 8, 2022, advising the public that a public hearing would be held on such date to discuss the proposed issuance of bonds and that interested parties would have an opportunity to express their views at that hearing. The hearing was open to the public, and those present were invited to express their views relating to the issuance of bonds and the proposed use of the proceeds of the bonds. The public hearing was held as part of the LCRA’s regular monthly board meeting. The Board of Directors of the Issuer accepted and ratified the Public Hearing as valid for purposes of the requirement for a public hearing and approval under Section 147(f) of the Internal Revenue Code of 1986. On August 29, 2022, the Mayor of the City of Kansas City, chief elected executive officer of the City of Kansas City, approved the issuance of the Bonds, which approval is contained in the Transcript. An affidavit of publication of the notice of the hearing is attached to the Mayor’s approval. Based on the foregoing, the issuance of revenue bonds by the Issuer to finance the costs of the Project is approved in accordance with Section 147(f) of the Internal Revenue Code.

(c) ***IRS Form 8038.*** A copy of IRS Form 8038 (Information Return for Tax-Exempt Private Activity Bond Issues) to be filed with the IRS in connection with the issuance of the Bonds as required by Code § 149(e) is contained in the Transcript.

(d) ***Registered Bonds.*** All of the Bonds will be issued and held in registered form within the meaning of Code § 149(a).

(e) ***Hedge Bonds.*** The Issuer expects that all of the net sale proceeds of the Bonds will be used to carry out the governmental purpose of the Bonds within three years after the Issue Date, and not more than 50% of the proceeds of the Bonds will be invested in investments having a substantially guaranteed yield for four years or more.

(f) ***Issuer Reliance on Other Parties.*** The expectations, representations and covenants of the Issuer concerning certain uses of Bond proceeds and certain other moneys described in this Tax Agreement and other matters are based in whole or in part upon representations of the Borrower and other parties set forth in this Tax Agreement or exhibits hereto. Although the Issuer has made no independent investigation of the representations of other parties including the Borrower, the Issuer is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation made in this Tax Agreement or its exhibits.

(g) ***Private Activity Volume Cap.*** The Issuer received an allocation of the State of Missouri private activity bond volume cap under Code § 146.

(h) ***Policies and Procedures.*** The Issuer intends for this Tax Agreement to serve as part of its written policies and procedures for purposes of complying with the federal tax law requirements applicable to the Bonds and to supplement Post-Issuance Compliance Policy. The Issuer is hereby relying on the Borrower to the extent necessary to carry out the requirements of federal tax law and this Tax Agreement.

(i) ***Compliance with Tax Requirements; Remedial Action.*** Upon written notice given by the Borrower, the Issuer will take any action, including remedial action, if necessary, which may include the redemption or defeasance of all or a portion of the Bonds in accordance with Regulations §§ 1.141-12 and 1.145-2 (which action will be accompanied by an Opinion of Bond Counsel), as necessary to cause interest on the Bonds to remain excludable from gross income for federal income tax purposes.

Section 2.2. General Representations, Expectations and Covenants of the Borrower. The Borrower represents and covenants to the Issuer and the Trustee as follows:

(a) ***Organization and Authority.*** The Borrower (i) is a limited partnership organized and existing under the laws of the State of Missouri, qualified to do business in the State, (ii) has lawful power and authority to enter into, execute and deliver the Loan Agreement, the Regulatory Agreement and this Tax Agreement and to carry out its obligations under such documents, and (iii) by all necessary company action has been duly authorized to execute and deliver the Loan Agreement, the Land Use Restriction Agreement and this Tax Agreement, acting by and through its general partner.

(b) ***Preservation of Tax-Exempt Status of Bonds.*** In order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes, the Borrower:

(1) will take whatever action, and refrain from whatever action, necessary to comply with the applicable requirements of the Code to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes;

(2) will not use or invest, or permit the use or investment of, any Bond proceeds, other money held under the Indenture, or other funds of the Borrower, in a manner that would violate applicable provisions of the Code; and

(3) will not use, or permit the use of, any portion of the Project in a manner that would violate applicable provisions of the Code.

(c) ***Location and Description of Project.*** The proceeds of the Bonds are to be used to finance the costs of the Project that is located wholly within the City of Kansas City, Missouri. The Project will consist of the acquisition, rehabilitation, improvement and equipping of a qualified residential rental project.

(d) ***Project Plans and Rehabilitation Budget; Completion.*** The description of the Project was prepared on the basis of plans and specifications for the Project (the “***Plans***”), which were prepared for and approved by the Borrower. The costs of the Project have been prepared on the basis of a construction budget for the Project (the “***Budget***”), which was prepared for and approved by the Borrower. Based on its experience in preparing plans and specifications and construction budgets for similar projects, the Borrower believes that the Project has been properly planned and budgeted, and that the proceeds of the Bonds, together with money contributed by the Borrower and expected investment earnings, as described in this Tax Agreement, will be sufficient to pay in full the costs of the Project. The Borrower has no reason to believe (i) that there will be any material changes, modifications or amendments to the Plans or the Budget prior to the completion of the acquisition and rehabilitation of the Project, or (ii) that the proceeds of the sale of the Bonds will be used in any manner other than to pay the costs of the Project or costs of issuance as described herein. The Project Site has been leased to the Borrower pursuant to a long-term lease. The rehabilitation of the Project is expected to commence as soon as possible after the Issue Date, and is expected to be completed on or before May 1, 2024 (proceeds of the Bonds are expected to be expended on or by such date).

(e) ***Use of Bond Proceeds and Project.***

(1) **95% Requirement.** At least 95% of the Net Proceeds and imputed proceeds of the Bonds will be used to finance “eligible costs” of a qualified residential rental project. For this purpose, the “eligible costs” means Project costs which are chargeable to the Project’s capital account, or would be so chargeable, either with a proper election by the Borrower (*e.g.*, under Code § 266), or but for a proper election by the Borrower to deduct such amounts. The Borrower will operate the Project as a qualified residential rental project in compliance with Code § 142(d), the Regulations, and this Tax Agreement as long as any Bond remains outstanding.

(2) **Reimbursement.** The Borrower understands that, if any Bond proceeds are used to reimburse the Borrower for costs of the Project paid before the Issue Date, such costs will constitute “eligible costs” only if the reimbursement is valid under Treas. Reg. § 1.150-2. The Borrower understands further that, in general, a reimbursement is valid only if (A) such costs were

paid no sooner than 60 days before December 28, 2021, the date the Issuer adopted its official intent regarding the issuance of the Bonds for the Project, and (B) Bond proceeds are allocated to reimburse such costs within 18 months after the later of the date such expenditures were made, or the date the Project is placed in service, but in no event later than 3 years after the Bonds are issued.

(3) **Restriction on Refinancing; Official Intent.** For each person that was a substantial user of the Project at any time during the 5-year period before the Issue Date, or any Related Person to such substantial user, such person either (A) will not receive (directly or indirectly) 5% or more of the Bond proceeds for such person's interest in the Project, or (B) will not be a substantial user of the Project at any time during the 5-year period after the Issue Date.

(4) **Related Party Transactions.** No Net Proceeds of the Bonds will be used to pay fees or charges to the developer of the Project. If any amount of Net Proceeds of the Bonds are allocated to pay or reimburse any person or entity that is a "related person" to the Borrower (as such term is defined for purposes of section 147(a)(2) of the Code), no portion of such amount will include any amount that is attributable to profit or mark-up of the Borrower or any related person or to the payment of working capital or overhead expenses. In addition such amount will not exceed an arm's length charge (the amount that would be charged to a person other than the Borrower) and will be paid under the same circumstances as would be by a person other than the Borrower to such affiliated person or entity. Notwithstanding the foregoing, in no event will amounts that are paid to a "related person" be treated as spent until such amounts are spent on capital expenditures by such "related person."

(f) ***Purchaser's Representation.*** The Borrower has arranged for all of the Bonds to be sold to the Purchaser. The Purchaser has made certain representations relating to its purchase of the Bonds and its plans and expectations with respect to the Bonds. These representations and covenants are set forth in the Purchaser's Closing Certificate and Receipt for Bonds contained in the Transcript. The Borrower knows of no facts that are inconsistent with those set forth in such certificate or any reason why any of the representations set forth in such certificate are unreasonable.

(g) ***Qualified Residential Rental Project.***

(1) **General Definition.** A qualified residential rental project is generally a building or structure, together with any functionally related and subordinate facilities, containing one or more similarly constructed units which—

- (A) are used on other than a transient basis,
- (B) satisfy the low-to-moderate-income set-aside requirements of paragraph (2) below,
- (C) are continuously available for rental as described in paragraph (5) below,
- (D) are available to members of the general public, and
- (E) satisfy the remaining requirements of this subsection.

(2) **40% Set-Aside for Low-to-Moderate Income Tenants.** At all times during the qualified project period (defined below), 40% or more of the residential units in each QRRP (as defined in subparagraph (7)) will be occupied by individuals whose income is 60% or less of area median gross income.

(3) **Qualified Project Period.** The term “qualified project period” means the period beginning on the first day on which 10% of the residential units in each QRRP are occupied and ending on the latest of—

(A) the date that is 15 years after the date on which 50% of the residential units in the QRRP are occupied,

(B) the first day on which no tax-exempt private activity bond issued with respect to the QRRP is outstanding, or

(C) the date on which any assistance provided with respect to the QRRP under Section 8 of the United States Housing Act of 1937 terminates.

(4) **Income of Individuals; Area Median Gross Income.** The income of individuals and area median gross income must be determined in accordance with Code § 142, the applicable Treasury Regulations, and the Regulatory Agreement.

(5) **Continuously Available.** Once available for occupancy, each unit in a residential rental project must be rented or available for rental on a continuous basis during the longer of (A) the remaining term of the Bonds, or (B) the qualified project period.

(6) **Prohibited Facilities.** At least 95% of each QRRP must contain rental units and functionally related and subordinate facilities. Hotels, motels, dormitories, fraternity and sorority houses, rooming houses, hospitals, nursing homes, sanitariums, rest homes, and trailer parks and courts for use on a transient basis are not residential rental projects. Any facility providing residences for the elderly are not residential rental projects if frequent nursing, medical, or psychiatric services are provided to residents. No such services are provided to residents of the Project.

(7) **Multiple Buildings.** Proximate buildings or structures that have similarly constructed units are treated as part of the same project if the same person owns them for Federal tax purposes by the same person and if the buildings are financed pursuant to a common plan. Buildings are proximate if they are located on a single tract of land. The term “tract” means any parcel or parcels of land that are contiguous except for the interposition of a road, street, stream or similar property. Otherwise, parcels are contiguous if their boundaries meet at one or more points. A common plan of financing exists if, for example, all such buildings are provided by the same issue or several issues subject to a common indenture. Based on this, the Borrower represents that each of the following constitutes a “qualified residential rental project” (each a “***QRRP***”):

<u>QRRP</u>	<u>Street Address</u>
Palestine Gardens	2627 E. 33 rd Street _____ Kansas City, Missouri
Palestine Gardens North Apartments	3220 Montgall Avenue

(8) **Functionally Related and Subordinate Facilities.** Facilities that are functionally related and subordinate to residential rental projects include facilities for use by the tenants, for example, swimming pools, other recreational facilities, parking areas, and other facilities which are reasonably required for the QRRP, for example, heating and cooling equipment, trash disposal equipment or units for resident managers or maintenance personnel.

(9) **Corporate Leases.** The leasing of one or more units in the QRRP to a person other than a person who will occupy the unit (a “*Corporate Tenant*”), in connection with an arrangement whereby the unit will be held for residential use by such person’s own employees or for sublease to any other person (a “Corporate Lease”) will occur only under the following conditions: (i) the term of the Corporate Lease must be at least as long as the minimum lease term for units rented directly to individual tenants who will occupy the unit, (ii) no single Corporate Tenant may lease more than 5% of the total residential units in a QRRP at one time, (iii) no more than 10% of the total residential units in a QRRP may be subject to Corporate Leases at one time, (iv) any sublease, assignment agreement, or similar arrangement where the premises are provided by the Corporate Tenant to an individual occupant must provide that the individual will occupy the unit for a period of at least 30 days, and (v) under the terms of the Corporate Lease the Corporate Tenant must provide the Borrower the identity of each occupant in the unit and the expected term of the occupancy prior to the date the occupant takes up residence in the unit.

(h) **Allocation of Sources and Uses.** The allocation of Bond proceeds to specific uses is shown on **Exhibit A**.

(i) **Land.** Less than 25% of the Net Proceeds will be used (directly or indirectly) for the acquisition of land (or any interest therein), and no Bond proceeds will be used (directly or indirectly) for the acquisition of land (or an interest therein) to be use for farming purposes.

(j) **Acquisition of Existing Property/Rehabilitation Requirements.**

(1) **Acquisition.** Bond proceeds will be used to acquire existing facilities as follows:

(A) \$_____ of the Bond proceeds will be used to acquire the buildings (excluding the cost of the land), including the equipment for such buildings (the “*Buildings*”), and

(B) \$_____0_____ of the Bond proceeds will be used to acquire structures other than a building (the “*Structures*”).

(2) **Rehabilitation.** The Borrower will have “rehabilitation expenditures” (as defined in Code §147(d)(3)) with respect to the Buildings in excess of \$_____, an amount equal to 15% of the Bond-financed portion of the cost of acquiring the Building, excluding the cost of the land. The Borrower must incur such rehabilitation expenditures within 2 years after the Issue Date. The Borrower is not using proceeds of the Bonds to acquire Structures.

(k) **Prohibited Facilities.** No portion of the Bond proceeds will be used to provide any airplane, skybox, or other private luxury box, any facility primarily used for gambling, or any store

the principal business of which is the sale of alcoholic beverages for consumption off premises, as such terms are used in Code § 147(e).

- (l) **Commercial Space.** The Project will not be available for commercial use.
- (m) **Limit on Costs of Issuance.** No more than 2% of the proceeds of the Bonds will be used to pay costs of issuance.
- (n) **Registered Bonds.** All Bonds will be issued and held in registered form within the meaning of Code § 149(a).
- (o) **Bonds Not Federally Guaranteed.** The Borrower will not take any action or permit any action to be taken which would cause the Bonds to be “federally guaranteed” within the meaning of Code § 149(b).
- (p) **Reports to IRS; Form 8038.** The Borrower will assist the Issuer in filing all appropriate returns, reports and attachments to income tax returns required by the Code, including without limitation the Information Return for Private Activity Bond Issues (Form 8038). The Borrower provided to the Issuer the information contained in Parts II through VI of IRS Form 8038, which is contained in the Transcript, and such information is true, complete and correct as of the Issue Date. The Borrower provides the following information regarding the Project for Part V of Form 8038:

Line 31—Type of Property Financed by Nonrefunding Proceeds:

- a Land
- b Buildings and structures
- c Equipment with recovery period of more than 5 years
- d Equipment with recovery period of 5 years or less
- e Other (*e.g.*, Site improvements)

Line 32—North American Industry Classification System code for the Project:
531110.

Line 41—Primary private users of the Project are the Borrower, employer identification number _____.

- (q) **Hedge Bonds.** At least 85% of the net sale proceeds of the Bonds will be used to carry out the governmental purposes of the Bonds within 3 years after the Issue Date, and not more than 50% of the Bond proceeds will be invested in investments having a substantially guaranteed yield for 4 years or more.
- (r) **Arbitrage Certifications.** The facts, estimates and expectations recited in **Article III**, regarding the purpose of the Bonds, the investment and expenditure of Bond proceeds, the Project, the funds and accounts created in the Indenture, the yield on investments, and the computation and payment of arbitrage rebate, are true and accurate as of the Issue Date; and the

estimates and expectations recited in such Article are reasonable as of the Issue Date. The Issuer, the Hardwick Law Firm, LLC, Bond Counsel, and the Purchaser may rely on such statements and expectations. The Borrower does not expect that the Bond proceeds will be used in a manner that would cause any Bond to be an “arbitrage bond” within the meaning of Code § 148, and to the best of the Borrower’s knowledge and belief, there are no other facts, estimates or circumstances that would materially change such expectations.

(s) **Rebate Payments.** The Borrower will pay or provide for payment to the United States all arbitrage rebate payments required under Code § 148 and this Tax Agreement, including computation and payment with respect to the Bonds to the extent such amounts are not available to the Trustee in the Rebate Fund.

(t) **Records.** The Borrower recognizes that (i) investors purchase the Bonds with the expectation that interest on the Bonds is and will remain excludable from gross income for Federal income tax purposes, (ii) the tax-exempt status of interest on the Bonds depends on the accuracy of the Borrower’s representations and the satisfaction of the Borrower’s covenants contained in this Tax Agreement, many of which relate to matters that will occur after the date the Bonds are issued, and (iii) as part of its ongoing tax-exempt bond audit program the IRS requires that records be created and maintained with respect to the following matters:

(1) Documentation evidencing the expenditure of Bond proceeds in sufficient detail to determine the date of the expenditure, the asset acquired or the purpose of the expenditure.

(2) Documentation evidencing compliance with Code § 142(d) and the 40-60 Test, relating to the definition of a “qualified residential rental project,” including all “Income Certifications” and “Certificates of Continuing Program Compliance” (as such terms are used in the Regulatory Agreement) and other documentation supporting these certificates.

(3) Documentation pertaining to any investment of Bond proceeds (including the purchase and sale of securities, SLGs subscriptions, actual investment income received the investment of proceeds, guaranteed investment contracts, and (if required) rebate calculations).

The Borrower has procedures in place or will establish procedures to create and retain these records. Unless otherwise specifically instructed in a written opinion of Bond Counsel, the Borrower will retain and maintain these records for a period ending not earlier than three years following the final maturity of (i) the Bonds or (ii) any obligation issued to refund the Bonds, whichever is later.

(u) **No Assumption for Six Months Before and After Issue Date.** No assumption by an unrelated person to the Borrower has occurred within the six-month period before, or will occur within the six-month period after, the Issue Date. This provision is in addition to all covenants of the Borrower related to the transfer, sale or other disposition of the Project in the Loan Agreement, the Regulatory Agreement and the other documents to which the Borrower is a party.

(v) **Compliance with Future Tax Requirements.** The Borrower understands that, in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes, the Borrower must comply with the requirements and restrictions governing the investment and uses of Bond proceeds and the operation of the Project. In addition, future changes

in the Code and regulatory guidance from the IRS may impose new or different restrictions and requirements on the Borrower in the future. The Borrower will comply with all of the current and future restrictions or will take remedial action to redeem all or a portion of the Bonds, as necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

Section 2.3. Limit on Bond Maturity.

(a) ***Average Economic life of Project.*** The Borrower understands that under Code § 147(b), the average Bond maturity cannot exceed 120% of the average, reasonably expected economic life of the Project, and that the economic life of the Project is measured from the later of (1) the Issue Date, or (2) the date on which the Project is placed in service. On **Exhibit A**, the Borrower has identified the components of the Project, the portion of their costs paid from proceeds of the Bonds, the expected economic life of each component of the Project, and the average, reasonably expected economic life of the Project, equal to _____ years.

(b) ***Average Bond Maturity.*** The average Bond maturity, as computed by Bond Counsel and set forth in **Exhibit B**, is _____, which is less than 120% of the average, reasonably expected economic life of the Project. The Borrower must not make, or permit to be made, any changes in the Project or the use of the Bond proceeds which will cause the average Bond maturity to exceed 120% of the average, reasonably expected economic life of the Project.

Section 2.4. Representations and Covenants of the Trustee. The Trustee represents and covenants to the Issuer and the Borrower as follows:

(a) The Trustee must comply with the applicable provisions of this Tax Agreement and any written letter or Opinion of Bond Counsel that sets forth any action necessary to preserve the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

(b) The Trustee, at the written direction of the Borrower and acting on behalf of the Issuer, may from time to time cause a firm of attorneys, consultants or independent accountants or an investment banking firm to provide the Trustee with such information as it may request in order to determine (in a manner reasonably satisfactory to the Trustee) all matters relating to (a) the Yield on the Bonds or Investments as it relates to any data or conclusions necessary to verify that the Bonds are not “arbitrage bonds” within the meaning of Code § 148, and (b) compliance with arbitrage rebate requirements of Code § 148(f). The Borrower will pay all costs and expenses incurred in connection with supplying the foregoing information.

Section 2.5. Survival of Representations and Covenants. All representations, covenants and certifications of the Issuer, the Borrower and the Trustee contained in this Tax Agreement will survive the execution and delivery of this Tax Agreement and the issuance, sale and delivery of the Bonds, as representations of facts existing as of the date of execution and delivery of the instruments containing such representations. The foregoing covenants of this Section will remain in full force and effect notwithstanding the defeasance of the Bonds and the discharge of the Indenture, until the final maturity date of all Bonds Outstanding and payment of such Bonds.

**ARTICLE III.
ARBITRAGE CERTIFICATIONS AND COVENANTS**

Section 3.1. Purpose. The purpose of this Article is to certify, pursuant to Regulations § 1.148-2(b), the expectations of the Issuer and the Borrower as to the sources, uses and investment of Bond proceeds and other money, in order to support the Issuer's conclusion that the Bonds are not arbitrage bonds. The person executing this Tax Agreement on behalf of the Issuer is an officer of the Issuer responsible for issuing the Bonds.

Section 3.2. Reasonable Expectations. The facts, estimates and expectations of the Issuer set forth in this Article are based upon the Issuer's understanding of the documents and certificates that comprise the Transcript, including (a) the Indenture, (b) the Loan Agreement, (c) the Regulatory Agreement, (d) this Tax Agreement, and (e) representations and covenants of the Borrower and the Trustee contained in this Tax Agreement and in the Transcript. To the Issuer's knowledge, the facts and estimates set forth in this Tax Agreement are accurate, and the expectations of the Issuer set forth in this Tax Agreement are reasonable. The Issuer has no knowledge that would cause it to believe that the representations, warranties and certifications described herein are unreasonable or inaccurate or may not be relied upon.

Section 3.3. Authority and Purpose for Bonds. The Issuer is issuing and delivering the Bonds simultaneously with the execution of this Tax Agreement, pursuant to the laws of the State of Missouri, a resolution passed by the governing body of the Issuer, and the Indenture. The Bonds are being issued to finance the Project.

Section 3.4. Funds and Accounts.

(a) The following funds and accounts have been established in the custody of the Trustee under the Indenture:

- Project Fund
- Bond Fund
- Expense Fund
- Rebate Fund
- Costs of Issuance Fund
- Revenue Fund
- Retained Earnings Fund

(b) A Casualty and Condemnation Account may be created in the Project Fund pursuant to Section 403(h) of the Indenture in the event of a Casualty or Condemnation pursuant to Section 507 of the Indenture.

Section 3.5. Amount and Use of Bond Proceeds and Other Money.

(a) **Amount of Bond Proceeds.** The total proceeds to be received by the Issuer from the sale of the Bonds will be as follows:

Principal Amount	\$11,000,000
Total Proceeds	<u>\$11,000,000</u>

(b) **Use of Bond Proceeds.** The proceeds of the Bonds are expected to be expended as follows:

The Trustee will deposit the proceeds of the Bonds in installments as needed into the Project Fund.

(c) **Sources and Uses of Other Money.** Simultaneously with the issuance and delivery of the Bonds, the Borrower will deposit additional amounts as set forth in the Indenture and the Closing Memorandum. Additional Borrower contributions are expected to be made, all of which will be deposited as set forth in the Disbursing Agreement.

(d) Because the bonds are being issued as draw down bonds, with proceeds immediately being disbursed to pay project costs, the Borrower estimates that there will be de minimum investment earnings on the proceeds of the Bonds, not expected to exceed \$100.

The sale proceeds of the Bonds, together with expected investment earnings on such proceeds and other money contributed by the Borrower, do not exceed the cost of the governmental purpose of the Bonds.

Section 3.6 Multipurpose Issue. The Issuer is not applying the arbitrage rules separately to different purposes of the issue pursuant to Regulations § 1.148-9.

Section 3.7. Project Completion. The Borrower will pursue the completion of the Project and the expenditure of the net sale proceeds of the Bonds with due diligence. Completion of the Project is expected to occur on May 1, 2024, and the Borrower anticipates that all proceeds of the Bonds will be expended prior to Completion. The Borrower has entered into, or will enter into within six months after the date of this Agreement, binding contracts or commitments obligating the expenditure of at least 5% of the net sale proceeds of the Bonds. At least 85% of the net sale proceeds of the Bonds will be expended on costs of the Project within three years after the Issue Date.

Section 3.8. Loan Agreement/Sinking Funds.

(a) The Issuer is making the proceeds of the Bonds available to the Borrower pursuant to the Loan Agreement. Under the Loan Agreement, the Borrower has executed and delivered the Note to the Issuer, which the Issuer has assigned, without recourse, to the Trustee. Under the Note, the Borrower will make payments in amounts sufficient to pay the principal of and interest on the Bonds when due. The Bonds are limited obligations of the Issuer payable from revenues of the Issuer derived from the Loan (such obligations of the Issuer payable from revenues of the Issuer derived from the Loan (such revenue being referred to as the “Revenues”). Revenues consist principally of amounts received by the Trustee from or with respect to the Loan and any other amounts including Bond proceeds held in funds (other than the Replacement Reserve Fund and the

Rebate Fund) pursuant to the Indenture. The Borrower expects to make payments on the Loan using current revenues of the Borrower and will not set aside moneys for future payments on the Loan. Revenues are expected to equal or exceed debt service on the Bonds during each payment period.

(b) Except for the Bond Fund, neither the Issuer nor the Borrower has established or expects to establish any sinking fund or other similar fund that is expected to be used to pay principal of or interest on the Bonds. The Bond Fund are used primarily to achieve a proper matching of revenues with principal and interest payments on the Bonds within each Bond Year, and the Issuer expects that both the Bond Fund will qualify as a Bona Fide Debt Service Fund.

Section 3.9. Reserve, Replacement and Pledged Funds.

(a) **Reserve Funds.** No reserve funds have been established with respect to the Bonds.

(b) **No Other Replacement Funds.** No proceeds of the Bonds will be used as a substitute for other funds that were intended or earmarked to pay costs of the Project, and that have been or will be used to acquire higher yielding investments. Except for the Bond Fund, there are no other funds pledged or committed in a manner that provides a reasonable assurance that such funds would be available for payment of the principal of or interest on the Bonds if the Issuer or the Borrower encounters financial difficulty. The Replacement Reserve Fund and the Expense Fund are not pledged funds.

(c) **Funds Not Holding Gross Proceeds.** The Borrower is required to maintain the Replacement Reserve Fund and the Expense Fund to fund certain capital expenditures, taxes and insurance and expenses. Amounts in the Replacement Reserve Fund and the Expense Fund are not limited directly or indirectly to the payment of debt service on the Bonds. Accordingly the Bondholders do not have any reasonable assurance that moneys in the Replacement Reserve Fund, the Expense Fund, the Revenue Fund and the Retained Earnings Fund under the Indenture will be available to pay debt service on the Bonds if the Borrower encountered financial difficulty and the amounts in such funds and accounts are not treated as Gross Proceeds of the Bonds. Amounts in the Rebate Fund will be used to pay rebate to the United States and, unless derived from investment earnings on Gross Proceeds, are not Gross Proceeds of the Bonds. The Costs of Issuance Fund will be used to pay Costs of Issuance on the Bonds; however, no proceeds of the Bonds will be deposited in such Fund. Amounts in the Costs of Issuance Fund will not be available to pay debt service on the Bonds and, unless derived from investment earnings on Gross Proceeds, are not Gross Proceeds of the Bonds. In the event that a Casualty and Condemnation Account is created, proceeds of the Bonds will not be deposited in such account and amounts in such account will not be available to pay debt service on the Bonds and are not Gross Proceeds of the Bonds.

Section 3.10. Yield.

(a) **Offering Prices.** The Purchaser has agreed to purchase all of Bonds at par. The Purchaser does not intend to reoffer the Bonds.

(b) **Bond Yield.** The Yield on the Bonds is _____%, as shown on **Exhibit B**. Bond Yield was computed based on the scheduled payments of principal and interest on the Bonds.

(c) ***Yield on Purpose Investment.*** The Yield on the Loan does not exceed the Yield on the Bonds by more than 1/8%, as permitted by Regulations § 1.148-2(d)(2)(i). In determining such Loan yield, “qualified administrative costs” of the Loan paid by the Borrower were taken into account to increase payments for, and reduce receipts from, the Loan, as permitted by Regulations § 1.148-5(e)(3). “Qualified administrative costs” are (1) costs or expenses paid, directly or indirectly, to purchase, carry, sell or retire the Loan, and (2) costs of issuing, carrying or repaying the Bonds; but fees paid to the Issuer are not qualified administrative costs.

Section 3.11. Arbitrage Covenants.

(a) ***Covenants of the Issuer.*** The Issuer will not (to the extent within its power or discretion) use any money on deposit in any fund or account maintained in connection with the Bonds, whether or not such money was derived from the proceeds of the sale of the Bonds or from any other source, in a manner that would cause any Bond to be an “arbitrage bond,” within the meaning of Code § 148. If the Issuer is made aware that it is necessary to restrict or limit the Yield on the investment of money held by the Trustee under the Indenture, or to use such money in any certain manner to avoid the Bonds being classified as arbitrage bonds, the Issuer will (to the extent within its power or discretion to direct such investments) deliver to the Trustee a written certificate of the Authorized Issuer Representative to such effect and appropriate instructions specifying the investments to be made.

(b) ***Covenants of the Borrower.*** The Borrower will not take any action, fail to take any action, or permit any action to be taken, including without limitation any action relating to the investment of Gross Proceeds or the payment of arbitrage rebate, which would cause any Bond to become an “arbitrage bond” within the meaning of Code § 148.

Section 3.12. Miscellaneous Tax Matters.

(a) ***Expected Use.*** The Borrower expects to use the Project over the term of the Bonds.

(b) ***No Abusive Arbitrage Device.*** The Bonds are not and will not be part of a transaction or series of transactions that has the effect of (1) enabling the Issuer or the Borrower to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, or (2) overburdening the tax-exempt bond market.

(c) ***Single Issue; No Other Issues.*** The Bonds constitute a single “issue” under Regulations § 1.150-1(c). No other obligations of the Issuer (1) are being sold within 15 days of the sale of the Bonds; (2) are being sold pursuant to the same plan of financing as the Bonds; and (3) are expected to be paid from substantially the same source of funds (disregarding guarantees from unrelated parties, such as bond insurance).

Section 3.13. Conclusion. On the basis of the foregoing facts, estimates and circumstances, the Issuer does not expect that the Bond proceeds will be used in a manner that would cause any Bond to be an “arbitrage bond” within the meaning of Code § 148.

ARTICLE IV.

TAX COMPLIANCE POLICIES AND PROCEDURES

Section 4.1 General.

- (a) **Purpose of Article.** The purpose of this Article IV is to set forth the policies and procedures governing compliance with the federal income tax requirements for the Bonds that apply after the Bonds are issued. The Issuer and the Borrower recognize that interest on the Bonds will remain excludable from gross income only if Post-Issuance Tax Requirements are followed after the Issue Date. The Issuer and the Borrower further acknowledge that written evidence substantiating Post-Issuance Tax Requirements must be retained in order to permit the Bonds to be refinanced with tax-exempt obligations and substantiate the position that interest on the Bonds is exempt from gross income in the event of an audit of the Bonds by the Internal Revenue Service.
- (b) **Borrower Responsible for Post-Issuance Tax Requirements.** The Issuer and the Borrower acknowledge that the investment and expenditure of proceeds or the Bonds are primarily within the control of the Borrower, and that substantially all of the Net Proceeds of the Bonds are expected to finance property that will be owned and controlled by the Borrower. For these reasons the Issuer is relying on the Borrower to carry out the Post-Issuance Tax Requirements as set out in this Tax Agreement. The Borrower agrees to undertake these obligations. The Issuer will cooperate with the Borrower when necessary to enable the Borrower to fulfill its Post-Issuance Tax Requirements. This cooperation includes, but is not limited to, signed Form 8038-T in connection with the payment of arbitrage rebate, participating in any Federal income tax audit of the Bonds or related proceedings under a voluntary compliance agreement procedure (VCAP) or remedial action procedure pursuant to Regulations §§ 1.141-12 and 1.145-2.
- (c) **Bond Compliance Officer.** The Bond Compliance Officer will be responsible for working with the Borrower's Bond Compliance Officer and for consulting with Bond Counsel, other legal counsel and outside experts to the extent necessary to carry out the Post-Issuance Tax Requirements for the Bonds.
- (d) **Issuer Cooperation; Opinion of Bond Counsel.** Upon written notice given by the Borrower (and if otherwise required or requested by the Issuer, upon delivery of an Opinion of Bond Counsel addressed to the Issuer regarding the action), the Issuer will take any action, including compliance with the remedial action procedures in the Regulations, that is necessary to cause interest on the Bonds to remain excludable from gross income for federal income tax purposes.
- (e) **Payment of Costs of Post-Issuance Tax Requirements.** Neither the Issuer nor the Trustee are required to incur any cost in connection with any action taken related to the Post-Issuance Tax Requirements, it being the intent of the parties that all costs of the Post-Issuance Tax Requirements will be paid by, or immediately reimbursed by, the Borrower. The Issuer and the Trustee shall be entitled to recover from the Borrower all legal and other fees and expenses incurred in connection with compliance with this Article IV pursuant to the provisions of the Loan Agreement and the Indenture. To the extent the Issuer relies on or acts at the direction of the Borrower, the Borrower agrees to indemnify the Issuer and its governing body.

Section 4.2 Trustee to Serve as Bond Compliance Agent. The Trustee hereby agrees to serve as Bond Compliance Agent pursuant to the Issuer's Post-Issuance Compliance Policy. In this capacity, the Trustee will hold the documents listed below (the "**Tax-Advantaged Bond File**")

for the benefit of the Issuer and the Borrower, and (2) the Bond Compliance Agent will remind the Borrower to provide necessary documentation such as the Annual Compliance Checklist, arbitrage and yield reduction reports, Final Written Allocation and forms filed with the IRS, as applicable. The Tax-Advantaged Bond File held by the Bond Compliance Agent will be fully accessible to the Issuer. The Tax-Advantaged Bond File will include the following information relating to each issue of the Bonds, if applicable:

- (a) Intent Resolution.
- (b) Bond Transcript.
- (c) Final Written Allocation and/or all available accounting records related to the Project showing expenditures allocated to the proceeds of the Bonds and expenditures (if any) allocated to other sources of funds.
- (d) All rebate and yield reduction payment calculations performed by the Rebate Analyst and all investment records provided to the Rebate Analyst for purposes of preparing the calculations.
- (e) Forms 8038-T together with proof of filing and payment of rebate.
- (f) Investment agreement bid documents (unless included in the Bond Transcript) including:
 - (1) bid solicitation, bid responses, certificate of broker;
 - (2) written summary of reasons for deviations from the terms of the solicitation that are incorporated into the investment agreement; and
 - (3) copies of the investment agreement and any amendments.
- (g) Any item required to be maintained by the terms of this Tax Agreement involving the use of the Project or expenditures related to tax compliance.
- (h) Any Opinion of Bond Counsel regarding the issue not included in the Bond Transcript.
- (i) Amendments, modifications or substitute agreements to any agreement contained in the Bond Transcript.
- (j) Any correspondence with the IRS relating to the issue, including all correspondence relating to an audit by the IRS of the issue or any proceedings under the Tax-Exempt Bonds Voluntary Closing Agreement Program (VCAP).
- (k) Any available questionnaires or correspondence substantiating the use of the Project in accordance with the terms of the Tax Compliance Agreement.

Section 4.3. Borrower's Responsibilities

(a) ***Borrower's Compliance Procedure.*** The Borrower shall adopt its own post-issuance compliance procedure that sufficiently addresses post-issuance compliance. Such procedures shall require the Borrower to monitor post-issuance compliance and bring non-compliance to the Issuer's attention, to be addressed as further herein; and (2) update its Tax-Advantaged Bond File, to be held with the Bond Compliance Agent.

(b) ***Preliminary Cost Allocations.*** The Borrower's Compliance Officer will confer with Bond Counsel, the Bond Compliance Officer and the Issuer's counsel regarding the meaning and scope of each representation and covenant contained in this Tax Agreement. The Borrower's Bond Compliance Officer, in consultation with Bond Counsel, will prepare a preliminary cost

allocation plan for the Project. The preliminary cost allocation plan will identify the assets and expected costs for the Project and, when necessary, will separately identify the portions of Costs that are expected to be financed with proceeds of the Issue and the portions expected to be financed from other sources.

(b) ***Final Written Allocation*** The Borrower's Bond Compliance Officer shall complete and submit to the Bond Compliance Agent and the Issuer the Final Written Allocation which itemizes the allocation of Bond proceeds to expenditures and identifies the Costs of the Project. The Borrower's Bond Compliance Officer will commence this process as of the earliest of (1) the final requisition of all Bond proceeds from the Project Fund, (2) the date the Project has been substantially completed or (3) four and one-half years following the issue date of the Bonds.

Each Final Written Allocation will contain the following: (1) a reconciliation of the actual sources and uses to Costs of the Project, (2) the percentage of the cost of the Project financed with Issue proceeds (sale proceeds plus any investment earnings on those sale proceeds), (3) the Project's placed-in-service date, (4) the estimated economic useful life of the Project, and (5) any special procedures to be followed in completing the Annual Compliance Checklist (e.g., limiting the Annual Compliance Checklist to specific areas of the Project that the Final Written Allocation or this Tax Agreement treats as having been financed by the Issue). As part of the preparation of the Final Written Allocation, the Borrower's Bond Compliance Officer will update the draft Annual Compliance Checklist contained in this Tax Agreement. The Borrower's Bond Compliance Officer will include reminders for all subsequent arbitrage rebate computations required for the Issue in the Annual Compliance Checklist.

(c) ***Finalize Annual Compliance Checklist.*** An Annual Compliance Checklist substantially in the form attached hereto as Exhibit D will be completed by the Borrower's Bond Compliance Officer each year following completion of the Final Written Allocation. Once completed, the Borrower's Bond Compliance Officer will send the Annual Compliance Checklist to the Bond Compliance Agent and will refer any responses indicating a violation of the terms of this Tax Agreement to legal counsel of the Borrower or Bond Counsel and, if recommended by counsel, will follow the procedure set out in the Issuer's Post-Issuance Compliance Policy to remediate the non-compliance.

(d) ***Review of Final Written Allocation and Annual Compliance Checklist.*** For each Issue, the Final Written Allocation and Annual Compliance Checklist will be reviewed by legal counsel to the Conduit User or Bond Counsel for sufficiency and compliance with this Tax Agreement. Following the completion of the review, the Borrower's Bond Compliance Officer will execute the Final Written Allocation.

(e) ***Borrower's Certification of Compliance.*** For each Issue, the Conduit User Bond Compliance Officer will send the completed Final Written Allocation, Annual Compliance Checklist and rebate and yield restriction reports to the Bond Compliance Agent and certify in writing the completion of its responsibilities under this Section.

Section 4.4. Accounting and Recordkeeping

The Borrower's Bond Compliance Officer will be responsible for accounting for the investment and allocation of Bond proceeds. The Borrower's Bond Compliance Officer will establish separate accounts or subaccounts to record expenditures of Bond proceeds for Costs of the Project. The Borrower's Bond Compliance Officer may use accounts established pursuant to the Indenture to assist it in accounting for the investment and expenditure of Bond proceeds. In recording Costs for the Project, the Borrower's Bond Compliance Officer will ensure that the accounting system will include the following information: (1) identity of person or business paid, along with any other available narrative description of the purpose for the payment, (2) date of payment, (3) amount paid, and (4) invoice number or other identifying reference.

The Borrower's Bond Compliance Officer shall monitor the investment of Bond Restricted Funds and provide investment records to the Rebate Analyst on a timely basis. The Issuer's Bond Compliance Officer and Borrower's Bond Compliance Officer will follow the directions of the Rebate Analyst with respect to the preparation and timing of rebate or yield reduction computations and the filling out and filing of any necessary IRS forms.

ARTICLE V. ARBITRAGE INVESTMENT AND REBATE INSTRUCTIONS

Section 5.1. Rebate Covenants. The Borrower agrees to engage, or to cause the Trustee to engage at the expense of the Borrower, a Rebate Analyst to compute arbitrage rebate on the Bonds in accordance with the Regulations. The Trustee agrees to pay to the United States, but solely from amounts held in the Rebate Fund or money provided by the Borrower, all such arbitrage rebate in accordance with this Tax Agreement and the Regulations. The Borrower agrees to make payments to the Trustee as necessary to comply with the rebate requirements of Code § 148(f) and the Regulations. The Issuer and the Trustee shall be entitled to rely on the rebate calculations obtained by the Borrower pursuant to this Tax Agreement and neither the Issuer nor the Trustee shall be responsible for any loss or damage resulting from any good faith action taken or omitted to be taken by the Issuer or the Trustee in reliance upon such calculations.

Section 5.2. Temporary Periods/Yield Restriction. Except as described below, Gross Proceeds must not be invested at a yield greater than the yield on the Bonds:

(a) ***Project Fund.*** Sale proceeds of the Bonds deposited in the Project Fund and investment earnings on such proceeds may be invested without yield restriction for three years after the Issue Date. If any proceeds remain in the Project Fund after three years, such amounts may continue to be invested without yield restriction so long as yield reduction payments are made to the United States of America in accordance with Regulations § 1.148-5(c).

(b) ***Bond Fund.*** To the extent that the Bond Fund qualifies as a Bona Fide Debt Service Fund, amounts in the Bond Fund may be invested without yield restriction for 13 months after the date of deposit. Earnings on such amounts may be invested without yield restriction for one year after the date of receipt of such earnings.

(c) ***Other Indenture Funds.*** Each of the Replacement Reserve Fund, the Expense Fund, the Revenue Fund and the Retained Earnings Fund, and the Casualty and Condemnation

Account in the event that it is created, is not a sinking fund or a pledged fund and therefore may be invested without yield restriction.

(d) **Minor Portion.** In addition to the amounts described above, Gross Proceeds not exceeding the Minor Portion may be invested without yield restriction.

Section 5.3. Fair Market Value.

(a) **General.** No Investment may be acquired with Gross Proceeds for an amount (including transaction costs) in excess of the fair market value of such Investment, or sold or otherwise disposed of for an amount (including transaction costs) less than the fair market value of the Investment. The fair market value of any Investment is the price a willing buyer would pay to a willing seller to acquire the Investment in a bona fide, arm's-length transaction. Fair market value will be determined in accordance with § 1.148-5 of the Regulations.

(b) **Established Securities Market.** Except for Investments purchased for a yield-restricted defeasance escrow, if an Investment is purchased or sold in an arm's-length transaction on an established securities market (within the meaning of Code § 1273), the purchase or sale price constitutes the fair market value. Where there is no established securities market for an Investment, market value must be established using one of the paragraphs below. The fair market value of Investments purchased for a yield-restricted defeasance escrow must be determined in a bona fide solicitation for bids that complies with § 1.148-5 of the Regulations.

(c) **Certificates of Deposit.** The purchase price of a certificate of deposit (a "CD") is treated as its fair market value on the purchase date if (i) the CD has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal; (ii) the Yield on the CD is not less than the Yield on reasonably comparable direct obligations of the United States; and (iii) the Yield is not less than the highest Yield published or posted by the CD issuer to be currently available on reasonably comparable CDs offered to the public.

(d) **Guaranteed Investment Contracts.** The Issuer and the Borrower are applying Regulations § 1.148-5(d)(6)(iii)(A) as amended by the Proposed Regulations (relating to electronic bidding of Guaranteed Investment Contracts to the Bonds. The purchase price of a Guaranteed Investment Contract is treated as its fair market value on the purchase date if all of the following requirements are met:

(1) **Bona Fide Solicitation for Bids.** The Borrower or the Trustee makes a bona fide solicitation for the Guaranteed Investment Contract, using the following procedures:

(A) The bid specifications are in writing and are timely forwarded to potential providers or made available on an internet website or other similar electronic media that is regularly used to post bid specifications to potential bidders. A writing includes a hard copy, a fax, or an electronic e-mail copy.

(B) The bid specifications include all "material" terms of the bid. A term is material if it may directly or indirectly affect the yield or the cost of the Guaranteed Investment Contract.

(C) The bid specifications include a statement notifying potential providers that submission of a bid is a representation (a) that the potential provider did not consult with any other potential provider about its bid, (b) that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Issuer, the Borrower, the Trustee, or any other person (whether or not in connection with the bond issue), and (c) that the bid is not being submitted solely as a courtesy to the Issuer, the Borrower, the Trustee, or any other person, for purposes of satisfying the requirements of the Regulations.

(D) The terms of the bid specifications are “commercially reasonable.” A term is commercially reasonable if there is a legitimate business purpose for the term other than to increase the purchase price or reduce the yield of the Guaranteed Investment Contract.

(E) The terms of the solicitation take into account the Borrower’s reasonably expected deposit and drawdown schedule for the amounts to be invested.

(F) All potential providers have an equal opportunity to bid. If the bidding process affords any opportunity for a potential provider to review other bids before providing a bid, then providers have an equal opportunity to bid only if all potential providers have an equal opportunity to review other bids. Thus, no potential provider may be given the opportunity to review other bids that is not equally given to all potential providers (that is no exclusive “last look”).

(G) At least 3 “reasonably competitive providers” are solicited for bids. A reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of investments being purchased.

(2) **Bids Received.** The bids received by the Borrower or the Trustee must meet all of the following requirements:

(A) The Borrower or the Trustee receives at least 3 bids from providers that were solicited as described above and that do not have a “material financial interest” in the issue. For this purpose, (a) a lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the issue date of the issue; (b) any entity acting as a financial advisor with respect to the purchase of the Guaranteed Investment Contract at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue; and (c) a provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.

(B) At least one of the 3 bids received is from a reasonably competitive provider, as defined above.

(C) If the Borrower or the Trustee uses an agent or broker to conduct the bidding process, the agent or broker did not bid to provide the Guaranteed Investment Contract.

(3) **Winning Bid.** The winning bid is the highest yielding bona fide bid (determined net of any broker’s fees).

(4) **Fees Paid.** The obligor on the Guaranteed Investment Contract certifies the administrative costs that it pays (or expects to pay, if any) to third parties in connection with supplying the Guaranteed Investment Contract.

(5) **Records.** The Trustee retains the following records with the bond documents until 3 years after the last outstanding Bond is redeemed:

(A) A copy of the Guaranteed Investment Contract.

(B) The receipt or other record of the amount actually paid by the Borrower or the Trustee for the Guaranteed Investment Contract, including a record of any administrative costs paid by the Borrower or the Trustee, and the certification as to fees paid, described in paragraph 4(d)(4) above.

(C) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results.

(D) The bid solicitation form and, if the terms of Guaranteed Investment Contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

(e) **Other Investments.** If an Investment is not described above, the fair market value may be established through a competitive bidding process, as follows:

(1) at least three bids on the Investment must be received from persons with no financial interest in the Bonds (*e.g.*, as placement agent or brokers); and

(2) the Yield on the Investment must be equal to or greater than the Yield offered under the highest bid.

Section 5.4. Exceptions of Certain Gross Proceeds from the Rebate Requirement.

(a) **General.** A portion of the Gross Proceeds of the Bonds may be exempt from rebate pursuant to one or more of the following exceptions. The exceptions typically will not apply with respect all Gross Proceeds of the Bonds and will not otherwise affect the application of the investment limitations described in Section 5.2. Unless specifically noted, the obligation to compute, and if necessary, to pay rebate as set forth in Section 5.5 applies even if a portion of the Gross Proceeds of the Bonds is exempt from the rebate requirements. To the extent all or a portion of the Bonds is exempt from rebate the Rebate Analyst may account for such fact in connection with its preparation of a rebate report described in Section 5.2.

(b) **Applicable Spending Exceptions:** The following optional rebate spending exceptions can apply to the Bonds:

(i) **Six-Month Exception.**

(1) The obligation to pay rebate to the United States will be treated as satisfied if—

(A) the Gross Proceeds (as modified below) are allocated to expenditures for the governmental purpose of the Bonds within 6 months after the Issue Date; and

(B) rebate is paid in accordance with Code § 148 on all Gross Proceeds not required to be spent as provided in paragraph (A) (other than amounts in a Bona Fide Debt Service Fund). Normally, this will include only Gross Proceeds in a reasonably required reserve or replacement fund.

(2) For purposes of paragraph (1)(A) above, Gross Proceeds do not include amounts in a Bona Fide Debt Service Fund or a reasonably required reserve or replacement fund, or amounts that become Gross Proceeds after the end of the 6-month spending period, but were not anticipated as of the Issue Date. The use of Gross Proceeds to pay principal of any Bond will not be treated as an expenditure of Gross Proceeds for this purpose.

(3) The 6-month spending exception generally is met if all Adjusted Gross Proceeds of the bonds are spent within 6 months following the Issue Date. The test may still be satisfied even if up to 5% of the sale proceeds remain at the end of the initial 6-month period, so long as this amount is spent within one year of the Issuer Date.

(ii) Eighteen-Month Exception.

(1) The obligation to pay rebate to the United States will be treated as satisfied if—

(A) the Gross Proceeds (as modified below) are allocated to expenditures for the governmental purpose of the Bonds in accordance with the following schedule:

Time Period After the Issue Date	Minimum Percentage of Gross Proceeds Spent
6 months	15%
12 months	60%
18 months	100%

and

(B) rebate is paid in accordance with Code § 148 on all Gross Proceeds not required to be spent in accordance with the 18-month spending schedule (other than amounts in a Bona Fide Debt Service Fund). Normally, this will include only Gross Proceeds in a reasonably required reserve or replacement fund.

(2) For purposes of paragraph (1)(A) above, Gross Proceeds do not include amounts in a Bona Fide Debt Service Fund or a reasonably required reserve or replacement fund, or amounts that become Gross Proceeds after the end of the 18-month spending period, but were not anticipated as of the Issue Date. The Bonds meet the 18-month spending test even if, at the end of the 18-month period, Gross Proceeds not exceeding a Reasonable Retainage remain unspent, so long

as such proceeds are allocated to expenditures within 30 months after the Issue Date. In addition, the failure to satisfy the final spending requirement at the end of the 18-month period is disregarded if the Borrower uses due diligence to complete the Project and the amount of the failure does not exceed the lesser of 3% of the aggregate issue price of the Bonds or \$250,000. But the use of Gross Proceeds to pay principal of any Bond cannot be treated as an expenditure of Gross Proceeds for the purpose of the spending exception.

(3) **Special Elections Made with Respect to Spending Exception Elections.** No special elections are being made in connection with the application of the spending exceptions.

(4) **Documenting Application of Spending Exception.** At any time prior to the first Computation Date, the Borrower may engage the Rebate Analyst to determine whether one or more spending exceptions have been satisfied, and the extent to which the Borrower must continue to comply with Section 5.4 hereof.

Section 5.5. Computation and Payment of Arbitrage Rebate.

(a) **Rebate Fund.** A special fund designated the “Rebate Fund” has been established under the Indenture. The Trustee will keep the Rebate Fund separate from all other funds and will administer the Rebate Fund pursuant to this Tax Agreement. Any investment earnings derived from the Rebate Fund will be credited to the Rebate Fund, and any investment loss will be charged to such Fund.

(b) **Computation of Rebate Amount.** The Trustee will provide the Rebate Analyst Investment reports relating to each fund held by the Trustee that contains Gross Proceeds of the Bonds at such times as reports are provided to the Borrower, and not later than 10 days following each Computation Date. The Borrower will provide the Rebate Analyst with copies of investment reports for any funds containing Gross Proceeds that are held by a party other than the Trustee annually as of the end of each Bonds Year and not later than 10 days following each Computation Date. Each investment report provided to the Rebate Analyst will contain a record of each investment, including (1) purchase date, (2) purchase price (3) information establishing the fair market value on the date such investment was allocated to the Bonds, (4) any accrued interest paid, (5) face amount, (6) coupon rate, (7) frequency of interest payments, (8) disposition price, (9) any accrued interest received, and (10) disposition date. Such records may be supplied in electronic form. The Rebate Analyst will compute rebate following each Computation Date and deliver a written report to the Trustee, the Borrower and the Issuer together with an opinion or certificate of the Rebate Analyst stating that arbitrage rebate was determined in accordance with the Regulations. Each report and opinion will be provided not later than 45 days following the Computation Date to which it relates. In performing its duties, the Rebate Analyst may rely, in its discretion on the correctness of financial analysis reports prepared by other professionals. If the sum of the amount on deposit in the Rebate Fund and the value of prior rebate payments is less than the arbitrage rebate due, the Borrower will, within 55 days after such Computation Date, pay to the Trustee the amount of the deficiency for deposit into the Rebate Fund. The Trustee will transfer any balance remaining in the Rebate Fund to the Borrower with the written approval of the Rebate Analyst or following the payment of any rebate due as of the final Computation Date.

(c) **Exception for Bond Fund.** To the extent that the Bond Fund qualifies as Bona Fide Debt Service Funds, investment earnings in the Bond Fund cannot be taken into account in computing arbitrage rebate if (1) the Bonds meet the 6-month or the 18-month spending exception from rebate described above, or (2) for a given Bond Year, the gross earnings on the Bond Fund for such Bond Year are less than \$100,000. Because the average annual debt service on the Bonds does not exceed \$2,500,000, the \$100,000 earnings test may be treated as satisfied.

(d) **Rebate Payments.** Within 60 days after each Computation Date, the Trustee must pay (but solely from moneys in the Rebate Fund or moneys provided by the Borrower) to the United States of America the rebate amount and yield reduction payment, if applicable, then due. Each rebate payment and yield reduction payment, if applicable, must be accompanied by IRS Form 8038-T and such other forms, documents or certificates as may be required by the Regulations, and must be mailed or delivered to the address shown below or to such other location as the Internal Revenue Service may direct:

Internal Revenue Service
Ogden Submission Processing Center
Ogden, Utah 84201

Section 5.6 Successor Rebate Analyst. If the firm acting as the Rebate Analyst resigns or becomes incapable of acting for any reason, or if either the Borrower or the Issuer desire that a different firm act as the Rebate Analyst, then the Borrower (so long as no event of default hereunder or under the Loan Agreement has occurred and is continuing), with the written consent of the Issuer (which consent will not be unreasonably withheld) or the Issuer, by an instrument or concurrent instruments in writing delivered to the Trustee, the firm then serving as the Rebate Analyst and any other party to this Tax Agreement will name a successor Rebate Analyst. In each case the successor Rebate Analyst must be a firm of nationally recognized bond counsel or a firm of independent certified public accountants and such firm must expressly agree to undertake the responsibilities assigned to the Rebate Analyst hereunder. In the event the firm acting as the Rebate Analyst resigns or becomes incapable of acting for any reason and neither the Issuer nor the Borrower appoints a qualified successor Rebate Analyst within 30 days following a requires to appoint a successor Rebate Analyst, then the Trustee will appoint a firm to act as the successor Rebate Analyst.

Section 5.7 Records. The Trustee must retain detailed records with respect to each computation of arbitrage rebate and each Investment, including: (a) purchase date, (b) purchase price, (c) any accrued interest paid, (d) information establishing the fair market value on the date such investment was allocated to the Bonds (e) face amount, (f) coupon rate, (g) frequency of interest payments, (h) disposition price, (i) any accrued interest received, and (j) disposition date. The Trustee must retain all such records until six years after the last Bond is discharged. The Trustee will retain copies of each arbitrage rebate report and opinion until 3 years after the final Computation Date.

Section 5.8. Filing Requirements. The Issuer, the Trustee and the Borrower must file or cause to be filed with the Internal Revenue Service such reports or other documents as are required by the Code in accordance with an opinion of Bond Counsel.

Section 5.9. Survival after Defeasance. Notwithstanding anything in the Indenture to the contrary, the obligation to pay arbitrage rebate to the United States will survive the payment or defeasance of the Bonds.

Section 5.10. Procedures Regarding Record Keeping; Use of Bond Proceeds and Use of the Project.

(a) ***Record Retention Procedure.*** The Trustee, the Issuer and the Borrower recognize (1) that investors purchase the Bonds with the expectation that interest on the Bonds is excluded from gross income for federal income tax purposes, (2) that the tax-exempt status of interest on the Bonds depends on the accuracy of the representations and satisfaction of the covenants contained herein by the Borrower, many of which relate to matters that will occur after the date the Bonds are issued, and (3) that as part of its ongoing tax-exempt bond audit program the IRS requires that records be created and maintained with respect to the following:

(1) Documentation evidencing an allocation of expenditures of Bond proceeds in sufficient detail to determine the date of the expenditure, the asset acquired or the purpose of the expenditure.

(2) Documentation evidencing use of Bond financed property by public and private persons (i.e. copies of Management Agreements or leases).

(3) Documentation evidencing all sources of payment or security for the Bonds.

(4) Documentation pertaining to any investment of Bond proceeds (including the purchase and sale of securities, SLGs subscriptions, actual investment income received from the investment of proceeds, guaranteed investment contracts, and if required, rebate calculations).

(5) Documentation necessary for the Borrower to complete and substantiate any information required to be included on IRS Form 8703 as amended and in effect from time-to time.

(b) ***Time-Period Records Must Be Retained: Electronic Storage Permitted.*** Unless otherwise specifically instructed in a written Opinion of Bond Counsel or to the extent otherwise provided in this Tax Agreement, the Trustee on behalf of the Bond Compliance Officer shall retain records related to Post-Issuance Tax requirements until 3 years following the final maturity of (i) the Bonds or (ii) any obligation issued to refund the Bonds. Any records maintained electronically must comply with Section 4.01 of Revenue Procedure 97-22, which generally provides that an electronic storage system must (3) ensure an accurate and complete transfer of the hardcopy records which indexes, stores, preserves, retrieves and reproduces the electronic records, (2) include reasonable controls to ensure integrity, accuracy and reliability of the electronic storage system and to prevent unauthorized alteration or deterioration of electronic records, (3) exhibit a high degree of legibility and readability both electronically and in hard copy; (4) provide support for other books and records of the Borrower and (5) not be subject to any agreement that would limit the ability of the IRS to access and use the electronic storage system on the Borrower's premises.

(c) ***Form 8703.*** The Bond Compliance Officer is responsible for compiling, reviewing and ascertaining the information related to the Bonds contained on Form 8703 of the Borrower's

Annual Certification of a Residential Rental Project (or similar schedules used in the future) is accurate.

(d) ***Opinion of Bond Counsel.*** The Bond Compliance Officer is responsible for obtaining and delivering to the Issuer and the Trustee any Opinion of Bond Counsel required under the provisions of this Tax Agreement.

Section 5.11. Tax Audits. The Issuer and the Borrower acknowledge that the IRS has a routine tax audit program in place and that the cost of professional representation and compliance with requests for records and other information that are a part of such an audit can be substantial, even if no violation of tax laws are found. The Issuer and the Borrower also recognize that under current administrative procedures the IRS must direct audit inquiries to the Issuer, even though the Borrower has the primary responsibility for maintaining the exclusion of interest on the Bonds from gross income for federal income tax purposes. Upon receipt of notice of the commencement of any audit of the Bonds, the Borrower or the Issuer will notify the other promptly. Throughout the term of the audit and any subsequent proceedings, the Issuer and the Borrower will provide copies to one another of any correspondence received from or transmitted to the IRS by the other. The Issuer may hire its own legal counsel to represent its interests in connection with the audit or in any further proceeding that results from the audit. At the request of the Issuer, the Borrower will hire separate legal counsel to represent the Borrower's interests in the audit. The Borrower, upon written request of the Issuer, will assume responsibility for responding to information and document requests made by the auditor that are within the knowledge or possession of the Borrower. Promptly on demand by the Issuer in writing, the Borrower will pay costs incurred by the issuer in connection with the audit or any legal or administrative proceeding resulting from the audit (including the Issuer's reasonable attorney's fees and expenses). So long as the Borrower shall not be in default under the terms of the Loan Agreement and the Indenture, neither the Issuer nor the Borrower shall have the right to represent or otherwise bind the other party in connection with any settlement related to the tax-exempt status of the Bonds. Nothing contained in this section is intended to limit the rights of the Issuer to recovery under the Loan Agreement or any other agreement or certificate executed in connection with the issuance of the Bonds.

ARTICLE VI. MISCELLANEOUS PROVISIONS

Section 6.1. Term of Tax Agreement. This Tax Agreement will become effective upon the issuance and delivery of the Bonds and will continue in force and effect until the principal of, redemption premium, if any, and interest on all Bonds have been fully paid and all such Bonds are cancelled; except that the provisions of Article V regarding payment of arbitrage rebate and all related penalties and interest will remain in effect until all such amounts are paid to the United States and the provision in Section 2.2(t) relating to record keeping shall continue in force for the period described therein for records to be retained.

Section 6.2. Amendments. This Tax Agreement may be amended from time to time by the parties without notice to or the consent of any of the Bondholders, but only if any such amendment is in writing and accompanied by an opinion of Bond Counsel to the effect that under then existing law, assuming compliance with this Tax Agreement as so amended, the Indenture and the Loan Agreement, such amendment will not cause any Bond to be an arbitrage bond under Code § 148

or otherwise cause interest on any Bond to be included in gross income for federal income tax purposes. No such amendment will become effective until the Issuer, the Borrower and the Trustee receive an Opinion of Bond Counsel, addressed to the Issuer, the Borrower and the Trustee, that such amendment will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

Section 6.3. Opinion of Bond Counsel. The Issuer, the Borrower or the Trustee may deviate from the provisions of this Tax Agreement if furnished with an opinion of Bond Counsel to the effect that the proposed deviation will not adversely affect the validity of the Bonds or cause interest on any Bond to be included in gross income for federal income taxes. The Issuer, the Borrower and the Trustee further agree to comply with any further or different instructions provided to it in an Opinion of Bond Counsel to the effect that the further or different instructions need to be complied with in order to maintain the validity of the Bonds or prevent the occurrence of a Determination of Taxability.

Section 6.4. Reliance. In delivering this Tax Agreement the Issuer and the Trustee are independently making only those certifications, representations and agreements specifically attributed to them. The balance of the certifications, representations and agreements contained in this Tax Agreement, are those of the Borrower, and the Issuer and the Trustee are relying on the Borrower with respect to them. Neither the Issuer nor the Trustee is aware of any facts or circumstances which would cause it to question the accuracy of the facts, circumstances, estimates or expectations of the Borrower and, to the best of its knowledge, those facts, circumstances, estimates and expectations are reasonable.

Section 6.5. Severability. If any provision in this Tax Agreement or in the Bonds is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired.

Section 6.6. Benefit of Agreement. This Tax Agreement is binding upon the Issuer, the Borrower and the Trustee and their respective successors and assigns, and inures to the benefit of the parties and the owners of the Bonds. Nothing in this Tax Agreement or in the Indenture or the Bonds, express or implied, gives to any person, other than the parties to this Tax Agreement and their successors and assigns and the owners of the Bonds, any benefit or any legal or equitable right, remedy or claim under this Tax Agreement. The certifications, representations and expectations made in this Tax Agreement are intended, and may be relied upon, as a certification of an officer of the Issuer given in good faith described in Section 1.148-2(b)(2) of the Regulations. The Issuer and the Borrower understand that such certifications will be relied upon by the Issuer in the issuance of the Bonds and by the Hardwick Law Firm LLC, Bond Counsel, in rendering their opinion as to the validity of the Bonds and the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 6.7. Default, Breach and Enforcement. Any misrepresentation of a party contained herein or any breach of a covenant or agreement contained in this Tax Agreement is an event of default under this Tax Agreement. Remedies for an event of default under this Tax Agreement may be pursued pursuant to the terms of the Indenture, the Loan Agreement or any other document which references this Tax Agreement and gives remedies for an event of default thereunder.

Section 6.8. Benefit of Agreement. This Tax Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute the same instrument.

Section 6.9. Execution in Counterparts. This Tax Agreement will be governed by and construed in accordance with the laws of the State of Missouri.

Section 6.10. Electronic Transactions. The parties agree that the transaction described in this Tax Agreement may be conducted, and related documents may be stored, by electronic means.

THE PARTIES have caused this Tax Compliance Agreement to be duly executed by their duly authorized signatories, all as of the day and year first above written.

LAND CLEARANCE FOR REDEVELOPMENT
AUTHORITY OF KANAS CITY, MISSOURI

By: _____
Name: Dan Moye
Title: Executive Director

UMB BANK, N.A., as Trustee

By: _____
Name: _____
Title: _____

PG/PGN, LP, a Missouri limited partnership

By: PG/PGN OWNER, LLC, a Missouri limited liability company, general partner

By: PG/PGN Managing Member, LLC, a Missouri limited liability company, its managing member

By: PALESTINE VILLAGE COMMUNITY DEVELOPMENT CORPORATION, a Missouri nonprofit corporation, its manager

By: _____
Melvin A. Gross, President

**EXHIBIT A
TO TAX COMPLIANCE AGREEMENT**

Sources and Uses of Funds

Sources of Funds	Amount
Bond principal	Not to Exceed
(Less amount redeemed at Conversion Date)	\$11,000,000
Long term amount of bonds to be outstanding after Conversion	<u>(10,800,000)</u>
	5,800,000
Federal LIHTC Equity	7,692,964
State LIHTC	2,472,697
Historic Tax Credit	4,119,444
MHDC HOME Loan	<u>1,400,000</u>
Total Sources	\$21,485,105

Use of Funds	Bond Proceeds	Borrower Contribution	Subtotal
Acquisition of Land and Existing Building	\$3,250,000	0	\$ 3,250,000
Hard cost	9,595,433	\$ 823,244	10,418,677
Site Improvements	150,881	0	150,881
Building preparation	891,442	0	891,442
Acquisition and Installation of Replacement Appliances	150,000	0	150,000
Architectural and Engineering	440,000	0	440,000
Capitalized Interest, Taxes, Legal	0	677,500	677,500
Environmental Study	15,000	0	15,000
Survey	10,000	0	10,000
Real Estate, Insurance and Tax Credit Costs	0	782,601	782,601
Developer Fee	0	1,820,442	1,820,442
Contingency	1,181,394	22,756	1,204,150
Costs of Issuance	297,180		297,180
Builder's overhead and profit	618,670	232,330	851,000
Other	<u>0</u>	<u>526,232</u>	<u>526,232</u>
Total Uses:	\$11,000,000	4,885,105	\$21,485,105

**EXHIBIT B
TO TAX COMPLIANCE AGREEMENT**

Calculation of Bond Yield

**EXHIBIT C
TO TAX COMPLIANCE AGREEMENT**

CALCULATION OF ESTIMATED ECONOMIC LIFE

Bond Financed Project Component	Cost	Estimated Remaining Economic Life	Weighted Average Remaining Estimated Economic Life
Buildings-Acquisition	\$ 3,000,000	27.5	82,500,000
Buildings-Rehab	13,152,820	27.5	361,702,550
Equipment	150,000	5.0	750,000
<hr/>			
Total	16,302,820		444,852,500
	<u>444,852,500</u>		
	16,302,820 = 27.29 years		

Exhibit D

ANNUAL COMPLIANCE CHECKLIST

POST ISSUANCE COMPLIANCE CHECKLIST

TRANSACTION PARTIES		Land Clearance for Redevelopment Authority of Kansas City Missouri
Overall Responsible Office for Debt Management Activities		Hardwick Law Firm LLC
Bond Counsel		Commerce Bank
Trustee		922 Walnut Kansas City, Missouri
A. TAX LAW REQUIREMENTS		
	Document Reference	Responsibility
1. General Matters.		
(a) Proof of filing Form 8038, 8038-G or 8038-GC.		Bond Counsel
(b) "Significant modification" to bond documents results in reissuance under Treas. Reg. § 1.1001-3. Proof of filing new Form 8038, etc., plus final rebate calculation on pre-modification bonds.		
2. Use of Proceeds: Governmental Bonds or Qualified 501(c)(3) Bonds.	Tax Compliance Agreement	Company
(a) No private business use arrangement with private entity (includes federal government) beyond permitted <i>de minimis</i> amount unless cured by remedial action under Treas. Reg. § 1.141-12.		
(i) Sale of facilities.		
(ii) Lease.		
(iii) Nonqualified management contract. Rev. Proc. 97-13.		
(iv) Nonqualified research contract. Rev. Proc. 97-14.		
(v) "Special legal entitlement."		
(b) Additional requirements for qualified 501(c)(3) bonds.		

(i) No unrelated business activity income in facility beyond permitted <i>de minimis</i> amount.		
(ii) No activities jeopardizing 501(c)(3) exemption of 501(c)(3) borrower.		
(b) Remedial action may consist generally of redemption or defeasance of bonds (with notice of defeasance to IRS). Where disposition is a cash sale, remedial action may be an alternative qualifying use of proceeds. If bonds are 501(c)(3) bonds, alternative use must have "TEFRA" hearing and elected official approval prior to sale of original facilities. Proof of filing new Form 8038, etc.		
2. Private Activity Bonds IRC § 142 Residential Rental Project Bonds		
(a) Meet low-income requirements for qualified project period. IRC §142(d).		
(b) Proof of filing annual reports of compliance by project operator on Form 8703.		
3. Arbitrage.	Tax Compliance Agreement	Rebate Analyst
(a) Rebate. IRC §148(f).		
(i) First installment of arbitrage rebate due on fifth anniversary of bond issuance plus 60 days.		
(ii) Succeeding installments every five years.		
(iii) Final installment 60 days after retirement of last bonds of issue.		
(iv) Monitor expenditures prior to semi-annual target dates for six-month, 18-month, or 24-month spending exception.		
(b) Monitor expenditures generally against date of issuance expectations for three-year or five-year temporary periods or five-year hedge bond rules.		
(c) For advance refunding escrows, confirm that any scheduled purchases of 0% Securities of State and Local Government Series are made on scheduled date.		
6. Record Retention.	Tax Compliance	Trustee
(a) Maintain general records relating to issue for life of issue plus any refunding plus three years.		

(b) Maintain special records required by safe harbor for investment contracts or defeasance escrows. Treas. Reg. § 1.148-5.		
(c) Maintain record of identification on issuer's books and records of "qualified hedge" contract. Treas. Reg. § 1.148-4(h)(2)(viii) and § 1.148-11A(i)(3).		
(d) Maintain record of election not to take depreciation on leased property that must be treated as owned by a governmental unit. Treas. Reg. § 1.103(n)-2T Q/A7.		
(e) Maintain record of agreements and assignments between governmental units that affect volume cap allocations under IRC §146. Treas. Reg. § 1.103(n)-3T Q/A8, 13 & 14.		
(f) Maintain record of election to utilize the \$10,000,000 small issue bond limit on the books and records of the issuer. Treas. Reg. § 1.103-10(b)(2)(vi).		
<p>7. Allocations of Bond Proceeds to Expenditures.</p> <p>Make any allocations of bond proceeds to expenditures needed under Treas. Reg. § 1.1486(d) and § 1.141-6(a) by 18 months after the later of the date the expenditure was made or the date the project was placed in service, but not later than the earlier of five years after the bonds were issued or 60 days after the issue is retired.</p>		Company
B. DISCLOSURE REQUIREMENTS		
1. SEC Rule 15c2-12 Requirements.		Exempt transaction
(a) Determine applicability of continuing disclosure undertaking ("CDU").		
(b) Identification of "obligated person" for purposes of Rule 15c2-12. Governmental Bonds: Issuer. Private Activity Bonds: Issuer or Borrower.		
(c) Name of Dissemination Agent, if applicable.		
(d) Periodically determine that required CDU filings have been prepared, sent to and received by EMMA.		

(e) Information required to be provided to NRMSIR and SID:		
(i) Annual Reports.		
(1) Quantitative financial information and operating data disclosed in official statement.		
(2) Audited financial statements.		
(ii) Other information.		
(1) Change of fiscal year.		
(2) Other information specified in CDU.		
(1) Material Event Disclosure. Notification by obligated person to SID and each NRMSIR, in timely manner, of any following events with respect to bonds, if event is material within the meaning of the federal securities laws:		
(i) Principal and interest payment delinquencies.		
(ii) Non-payment related defaults.		
(iii) Unscheduled draws on debt service reserves reflecting financial		
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties.		
(v) Substitution of credit or liquidity providers, or their failure to perform.		
(vi) Adverse tax opinions or events affecting the tax-exempt status of the bonds.		
(vii) Modifications to rights of holders of the bonds.		
(viii) Bond calls.		
(ix) Defeasances.		
(x) Release, substitution or sale of property securing repayment of the bonds		

(xi) Rating Changes		
(g) Failure of the obligated person to timely file financial information (including audited financial statements) and operating data with SID and either each NRMSIR or MSRB.		
2. Notification to Underwriters of Bonds. Determination of whether bond purchase agreement requires issuer of the bonds to notify underwriters for a specified period of time of any fact of event that might cause the official statement to contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading.	Private Placement	n/a
3. Information Required to be Filed with Other Entities.		Company
(a) Trustee.		
Examples:		
(i) Financial records.		
(1) Annual.		
(2) Quarterly.		
(ii) Budgets.		
(iii) Issuance of additional bonds.		
(iv) Events of default.		
(v) Notices of redemption.		
(vi) Amendments to bond documents.		
C. MISCELLANEOUS STATE LAW AND DOCUMENT REQUIREMENTS		
1. Security.		
(a) Proof of filing UCC statements with appropriate authorities as required by State procedures.		

(i) Initial UCC financing statements filed with appropriate authorities. UCC 9-515(a).	Filed. Evidence in transcript	Bond Counsel
(ii) Continuation statements filed by fifth anniversary. UCC 9-515(d).		Trustee
(iii) Transfer by government or governmental unit not requiring a UCC statement. UCC 9-102(a)(45) (UCC exception adopted in certain jurisdictions).		
(iv) Public finance transaction in connection with debt securities (all or portion of securities have initial stated maturity of 20 years; obligated party is State or State governmental unit) qualifies for 30-year filing. UCC 9-515(b)		
(v) Other local requirements or exceptions.		
(b) Proof of filing recorded mortgages, deeds of trust with appropriate authorities and proof of delivery of originals to trustee or custodian.		
2. Insurance.		Company
(a) Proof of receipt of final title policy and proof of delivery to trustee or custodian.		
(b) Monitor compliance with property and casualty insurance requirements.		
Financial Covenants. Monitor compliance with rate covenant or other covenants not included in B(3) above.		
4. Transfer of Property.		
(a) Restrictions on transfer of cash.		
(b) Restrictions on releases of property.		
(c) Restrictions on granting liens or encumbering property.		
5. Investments. Compliance with permitted investments.		