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Scott County Iowa  
Rita A. Vargas Recorder

File **2006-00021727**

Prepared by and Return to: Linda Kniep, Ahlers & Cooney, P.C., 100 Court Avenue, Suite 600, Des Moines, IA 50309 (515) 243-7611

REGULATORY AGREEMENT

among

IOWA FINANCE AUTHORITY,

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Trustee

and

MISSISSIPPI HOUSING PARTNERS, LP

Dated as of June 1, 2006

Relating to

\$5,650,000 Multifamily Housing Revenue Bonds  
(Mississippi Housing Partners, LP Project), Series 2006

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## REGULATORY AGREEMENT

THIS REGULATORY AGREEMENT (the "Regulatory Agreement") is made and entered into as of June 1, 2006, between IOWA FINANCE AUTHORITY, a public instrumentality and agency of the State of Iowa, duly organized and existing under the laws thereof (the "Issuer"), WELLS FARGO BANK, NATIONAL ASSOCIATION, (the "Trustee"), and MISSISSIPPI HOUSING PARTNERS, LP, an Iowa limited partnership (the "Owner").

### WITNESSETH:

WHEREAS, the Issuer is authorized and empowered by the provisions of Chapter 16 of the Code of Iowa, 2006, as amended (the "Act") to issue its revenue Bonds for, among other things, to loan the proceeds thereof pursuant to a loan agreement to one or more contracting parties (as defined in the Act) to be used to pay the cost of acquiring, by construction or purchase, land, buildings, improvements and equipment, or any interest therein; and

WHEREAS, pursuant to the Act, the Issuer has heretofore issued its \$5,650,000 Multifamily Housing Revenue Bonds, (Mississippi Housing Partners, LP Project), Series 2006 (the "Bonds") to provide financing for the acquisition and renovation of 56 rental apartments within the historic Mississippi Hotel located at 106 East 3rd Street, Davenport, Scott County, Iowa (the "Project"), the proceeds of which will be used to make loans to the Owner to finance the Project; and

WHEREAS, the Issuer, acting pursuant to the Act, has entered into a Loan Agreement, dated as of June 1, 2006 (the "Loan Agreement"), with the Owner; and

WHEREAS, the Loan Agreement requires, as a condition of issuance of the Bonds and the loan of the proceeds thereof to the Borrower, the execution and delivery of this Regulatory Agreement; and

WHEREAS, in order to satisfy such requirement, the Issuer, the Trustee and the Borrower have determined to enter into this Regulatory Agreement to set forth certain terms and conditions relating to the continued operation of the Project; and

WHEREAS, the Owner will rent or lease or will hold available for rent or occupancy at least 40% of the completed dwelling units in the Project to individuals or families of lower income, as herein defined, all for the public purpose of assisting such individuals and families to afford the costs of decent, safe and sanitary housing, and

WHEREAS, the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations and rulings promulgated with respect thereto prescribe that the use and operation of the Project be restricted in certain aspects, and, in order to ensure that the Project will be used and operated in compliance with the foregoing and to establish and maintain the exclusion from gross income for purposes of federal income taxation of interest on the Bonds, the Issuer, the Trustee and the Owner have determined to enter into this Regulatory Agreement; and

Interest on the Bonds paid to the registered owners of the Bonds is exempt from federal income tax if the Project continuously complies with Section 142(d) of the Code and Treasury Regulations thereunder; and

WHEREAS, compliance by the Project with Section 142(d) of the Code is in large part within the control of the Owner.

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

Section 1. Definitions and Interpretation.

Capitalized terms used herein without definition shall have the respective meanings set forth in the Loan Agreement. In addition, the following terms shall have the following respective meanings:

“Certification of Tenant Eligibility” means a certificate in the form of Exhibit B attached hereto.

“Code” means the Internal Revenue Code of 1986, as amended. Each citation to a section of the Code herein shall be deemed to include applicable regulations promulgated under such section and in effect as of the date hereof.

“Lower-Income Tenants” means individuals or families, on the basis of the “Certification of Tenant Eligibility” attached hereto as Exhibit B as certified by such individual or family, who have an adjusted gross income (anticipated total annual income) which does not exceed 60% of the median gross income for the primary standard metropolitan statistical area in which the Project is located, determined in a manner consistent with the determination of median income made under the leased housing program established under Section 8 of the United States Housing Act of 1937, as amended (or if such program is terminated, under such program as is in effect immediately before such termination). In no event, however, will the occupants of a unit be considered to be of low or moderate income if all the occupants are students, no one of which is entitled to file a joint return.

“Lower-Income Units” means the dwelling units in the Project occupied or held for occupancy by Lower-Income Tenants pursuant to Section 3 hereof.

“Maturity Date” means any date on which all outstanding principal of or interest or premium, if any, on the Bonds is due, whether at maturity, on a payment date or upon redemption, acceleration or otherwise.

“Project” means the acquisition and renovation of 56 rental apartments within the historic Mississippi Hotel located at 106 East Third Street, Davenport, Scott County, Iowa.

“Project Site” means the parcel of real property described in Exhibit A which is attached hereto, and incorporated by reference herein, and all rights and appurtenances thereunto appertaining.

“Qualified Project Period” means a period which began on the later of the first day on which at least ten percent (10%) of the residential units in the Project were first occupied or the date of issuance of the Bonds, and ending on the later of (i) the date which is fifteen years after the date on which at least 50% of the residential units in the Project were first occupied; (ii) the first day on which no tax exempt obligation issued with respect to the Project is Outstanding; or (iii) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates.

“Related Person” shall have the meaning given in Section 147(a) of the Code.

“Required Rental Period” means, for each unit in the Project, the period beginning when such unit is or was first available for occupancy and continuing for the Qualified Project Period.

“Regulatory Agreement” means this Regulatory Agreement, dated as of June 1, 2006, among the Issuer, the Trustee and the Owner, as such may be amended or supplemented from time to time in accordance with the provisions hereof.

“State” means the State of Iowa.

Such capitalized terms as are not defined herein shall have the meanings ascribed to them in the Loan Agreement.

Unless the context clearly requires otherwise, words of the masculine, feminine or neuter gender shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number and vice versa, when appropriate. All the terms and provisions hereof shall be construed to effectuate the purposes set forth in this Regulatory Agreement and to sustain the validity hereof.

The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this document or any provision hereof or in ascertaining intent, if any question of intent shall arise.

## Section 2. Residential Rental Property.

The Owner hereby represents, warrants and covenants as follows:

(a) During the Qualified Project Period, the Project has been and will be owned and operated for the purpose of providing multifamily residential rental property in accordance with Section 142(d) of the Code and related Treasury Regulations, comprised of a building or structure or several interrelated buildings or structures, and facilities functionally related and

subordinate thereto, and no other facilities. As used herein, facilities functionally related and subordinate to the Project shall include facilities for use by the tenants, including, for example, swimming pools, other recreational facilities, parking areas and other facilities which are reasonably required for the Project, for example, heating and cooling equipment, trash disposal equipment or units for resident managers or maintenance personnel.

(b) All of the dwelling units in the Project were and are similarly constructed, and each dwelling unit in the Project does and will contain facilities for living, sleeping, eating, cooking and sanitation for a single person or a family which are complete, separate and distinct from other dwelling units in the Project and does and will include a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink.

(c) During the Qualified Project Period, the Owner has not and will not knowingly permit any of the dwelling units in the Project to be used on a transient basis and will not rent any of the units for a period of less than 30 consecutive days and none of the dwelling units in the Project will at any time be leased or rented for use as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitarium rest home or trailer court or park.

(d) During the Qualified Project Period each dwelling unit in the Project has been and will be rented or available for rental on a continuous basis to members of the general public (subject to the income restrictions contained herein) for the Required Rental Period.

(e) At no time has the Owner or a Related Party occupied nor will either the Owner or a Related Party occupy a dwelling unit in the Project; provided that the Owner of a Related Party may occupy a unit or units for resident managers or other necessary personnel (i.e., maintenance or security personnel) in a building or structure which contains at least five units.

(f) The Owner has not discriminated and shall not discriminate on the basis of race, creed, color, sex, national origin, ancestry, religion, marital status, age, disability or receipt of public assistance or housing assistance in connection with the rental of units in the Project or in connection with the employment or application for employment of persons for operation and management of the Project, and all contracts, applications and leases entered into for such purposes shall contain nondiscriminatory clauses to such effect.

(g) The requirements of this Section shall apply for the Required Rental Period.

(h) More than 90% of the residential units are not available units (within the meaning of IRS Revenue Procedure 2004-39) because the residential units are not available for occupancy due to renovations at any time within 60 days after the later of (1) the date the Project was acquired (such date being February 22, 2006), or (2) the issuance date of the first Bonds.

### Section 3. Lower-Income Tenants.

The Owner hereby represents, warrants and covenants as follows:

(a) During the Required Rental Period, at least 40% of the completed dwelling units in the Project are and will be occupied, or available for occupancy, by Lower-Income Tenants on a continuous basis. For purposes of this paragraph, a dwelling unit occupied by an individual or family who at the commencement of the occupancy was a Lower-Income Tenant is treated as occupied by a Lower-Income Tenant during their occupancy of such dwelling unit, even though they subsequently cease to be qualified as a Lower-Income Tenant; provided that if the adjusted gross income of such tenants exceeds 140% of the applicable income limit for such tenants to qualify as lower-income tenants, no dwelling units of comparable or smaller size may be occupied by new tenants who do not qualify as Lower-Income Tenants and until such time, the former Lower-Income Tenants who have ceased to qualify as such shall be deemed to continue to be Lower-Income Tenants for purposes of computing the 40% requirement. Moreover, a unit occupied by a Lower-Income Tenant shall be deemed, upon the termination of such Lower-Income Tenant's occupancy, to be continuously occupied by a Lower-Income Tenant until reoccupied, other than for a temporary period, at which time the character of the unit shall be redetermined. In no event shall such temporary period exceed 31 days.

The Owner has not given and will not give preference to any particular class or group in renting the dwelling units in the Project except to the extent that dwelling units are required to be occupied or held available for occupancy by Lower-Income Tenants. Tenants in the Lower-Income Units have had and will have equal access to and enjoyment of all common facilities of the Project. Lower-Income Units have been and shall be intermingled with all other dwelling units and have been and shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to units in the Project which are not Lower-Income Units.

(b) The Owner has obtained and maintained and will obtain and maintain on file Certifications of Tenant Eligibility from each Lower-Income Tenant substantially in the form attached hereto as Exhibit B, being in the form required by Treasury Regulations, Section 1.167(k)-3(b), as it shall presently be in effect, or in such other form and manner shall be required by applicable rules, rulings, regulations or policies now or hereafter promulgated by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142 of the Code. The Owner has made and shall make a good-faith effort to verify that the income provided by an applicant in an income certification is accurate by taking any of the following steps as a part of the verification process: (1) obtain a pay stub for the most recent pay period, (2) obtain an income tax return for the most recent tax year, (3) obtain an income verification form from the applicant's current employer, (4) obtain an income verification form from the Social Security Administration and/or the Iowa Department of Human Services if the applicant receives assistance from either of such agencies, or (5) if the applicant is unemployed and has no such tax return, obtain another form of independent verification.

(c) The Owner has maintained and will maintain complete and accurate records pertaining to the Lower-Income Units, and has permitted and will permit any duly authorized

representative of the Issuer or the Trustee to inspect the books and records of the Owner pertaining to the incomes of Lower-Income Tenants residing in the Project.

(d) The Owner has accepted and will accept as tenants, on the same basis as all other prospective tenants, Lower-Income Tenants who are recipients of federal certificates and/or vouchers for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937 or its successor, and has not applied and shall not apply selection criteria to Section 8 certificate holders that are more burdensome than the criteria applied to all other prospective tenants.

(e) The requirements of this Section shall apply for the Required Rental Period.

#### Section 4. Annual Reports.

During the Required Rental Period, the Owner will prepare and submit to the Trustee annually, on or about the first of each March, commencing March 1, 2007, a "Certificate of Continuing Program Compliance" substantially in the form attached hereto as Exhibit C. In addition, on or about the first of March of each year during the Qualified Project Period, commencing March 1, 2007, the Owner will file with the Secretary of the Treasury at the Internal Revenue Service Center, 1160 West 1200 South, Ogden, Utah 84201-0013, a copy of completed Internal Revenue Code Form 8703, or such other annual certification required by the Code to be submitted to the Secretary of the Treasury as to whether the Project continues to meet the requirements of Section 142(d) of the Code.

#### Section 5. Transfer Restrictions.

The Owner covenants and agrees that the Owner will cause or require as a condition precedent to any conveyance, transfer, assignment or any other disposition of the Project (other than foreclosure or deed-in-lieu of foreclosure) prior to the termination of the Occupancy Restrictions provided herein (the "Transfer") that the transferee of the Project pursuant to the Transfer assume in writing, in a form acceptable to the Trustee, all duties and obligations of the Owner under this Agreement, including this Section 5, in the event of a subsequent Transfer by the transferee prior to expiration of the Occupancy Restrictions provided herein (the "Assumption Agreement"). The Owner shall deliver the Assumption Agreement to the Trustee prior to the Transfer.

#### Section 6. Agreement To Record.

The Owner hereby represents, warrants and covenants that it will cause this Regulatory Agreement to be recorded in the real property records of Scott County, Iowa, and in such other places as the Trustee may reasonably request. The Owner shall pay all fees and charges incurred in connection with any such recording.



Section 7. Consideration.

The Issuer has issued the Bonds to obtain moneys to provide financing for the Project. In consideration of the issuance of the Bonds by the Issuer, and in order to provide for the continuing tax exempt status of the Bonds, the Owner has entered into this Regulatory Agreement and agreed to continue to restrict the uses to which the Project can be put for the term hereof, subject to the provisions hereof.

Section 8. Enforcement.

(a) The Owner shall permit any duly authorized representative of the Issuer or the Trustee to inspect the books and records of the Owner regarding the Project and with respect to the incomes of Qualifying Tenants which pertain to compliance with the provisions of this Agreement and Section 142(d) of the Code.

(b) The Owner shall submit any information, documents or certificates requested by the Issuer or the Trustee which either of them deems reasonably necessary to substantiate the Owner's continuing compliance with the provisions of this Agreement, and Section 142(d) of the Code.

(c) The Owner covenants that it will not knowingly take or permit any action that would adversely affect the exemption from federal income taxation of interest on the Bonds. The Owner covenants to take any lawful action (including amendment of this Agreement as may be necessary, in the opinion of nationally recognized bond counsel) to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service from time to time pertaining to obligations the interest on which is tax-exempt under Section 145 of the Code based on compliance with Section 142(d) of the Code and affecting the Project. No such action shall be at any cost to the Issuer or violate the terms of the first sentence of this subparagraph (c).

(d) The Owner covenants and agrees to give written notice to the Trustee of any violation of the Owner's obligations hereunder within five days after first discovering any such violation, and the Trustee covenants and agrees to inform the Owner by written notice of any violation of the Owner's obligations hereunder within five days after first discovering such violation and to provide the Owner a period of time in which to correct such violation. If any such violation is not corrected to the satisfaction of the Trustee, within the period of time specified by the Trustee, or the Owner is not diligently proceeding to correct such violation if it is not possible to completely correct within the time specified which shall be at least 30 days after the date any notice to the Owner is mailed, or within such further time as the Trustee determines necessary to correct the violation without loss of tax exemption of interest on the Bonds, but not to exceed any limitations set by applicable laws, without further notice the Trustee shall declare a default under this Agreement effective on the date of such declaration of default, and upon such default the Trustee shall apply to any court, state or federal, for specific performance of this Agreement or an injunction against any violation of this Agreement, or any

other remedies at law or in equity or any such other actions as shall be necessary or desirable so as to correct non-compliance with this Agreement.

(e) The Owner and the Issuer each acknowledges that the primary purpose for requiring compliance by the Owner with the restrictions provided in this Agreement is to comply with the Code and to preserve federal income tax exemption of interest on the Bonds to the Trustee, and that the Trustee on behalf of the Bondholders, who are declared to be a third party beneficiaries of this Agreement, shall be entitled, for any breach of the provisions hereof, to all remedies both at law and in equity in the event of any default hereunder with respect to the Code.

#### Section 9. Covenants Run With the Land.

Except with respect to a foreclosure or deed-in-lieu of foreclosure, the Owner hereby declares its express intent that the covenants, restrictions, charges and easements set forth herein shall be deemed covenants running with the Project Site and shall pass to and be binding upon the Owner's successors in title including any purchaser, grantee, owner, lessee or existing or future mortgagee or lienholder of any portion of the Project and any other person or entity having any right, title or interest therein and upon the respective heirs, executors, administrators, devisees, successors and assigns of any purchaser, grantee, owner or lessee of any portion of the Project and any other person or entity having any right, title or interest therein. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof or interest therein shall contain an express provision making such conveyance subject to the covenants, restrictions, charges and easements contained herein; provided, however, that any such contract, deed or other instrument shall conclusively be held to have been executed, delivered and accepted subject to such covenants, regardless of whether or not such covenants are set forth or incorporated by reference in such contract, deed or other instrument, and any grantee, successor, assignee, transferee or other person or entity acquiring any interest in the property or Project or any portion thereof shall conclusively be held to have acquired such interest in the property or the Project or any portion thereof subject to the obligations of such covenants, regardless of whether or not such covenants and restrictions are set forth or referred to, or specifically agreed to be performed by any such transferee, in any such contract, lease, conveyance, agreement or other such instrument.

#### Section 10. Burden and Benefit.

The Issuer and the Owner hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the Project Site in that the Owner's legal interest in the Project may be rendered less valuable thereby. The Issuer and the Owner further declare their understanding and intent, however, that the covenants, reservations and restrictions set forth herein directly benefit the Project Site (i) by enhancing and increasing the enjoyment and use of the Project by certain Lower-Income Tenants and elderly tenants, (ii) by making possible the obtaining of advantageous refinancing for the Project and (iii) by furthering the public purposes for which the Bonds was issued.

Section 11. Reliance.

The Issuer, the Trustee and the Owner hereby recognize and agree that the representations and covenants set forth herein may be relied upon by the Trustee, the Issuer and the Owner. In performing its duties and obligations hereunder, the Trustee may rely upon statements and certificates of the Owner and Lower-Income Tenants. In performing its duties hereunder, the Owner may rely on the Certificates of Tenant Eligibility unless the Owner has actual knowledge that such Certificates are inaccurate. In addition, the Issuer, the Trustee and the Owner may consult with Bond Counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Issuer, the Trustee or the Owner hereunder in good faith and in conformity with such opinion. In determining whether any default or lack of compliance by the Owner exists under this Regulatory Agreement, the Trustee shall not be required to conduct any investigation into or view of the records of the Owner and may rely solely upon the certificates delivered to the Trustee by the Owner pursuant to the provisions hereof.

Section 12. Term.

This Regulatory Agreement shall become effective upon its execution and delivery. This Regulatory Agreement shall remain in full force and effect until the later of (i) the expiration of the Qualified Project Period or (ii) the last date on which any of the Bonds remains outstanding. The terms of this Regulatory Agreement to the contrary notwithstanding, this Regulatory Agreement and all and several of the terms hereof shall terminate and be of no further force and effect in the event of (i)(a) a foreclosure of the Mortgage, or delivery of a deed in lieu of foreclosure, pursuant to which a purchaser or transferee pursuant to such foreclosure, shall take possession of the Project, or (b) involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire, seizure or requisition, or change in a federal law or an action of a federal agency after the date of issue of the Bonds which prevents the Issuer and the Trustee from enforcing the provisions of this Regulatory Agreement, or condemnation or similar event and (ii) the retirement of the Bonds within a reasonable period thereafter; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure of the lien of the Mortgage or the delivery of a deed in lieu of foreclosure or a similar event, the Owner or any "related person" (within the meaning of Section 147(a) of the Code) obtains an ownership interest in the Project for federal income tax purposes. Upon the termination of all and several of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

Section 13. Default; Enforcement.

If the Owner defaults in the performance or observance of any covenant, agreement or obligation of the Owner set forth in this Regulatory Agreement and such default remains uncured

for a period of 30 days after notice thereof is given by the Issuer or the Trustee to the Owner, then the Trustee, acting on its own behalf, as Trustee under this Regulatory Agreement, or on behalf of the Issuer, or the Issuer on its own behalf, may institute an action for and seek specific performance by the Owner to remedy such default. The Owner agrees that an action to recover money damages for default will not be an adequate remedy at law. The Trustee may (i) institute and prosecute any proceeding at law or in equity to abate, prevent or enjoin such default, or to recover money damages caused by such default or (ii) exercise any remedies available pursuant to the Loan Agreement, Indenture or the Mortgage.

No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage or waive the right of any party entitled to enforce the same or to obtain relief against or recover for the continuation or repetition of such breach or violation or any similar breach or violation thereof at any time.

For so long as the Bonds are outstanding, the rights of the Issuer in this Regulatory Agreement will be assigned as security to the Trustee and shall be enforceable by the Trustee in accordance with its terms and the terms of the Loan Agreement.

Section 14. Estoppel Certificate.

The Trustee agrees, upon the request of the Owner or its successor in interest, to promptly execute and deliver to the Owner or its successor in interest at the expense of the Owner or to any potential or actual purchaser, mortgagor or encumbrancer of the Project, a written certificate stating, if the same be true, that the Trustee has no knowledge of any violation or default of the Owner of any of its covenants hereunder, or if there are such violations or defaults, the nature of the same.

Section 15. Amendments.

This Regulatory Agreement may be amended to reflect changes in Sections 142(d) and 145 of the Code, or Treasury Regulations and any revenue ruling promulgated thereunder. This Regulatory Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of Scott County, Iowa. The Trustee shall not consent to any amendment to this Regulatory Agreement unless it has been provided with an opinion of Bonds Counsel that such amendment shall not cause the interest payable on the Bonds to become includable in gross income for federal income tax purposes.

Section 16. Notices.

Any notice required to be given hereunder shall be given by certified mail, postage prepaid, return receipt requested, at the addresses specified below, or at such other addresses as may be specified in writing by the parties hereto:

If to the Issuer: Iowa Finance Authority  
100 East Grand Avenue, Suite 250  
Des Moines, Iowa 50309  
Attention: Executive Director  
Fax: (515) 242-4957

If to the Owner: Mississippi Housing Partners, LP  
10642 West 115<sup>th</sup> Street  
Overland Park, Kansas 66210  
Attention: Manager  
Fax: (913) 327-5810

If to the Trustee: Wells Fargo Bank, National Association  
MAC N8200-034  
666 Walnut Street  
P.O. Box 837  
Des Moines, Iowa 50304  
Attention: Corporate Trust Department  
Fax: (515) 245-8532

If to the Servicer: CharterMac Capital, LLC  
101 Hudson Street  
Jersey City, New Jersey 07302  
Attention: Director of Portfolio Management

Section 17. Severability.

If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 18. Multiple Counterparts.

This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 19. Limited Liability.

All obligations of the Issuer incurred hereunder shall be limited obligations of the Issuer, payable solely and only from the Bonds proceeds and other amounts derived by the Issuer from the Loan.

Section 20. The Trustee.

The Trustee shall act as specifically provided herein and may exercise such additional powers as are reasonably incidental hereto and thereto. The Trustee shall act as the agent of and on behalf of the Issuer when requested in writing to do so, and any act required to be performed by the Issuer as herein provided shall be deemed taken if such act is performed by the Trustee. The Trustee is entering into this Regulatory Agreement solely in its capacity as Trustee under the Loan Agreement and the duties, powers and liabilities of the Trustee in acting hereunder shall be subject to the provisions of the Loan Agreement. After the date on which no Bonds remains outstanding as provided in the Loan Agreement, the Trustee shall no longer have any duties or responsibilities under this Regulatory Agreement, and all references to the Trustee in this Regulatory Agreement shall be deemed references to the Issuer.

Section 21. Indemnification.

The Owner hereby indemnifies, and agrees to defend and hold harmless, the Issuer and the Trustee and their respective employees, council members, officers and agents, past, present and future, from and against all liabilities, losses, damages, costs, expenses (including attorneys' fees and expenses), causes of action, suits, allegations, claims, demands and judgments of any nature arising from the consequences of a legal or administrative proceeding or action brought against it on account of any failure by the Owner to comply with the terms of this Regulatory Agreement, or on account of any representation or warranty of the Owner contained herein or in any other written information furnished by the Owner being untrue.

Section 22. Governing Law.

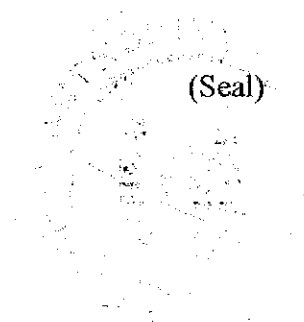
This Regulatory Agreement shall be governed by the laws of the State of Iowa. Venue for any actions under this Regulatory Agreement to which the Issuer is a party shall lie within the district courts of the State of Iowa, and the Issuer, Owner and Trustee consent to the jurisdiction and venue of such court and hereby waive any argument that venue in such forum is not convenient.

Section 23. Interpretation. Any terms not defined in this Regulatory Agreement shall have the same meanings as the terms defined in the Loan Agreement or as in Section 142(d) of the Code and Treasury Regulations thereunder.

IN WITNESS WHEREOF, the Issuer has executed this Regulatory Agreement by its duly authorized representatives, all as of the date first above written.

IOWA FINANCE AUTHORITY

By Bret L. Mills  
Bret L. Mills, Executive Director



(Seal)

STATE OF IOWA )  
 ) ss:  
COUNTY OF POLK )

This instrument was acknowledged before me on this 20<sup>th</sup> day of June, 2006, by Bret L. Mills, as the Executive Director of the Iowa Finance Authority.

Nancy Wallis  
Notary Public in and for said State



(Seal/Stamp)

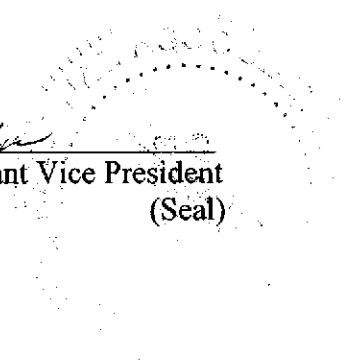


[Execution Page for Regulatory Agreement]

IN WITNESS WHEREOF, the Trustee has executed this Regulatory Agreement by its duly authorized representatives, all as of the date first above written.

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By: Carolynn R. Fisher  
Carolynn R. Fisher, Assistant Vice President  
(Seal)

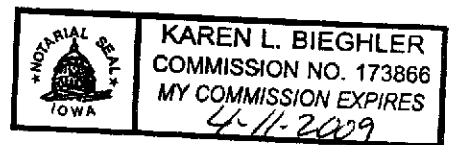


STATE OF IOWA )  
 ) ss:  
COUNTY OF POLK )

This instrument was acknowledged before me on this 21<sup>st</sup> day of June, 2006, by Carolynn R. Fisher, as Assistant Vice President of Wells Fargo Bank, National Association.

By Karen L. Bieghler  
Notary Public

(Stamp/Seal)



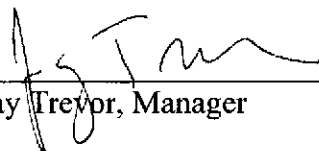
[Execution Page for Regulatory Agreement]



IN WITNESS WHEREOF, the Owner has executed this Regulatory Agreement by its duly authorized representative, all as of the date first above written.

MISSISSIPPI HOUSING PARTNERS, LP, an Iowa limited partnership

By: MISSISSIPPI HOUSING DEVELOPMENT, LLC, an Iowa limited liability company, its general partner


By   
Jay Trevor, Manager

(No Seal)

STATE OF IOWA )  
COUNTY OF Polk ) ss:

This instrument was acknowledged before me on this 21<sup>st</sup> day of June, 2006, by Jay Trevor as the Manager of Mississippi Housing Development, LLC, an Iowa limited liability company.



  
Notary Public

## EXHIBIT A

### Legal Description of Project Site

The following described real estate located in the City of Davenport, Scott County, Iowa:

Mississippi Hotel Unit in Mississippi Lofts, a Condominium, in the City of Davenport, Scott County, Iowa, as shown and as legally described in Declaration of Submission of Property to Horizontal Property Regime of Mississippi Lofts, recorded as Document No. 2006-00003341 in the Office of the Recorder of Scott County, Iowa, on January 31, 2006, including an undivided interest in and to the general common elements and facilities of the Condominium Regime. Such Horizontal Property Regime affecting the real estate described as Lots 1, 2 and 3 in Block 57, in LeClaire's Second Addition to the Town (now City) of Davenport, Scott County, Iowa, which has the address of 106 E 3rd St, Davenport IA 52801.

EXHIBIT B

Certification of Tenant Eligibility  
Mississippi Housing Partners, LP  
Davenport, Iowa  
UNIT NUMBER: \_\_\_\_\_

I/We, the undersigned, being first duly sworn, state that I/we have read and answered fully and truthfully each of the following questions for all persons who are to occupy the unit in the \_\_\_\_\_ for which application is made, all of whom are listed below:

1.	2.	3.	4.	5.
<u>Name of Members of the Household</u>	<u>Relationship of Head of Household</u>	<u>Age</u>	<u>Social Security Number</u>	<u>Place of Employment</u>
	HEAD			
	SPOUSE			

Income Computation

6. Anticipated Annual Income. The anticipated total annual income from all sources of each person listed in item 1 above for the twelve month period beginning on the date of this certificate, including income described in (a) below, but excluding all income described in (b) below, is

\$\_\_\_\_\_.

(a) The amount set forth above includes all of the following income (unless such income is described in (b) below,

- (i) all wages and salaries, overtime pay, commissions, fees, tips and bonuses before payroll deductions;
- (ii) net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets);
- (iii) interest and dividends (including income from assets as set forth in item 7(b) below);

(iv) the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;

(v) payments in lieu of earnings, such as unemployment and disability compensation, workmen's compensation and severance pay;

(vi) the maximum amount of public assistance available to the above persons;

(vii) periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling;

(viii) all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse; and

(ix) any earned income tax credit to the extent it exceeds income tax

liability.

(b) The following income is excluded from the amount set forth above:

(i) casual, sporadic or irregular gifts;

(ii) amounts that are specifically for or in reimbursement of medical expenses;

(iii) lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlement for personal or property losses;

(iv) amounts of educational scholarships paid directly to student or educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purposes;

(v) hazardous duty pay to a member of the household in the armed forces who is away from home and exposed to hostile fire;

(vi) relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;

(vii) income from employment of children (including foster children) under the age of 18 years;

(viii) foster child care payments;

(ix) the value of coupon allotments under the Food Stamp Act of 1977;

(x) payments to volunteers under the Domestic Volunteer Service Act of 1973;

- (xi) payments received under the Alaska Native Claims Settlement Act;
- (xii) income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes;
- (xiii) payments on allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program;
- (xiv) payments received from the Job Partnership Training Act;
- (xv) income derived from the disposition of funds of the Grand River Bank of Ottawa Indians; and
- (xiv) the first \$2,000 of per capita shares received from judgments awarded by the Indian Claims Commission or the Court of Claims or from funds held in trust for an Indian tribe by the Secretary of Interior.

7. Net Family Assets. If any of the persons described in item 1 above (or any person whose income or contributions were included in item 6 above) has any savings, stocks, Bonds, equity in real property or other form of capital investment (excluding interests in Indian trust lands), provide:

- (a) the total value of all such assets owned by all such persons:  
\$ \_\_\_\_\_;
- (b) the amount of income expected to be derived from such assets in the 12-month period commencing on the date hereof:  
\$ \_\_\_\_\_; and
- (c) the amount of such income included in item 6:  
\$ \_\_\_\_\_

8. Students

(a) Will all of the persons listed in item 1 above be or have they been full-time students during five calendar months of this calendar year at an educational institution (other than a correspondence school) with regular faculty and students?

Yes \_\_\_\_\_ No \_\_\_\_\_

(b) (Complete only if the answer to item 8(a) is "Yes".) Is any such person (other than nonresident aliens) married and eligible to file a joint federal income tax return?

Yes \_\_\_\_\_ No \_\_\_\_\_

The above information is full, true and complete to the best of my knowledge. I have no objections to inquiries being made for the purpose of verifying the statements made herein. The

undersigned acknowledge that the lease executed by the undersigned may be cancelled upon notice as provided therein if the undersigned have misrepresented any of the information set forth above.

I acknowledge that all of the above information is relevant to the status under federal income tax law of the interest on Bonds issued with respect to the \_\_\_\_\_ for which application is being made. I consent to the disclosure of such information to the Iowa Finance Authority, as issuer of such Bonds, to \_\_\_\_\_, as Trustee for the owners of such Bonds, and any authorized agent of the Treasury Department or Internal Revenue Service.

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature

FOR COMPLETION BY PROJECT OWNER OR MANAGER ONLY:

A. Calculation of eligible income:

(1) Enter amount entered for entire household in item 6 above:

\$ \_\_\_\_\_

(2) If the amount entered in item 7(a) above is greater than \$5,000, enter (a) the greater of (i) the amount entered in 7(b) or (ii) a percentage of the amount entered in 7(a) equal to the passbook savings rate, as determined by HUD, minus (b) the amount entered in 7(c):

\$ \_\_\_\_\_

(3) TOTAL ELIGIBLE INCOME (Line A(1) plus line A(2):

\$ \_\_\_\_\_

B. The amount entered in A(3) (Total Eligible Income) is:

\_\_\_ Less than \$ \_\_\_\_\_, which is an amount equal to 50% of median income for the Scott County SMSA, which is the maximum income at which a household may be determined to be a Lower-Income Tenant as that term is defined in the Regulatory Agreement.

\_\_\_ More than the above-mentioned amount.

C. Number of apartment unit assigned: \_\_\_\_\_

D. This apartment unit was \_\_\_\_\_ was not \_\_\_\_\_ last occupied for a period of at least 31 consecutive days by a person or persons whose aggregate anticipated annual income, as certified in the above manner, was less than or equal to the amount at which a person would have qualified as a Lower-Income Tenant under the terms of the Regulatory Agreement.

E. Applicant:

\_\_\_ Qualifies as a Lower-Income Tenant.

\_\_\_ Does not qualify as a Lower Income Tenant.

\_\_\_\_\_  
Owner or Manager

EXHIBIT C

Certificate of  
Continuing Program Compliance

The undersigned \_\_\_\_\_ of Mississippi Housing Partners, LP, an Iowa limited partnership (the "Owner"), being the present owner of the real property described in the Regulatory Agreement identified below, hereby certifies as follows:

1. The undersigned has read and is familiar with the provisions of the Regulatory Agreement, dated as of June 1, 2006 (the "Regulatory Agreement") entered into by the Owner, the Iowa Finance Authority and Wells Fargo Bank, National Association, as Trustee, and duly recorded in the appropriate public real estate records in and for Scott County on \_\_\_\_\_ in Book \_\_\_\_ at page \_\_\_\_\_.

2. (a) \_\_\_\_ completed residential units in the Project (excluding efficiency units), which constitute \_\_\_\_\_% of all residential units in the Project (exclusive of efficiency units), were occupied by persons or families who qualify as Lower-Income Tenants or were held vacant and reserved for occupancy by Lower-Income Tenants.

(b) Attached as Schedule I is a list, by unit numbers and tenant names (if the unit is occupied) of all units enumerated in paragraph (a) above.

3. The Owner has obtained a "Certification of Tenant Eligibility", in the form provided as Exhibit B to the Regulatory Agreement, from each Lower-Income Tenant named in 2 above, and each such Certification is being maintained by the Owner in its records with respect to the Project. Attached hereto is the most recent "Certification of Tenant Eligibility" for each Tenant named in 2 above who signed such a Certification since \_\_\_\_\_, \_\_\_\_, the date on which the last Certificate of Continuing Program Compliance was filed with the Trustee by the Owner.

4. In renting the residential units in the Project, the Owner has not given preference to any particular group or class of persons (except for persons who qualify as Lower-Income Tenants), and none of the units listed in 2 above have been rented for occupancy entirely by students, no one of which is entitled to file a joint return for federal income tax purposes. All of the residential units in the Project have been rented pursuant to a written lease, and the term of each lease is at least \_\_\_\_ months .

5. The information provided in this "Certificate of Continuing Program Compliance" is accurate and complete, and no matters have come to the attention of the Owner which would indicate that any of the information provided herein, or in any Certification of Tenant Eligibility obtained from the Tenants named herein, is inaccurate or incomplete in any respect.

6. The Owner is not in default under any of its obligations under the Regulatory Agreement except as set forth on Schedule II, if any, attached hereto.



7. Words and phrases used in this certification shall have the same meanings herein as in the Regulatory Agreement.

Dated this \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

MISSISSIPPI HOUSING PARTNERS, LP, an  
Iowa limited partnership

By: MISSISSIPPI HOUSING DEVELOPMENT,  
LLC, an Iowa limited liability company, its  
general partner

By \_\_\_\_\_  
Jay Trevor, Manager

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