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TAX REGULATORY AGREEMENT

between

IOWA FINANCE AUTHORITY,
as Issuer

BNY TRUST COMPANY OF MISSOURI,
as Trustee

and

CEDARWOOD HILLS ACQUISITION, L.P.,
as Borrower

Dated as of May 1, 2001

Relating to

\$4,960,000
Iowa Finance Authority
Variable Rate Demand
Multifamily Housing Revenue Bonds
(Cedarwood Hills Project)
Series 2001A

and

\$665,000
Iowa Finance Authority
Subordinate Multifamily Housing Revenue Bonds
(Cedarwood Hills Project)
Series 2001B

JOHN JOHNSON
COUNTY RECORDER
2001 APR 30 PM 3:29
LINN COUNTY, IOWA

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TAX REGULATORY AGREEMENT

THIS TAX REGULATORY AGREEMENT (the "Regulatory Agreement") is made and entered into as of May 1, 2001, between the IOWA FINANCE AUTHORITY, a public instrumentality and agency of the State of Iowa duly organized and existing under the laws thereof (the "Issuer"), BNY TRUST COMPANY OF MISSOURI, as trustee, with its principal office in St. Louis, Missouri (the "Trustee"), and CEDARWOOD HILLS ACQUISITION, L.P., a Missouri limited partnership (the "Owner").

WITNESSETH:

WHEREAS, pursuant to Chapter 16 of the Code of Iowa, 2001, as amended (the "Act"), the Issuer has heretofore issued its \$4,960,000 Variable Rate Demand Multifamily Housing Revenue Bonds (Cedarwood Hills Project), Series 2001A (the "Series A Bonds") and \$665,000 Subordinate Multifamily Housing Revenue Bonds (Cedarwood Hills Project), Series 2001B (the "Series B Bonds") (the "Series A Bonds" and the "Series B Bonds" are sometimes hereinafter collectively referred to as the "Bonds"), to provide for the financing of a multifamily rental housing development located at 2040 Glass Road, Cedar Rapids, Iowa and known as the Cedarwood Hills Project (the "Project"); the proceeds of which will be used to make loans to the Owner to finance the Project; and

WHEREAS, the Issuer and the Trustee, acting pursuant to the Act, have entered into a Financing Agreement dated as of April 1, 2001 (the "Agreement"), with the Owner; 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 low 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 Bond, the Issuer, the Trustee and the Owner have determined to enter into this Regulatory Agreement; and

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 Agreement. In addition, the following terms shall have the following respective meanings:

“Bond Closing Date” or “Closing Date” means May 1, 2001.

“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.

“Low-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.

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

“Maturity Date” means May 1, 2031, the date of final maturity of the Bonds.

“Project” means the Project Facilities and the Project Site.

“Project Facilities” means the multifamily housing facility, and all equipment, fixtures and other property, owned by the Owner and located on the Project Site. The Project Facilities currently comprise 180 dwelling units.

“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 the period beginning on the first day on which 10% of the residential units in the Project were occupied and ending on the latest of (i) the date which is 15 years after the date of which 50% of the residential units in the Project are occupied; or (ii) the first day on which the Bonds are no longer outstanding (which date shall, unless the Bonds are redeemed or paid prior to the Maturity Date, be not earlier than the Maturity Date); or (iii) the date on which

IFA\Cedarwood Hills\881116-217\Tax Regulatory Agt.

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 first available for occupancy and continuing for the Qualified Project Period.

“Regulatory Agreement” means this Tax Regulatory Agreement, dated as of May 1, 2001, between 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.

“Trustee” means the trustee serving as such under the 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) The Project 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 will be 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) The Owner 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) Each dwelling unit in the Project 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 will either the Owner or a Related Party occupy a dwelling unit in the Project; provided that the Owner or a Related Party may occupy a unit or units for resident managers and maintenance personnel.

(f) The Owner shall not discriminate on the basis of race, creed, color, sex, national origin, ancestry, religion, familial status or disability 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 Qualified Project Period.

Section 3. Low-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 Low-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 Low-Income Tenant is treated as occupied by a Low-Income Tenant during their occupancy of such dwelling unit, even though they subsequently cease to be qualified as a Low-Income Tenant; provided, however, that if the adjusted gross income of such tenants exceeds 140% of the applicable income limit for such tenants to qualify as Low-Income Tenants, no dwelling unit of comparable or smaller size may be occupied by new tenants who do not qualify as Low-Income Tenants and, until such time, the former Low-Income Tenants who have ceased to qualify as such shall be deemed to continue to be Low-Income Tenants for purposes of computing the 40% requirement. Moreover, a unit occupied by a Low-Income Tenant shall be deemed, upon the termination of such Low-Income Tenant's occupancy, to be continuously occupied by a Low-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 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 Low-Income Tenants. Tenants in the Low-Income Units will have equal access to and enjoyment of all common facilities of the Project. Low-Income Units shall be intermingled with all other dwelling units 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 Low-Income Units.

(b) The Owner will obtain and maintain on file Certifications of Tenant Eligibility from each Low-Income Tenant substantially in the form attached hereto as Exhibit B, being in the form required by the Treasury Regulations, 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 shall 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 Social Services if the applicant receives assistance from either of such agencies, (5) if the applicant is unemployed and has no such tax return, obtain another form of independent verification, or (6) conduct a credit/income history or similar search.

(c) The Owner will maintain complete and accurate records pertaining to the Low-Income Units, 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 Low-Income Tenants residing in the Project.

(d) The Owner will accept as tenants, on the same basis as all other prospective tenants, Low-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 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. The Owner will prepare and submit to the Trustee annually, on or about the fifteenth of each May, commencing May 15, 2002, a "Certificate of Continuing Program Compliance" substantially in the form attached hereto as Exhibit C. In addition, on or about June 30 of each year during the Qualified Project Period, commencing [June 30,] 2002, 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. 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 Linn 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 6. 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, the Owner has entered into this Regulatory Agreement and has agreed to restrict the uses to which the Project can be put for the term hereof, subject to the provisions hereof.

Section 7. Covenants Run With the Land. 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 or lessee of any portion of the Project and any other person or entity having any right, title or interest therein and upon the respective heirs, executors, administrators, devisees, successors and assigns of any purchaser, grantee, owner or lessee of any portion of the Project and any other person or entity having any right, title or interest therein. 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 8. 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 Low-Income Tenants, (ii) by making possible the obtaining of advantageous financing for the Project and (iii) by furthering the public purposes for which the Bonds were issued.

Section 9. 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 Low-Income Tenants. 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 10. Term. This Regulatory Agreement shall become effective upon its execution and delivery. This Regulatory Agreement shall remain in full force and effect for the Qualified Project Period. 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 Bond 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 hereof which prevents the Issuer and the Trustee from enforcing the provisions hereof, 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 Bond 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 11. 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, 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 Bond Financing Documents.

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 Agreement.

Section 12. 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 13. Amendments. 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 Linn County, Iowa. The Trustee shall not consent to any amendment to this Regulatory Agreement unless it has been provided with an opinion of Bond 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 14. 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, Suite 250
Des Moines, Iowa 50309
Attention: Executive Director
Facsimile: (515) 242-4957

If to the Trustee: BNY Trust Company of Missouri
Lammert Building
911 Washington Avenue, Suite 300
St. Louis, Missouri 63101
Attention: Corporate Trust Department
Facsimile: (314) 613-8227

If to the Owner: Cedarwood Hills Acquisition, L.P.
104 Armour Road
North Kansas City, Missouri 64116
Attention: David L. Johnson
Facsimile: (816) 221-1829

Section 15. 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 16. 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 17. Limited Liability. All obligations of the Issuer incurred hereunder shall be limited obligations of the Issuer, payable solely and only from the proceeds of the Bonds, revenues pledged under the Agreement and other amounts derived by the Issuer from the Bond Financing Agreement.

Section 18. The Trustee. The Trustee shall act as specifically provided herein and in the Agreement 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. After the date on which the Bonds no longer remain outstanding, 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 19. Indemnification. The Owner hereby indemnifies, and agrees to defend and hold harmless, the Issuer and the Trustee and their respective employees, board members, officers and agents, past, present and future, from and against all liabilities, losses, damages, costs, expenses (including reasonable 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 20. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of Iowa.

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BNY TRUST COMPANY OF MISSOURI, as trustee

By: [Signature]
Name: Harry H. Hall, Jr.
Title: Vice President

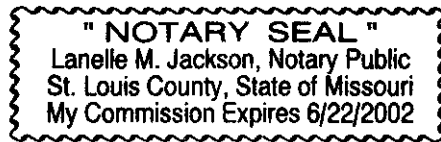
STATE OF MISSOURI)
)
COUNTY OF St. Louis)

ss:

On this ____ day of May, 2001, before me, the undersigned, a Notary Public in and for the State of Missouri, personally appeared Harry H. Hall, Jr., to me personally known, who being by me duly sworn did say that he/she is an Vice President of BNY Trust Company of Missouri, a state banking corporation executing the within and foregoing instrument to which this is attached; that the seal affixed thereto is the seal of the said state trust corporation; that said instrument was signed and sealed on behalf of said state banking corporation by authority of its Board of Directors and that the said Vice President, as such officer, acknowledged the execution of said instrument to be the voluntary act and deed of said state trust corporation by it and by him/her voluntarily executed.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

By: [Signature]
Notary Public



(SEAL)

**CEDARWOOD HILLS
ACQUISITION, L.P.**

By: Kelcor, Inc.
Its: General Partner

By: David L. Johnson
David L. Johnson, Vice President

STATE OF MISSOURI)
)
COUNTY OF Clay)

ss:

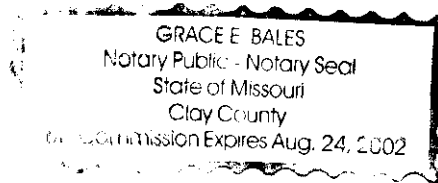
On this 27th day of ~~May~~ ^{April}, 2001, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared David L. Johnson, to me personally known, who being by me duly sworn did say that he is the Vice President of Kelcor, Inc., the general partner of Cedarwood Hills Acquisition, L.P., the limited partnership executing the within and foregoing instrument to which this is attached; that said limited partnership has no seal; that said instrument was signed on behalf of said limited partnership by authority of its partners and that David L. Johnson as such officer of the general partner, acknowledged the execution of said instrument to be the voluntary act and deed of said limited partnership by it and by him voluntarily executed.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Grace E. Bales

By

Notary Public



[Signature Page for Tax Regulatory Agreement]

EXHIBIT A

DESCRIPTION OF THE LAND

Lot 7, Auditor's Plat No. 104, Linn County, Iowa

EXCEPT therefrom Beatty's First Addition to Cedar Rapids, Linn County, Iowa.

ALSO EXCEPT therefrom any portion of said Lot 7 lying within the following described strip of land. Being a strip of land 60.00 feet wide, measured at right angles, lying 30.00 feet on each side of the following described centerline:

BEGINNING at the Southeasterly corner of said Lot 7; thence northerly along the easterly line of said Lot to a point 170.00 feet southerly from the northeasterly corner of said Lot; thence northwesterly along a tangent curve having a radius of 130.26 feet, concave southwesterly, an arc distance of 95.48 feet; thence northwesterly tangent to said curve, 132.00 feet; thence northerly along a tangent curve having a radius of 130.26 feet, concave northeasterly, an arc distance of 95.48 feet to a point in the centerline of Redbud Road 100.00 feet northerly of the north line of said Lot.

ALSO EXCEPT the Southerly 40.00 feet of said Lot 7, measured at right angles to the Southerly line thereof.

EXHIBIT B

Certification of Tenant Eligibility
 Cedarwood Hills Acquisition, L.P.
 Cedar Rapids, 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 Cedarwood Hills Project housing facility 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 to 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
- (xvi) 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 Cedarwood Hills Project housing facility 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 BNY Trust Company of Missouri, St. Louis, Missouri, 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 Cedar Rapids/Linn County SMSA, which is the maximum income at which a household may be determined to be a Low-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 Low-Income Tenant under the terms of the Regulatory Agreement.

E. Applicant:

____ Qualifies as a Low-Income Tenant.

____ Does not qualify as a Low Income Tenant.

Owner or Manager

EXHIBIT C**Certificate of
Continuing Program Compliance**

The undersigned _____ of Cedarwood Hills Acquisition, L.P., a Missouri 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 Tax Regulatory Agreement, dated as of May 1, 2001 (the "Regulatory Agreement") entered into by the Owner, the Iowa Finance Authority and BNY Trust Company of Missouri, and duly recorded in the appropriate public real estate records in and for Linn County, Iowa 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 Low-Income Tenants or were held vacant and reserved for occupancy by Low-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 Low-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 Low-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.

IFA\Cedarwood Hills\881116-217\Tax Regulatory Agt.

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 _____, _____.

CEDARWOOD HILLS ACQUISITION, L.P.

By: Kelcor, Inc.
Its: General Partner

By: _____
David L. Johnson, Vice President

