

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 18, 2026

New Issue – Book Entry Only

**RATING: Moody’s “Aa1/VMIG 1”
(See “RATING” herein)**

In the opinion of Parker Poe Adams & Bernstein LLP, Columbia, South Carolina (“Bond Counsel”), based on an analysis of existing laws, regulations, rulings and court decisions, and, assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”), except that no opinion is expressed as to the status of interest on any Bond for any period that such Bond is held by a “substantial user” of the facilities financed or refinanced by the Bonds or by a “related person” within the meaning of Section 147(a) of the Code. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Bond Counsel is also of the opinion that the Bonds and the interest thereon are exempt from all State of South Carolina, county, school district, municipal and all other taxes or assessments of the State of South Carolina, except inheritance, estate, transfer or certain franchise taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See “TAX TREATMENT” herein.

\$8,697,000*

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
MULTIFAMILY HOUSING REVENUE BONDS
(PICKENS GARDENS APARTMENTS PROJECT)
SERIES 2026**

Dated: Date of Delivery
Initial Interest Rate: _____%
Initial Offering Price: _____%

Maturity Date: November 1, 2028*
Initial Mandatory Tender Date: November 1, 2027*
Optional Call Date: May 1, 2027*
CUSIP[†]: _____

The Bonds are issuable only as fully registered bonds without coupons in the denomination of \$5,000, and any integral multiple of \$1,000 in excess thereof. Interest on the Bonds will be payable on each May 1 and November 1, commencing November 1, 2026*. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Bonds will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, Brooklyn, New York. Principal of and interest on the Bonds is payable by U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), to Cede & Co., which is to remit such payments to the Direct Participants (as defined herein) for subsequent disbursement to the purchasers of the Bonds. See “BOOK-ENTRY ONLY SYSTEM” herein.

The Bonds are being issued by the South Carolina State Housing Finance and Development Authority (the “Issuer”), pursuant to a Trust Indenture (the “Indenture”), dated as of April 1, 2026, by and between the Issuer and the Trustee, to provide financing to DGA Pickens 2 LP, a Tennessee limited partnership (the “Borrower”), for the acquisition and rehabilitation of an approximately 76-unit multifamily housing project (the “Project”) located in Pickens, South Carolina. Under the terms of the Indenture, an amount equal to the principal amount of the Bonds is to be deposited in the Project Fund established under the Indenture and invested pursuant to the Indenture.

The Bonds are subject to redemption prior to maturity as set forth herein. See “THE BONDS” herein.

THE ISSUER SHALL NOT IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS, OR FOR THE PERFORMANCE OF ANY PLEDGE, MORTGAGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER WHICH MAY BE UNDERTAKEN BY THE ISSUER EXCEPT FROM THE SOURCES SPECIFICALLY PLEDGED THERETO PURSUANT TO THE INDENTURE, AND NEITHER THE BONDS NOR ANY OF THE AGREEMENTS OR OBLIGATIONS OF THE ISSUER SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE BONDS AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE OR TO CREATE IN ANY MANNER A DEBT, LIABILITY OR OBLIGATION OF THE STATE OR OF ANY POLITICAL SUBDIVISION OR ANY AGENCY THEREOF OR A PLEDGE OR A GRANT OF THE FAITH AND CREDIT OF THE STATE OR ANY SUCH POLITICAL SUBDIVISION OR ANY SUCH AGENCY, BUT SHALL BE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE SECURITY AND OTHER FUNDS PLEDGED THEREFOR AND SHALL NOT BE PAYABLE FROM ANY OTHER ASSETS OR FUNDS OF THE ISSUER, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION OR ANY AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE ISSUER HAS NO TAXING POWER.

NO REPRESENTATION IS MADE BY OR ON BEHALF OF THE STATE OF SOUTH CAROLINA OR THE STATE FISCAL ACCOUNTABILITY AUTHORITY AS TO THE CREDITWORTHINESS OF THE BONDS. NEITHER THE STATE NOR ANY OF ITS AGENCIES IS OBLIGATED FOR THE PAYMENT OF ANY PRINCIPAL OR INTEREST DUE OR TO BECOME DUE ON THE BONDS HEREBY OFFERED FOR SALE.

The Bonds are subject to mandatory tender for purchase, subject to satisfaction of the applicable terms and conditions of remarketing set forth in the Indenture, or mandatory redemption, if the conditions to remarketing the Bonds are not met, on November 1, 2027* (the “Initial Mandatory Tender Date”). All Bondholders must tender their Bonds for purchase on the Initial Mandatory Tender Date. The Bonds may be remarketed and a new interest rate for the Bonds may be determined on the Initial Mandatory Tender Date in accordance with the terms of the Indenture, or the Bonds may be redeemed and cancelled on the Initial Mandatory Tender Date. If the Bonds are remarketed on the Initial Mandatory Tender Date, the terms of the Bonds after such date may differ materially from the description provided in this Official Statement. Therefore, prospective purchasers of the Bonds on and after the Initial Mandatory Tender Date cannot rely on this Official Statement, but rather must rely upon any disclosure documents prepared in connection with such remarketing.

* Preliminary; subject to change.

[†] CUSIP® is a registered trademark of the American Bankers Association. The CUSIP number listed above is being provided solely for the convenience of bondholders only, and the Issuer does not make any representation with respect to such number or undertake any responsibility for its accuracy. The CUSIP number is subject to being changed after the issuance of the Bonds.

This Preliminary Official Statement and certain of the information contained herein is in a form deemed for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for the omission of certain information permitted to be omitted under Rule 15c2-12(b)(1)). The information herein is subject to revision, completion or amendment in a final Official Statement. The Bonds may not be sold, nor may an offer to buy be accepted prior to the time this Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

The Bonds are offered for delivery when, as and if issued and received by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), and subject to the approval of legality by Parker Poe Adams & Bernstein LLP, Columbia, South Carolina, as Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Tiber Hudson LLC, Washington, D.C., and for the Borrower by its counsel, Bass, Berry, Sims PLC, Knoxville, Tennessee. It is expected that the Bonds will be available for delivery to The Depository Trust Company in Brooklyn, New York, on or about April __, 2026.

STIFEL

March __, 2026

No broker, dealer, salesman or other person has been authorized by the Issuer or the Underwriter to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The Issuer has not and does not assume any responsibility as to the accuracy or completeness of the information in this Official Statement, other than the information concerning the Issuer under the caption "THE ISSUER." The other information set forth herein has been obtained from sources believed to be reliable, but is not guaranteed as to accuracy and is not to be construed as a representation of such by the Underwriter or the Issuer. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the information or opinions set forth herein since the date hereof. The Issuer has not confirmed, and assumes no responsibility for, the accuracy, completeness, sufficiency or fairness of any statements in this Official Statement or any amendments thereof or supplements thereto, or in any reports, financial information, offering or disclosure documents or other information relating to the Borrower, the Project, or the history, businesses, properties, organization, management, financial condition, market area or any other matter relating to the Borrower or contained otherwise in this Official Statement.

No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission (the "Commission") or with any state securities agency. The Bonds have not been approved or disapproved by the Commission or any state securities agency, nor has the Commission or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT TEND TO STABILIZE OR MAINTAIN THE MARKET PRICE FOR THE BONDS ABOVE THE LEVELS THAT WOULD OTHERWISE PREVAIL. SUCH ACTIVITIES, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The information in this Official Statement concerning The Depository Trust Company ("DTC"), Brooklyn, New York, and DTC's book-entry only system has been obtained from DTC and the Issuer takes no responsibility for the accuracy or completeness thereof. Such information has not been independently verified by the Issuer and the Issuer makes no representation as to the accuracy or completeness of such information.

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\$8,697,000*
SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
MULTIFAMILY HOUSING REVENUE BONDS
(PICKENS GARDENS APARTMENTS PROJECT)
SERIES 2026

INTRODUCTION

This Official Statement sets forth certain information concerning the issuance and sale by the South Carolina State Housing Finance and Development Authority (the “Issuer”), a public body corporate and politic and an agency of the State of South Carolina (the “State”), of \$8,697,000* aggregate principal amount of Multifamily Housing Revenue Bonds (Pickens Gardens Apartments Project) Series 2026 (the “Bonds”). The Bonds will be issued pursuant to the South Carolina State Housing Finance and Development Authority Act of 1977, codified at Chapter 13 of Title 31 of the South Carolina Code of Laws, as amended (the “Act”), and a resolution of the Issuer adopted October 15, 2025 (the “Bond Resolution”), and secured by a Trust Indenture, dated as of April 1, 2026 (the “Indenture”), between the Issuer and U.S. Bank Trust Company, National Association, a national banking association organized under the laws of the United States of America, as trustee (in such capacity, the “Trustee”). The Bonds are being issued to make a loan (the “Loan”) to DGA Pickens 2 LP, a Tennessee limited partnership (the “Borrower”), for the acquisition and rehabilitation of an approximately 76-unit multifamily rental housing project, located in Pickens, South Carolina (the “Project”). The terms of the financing are to be as set forth in the Loan Agreement, dated as of April 1, 2026, between the Issuer and the Borrower (the “Loan Agreement”). The obligation of the Borrower to repay the Loan pursuant to the Loan Agreement will be evidenced by a promissory note (the “Note”).

Under the terms of the Indenture, on the date of delivery an amount equal to the proceeds of the Bonds is to be deposited in the Project Fund and the Bond Fund established under the Indenture, and invested in Eligible Investments (as defined below). See “THE INDENTURE — Investment of Special Funds and Rebate Fund” herein.

The principal of and interest on the Bonds (the “Bond Service Charges”) are payable from the security pledged under the Indenture, including the payments on the investment of funds under the Indenture. Under the Indenture, the Trustee is to invest amounts held under the Indenture in Eligible Investments.

Simultaneously with the issuance of the Bonds, the Borrower, the Trustee, Berkadia Commercial Mortgage LLC, a Delaware limited liability company (the “Lender”), and Pickens Gardens SPV, LLC, a Florida limited liability company (the “Bridge Lender”), will enter into a Disbursement Agreement, dated as of April 1, 2026 (the “Disbursement Agreement”), pursuant to which the Lender and the Bridge Lender will agree to transfer certain funds to the Trustee for deposit in the Collateral Fund held by the Trustee under the Indenture. Prior to the disbursement of amounts drawn from the Project Fund to pay costs of the Project, a like amount of funds from the Lender or the Bridge Lender, as applicable, must be deposited to the Collateral Fund. See “THE MORTGAGE LOAN, ELIGIBLE FUNDS AND DISBURSEMENT OF BOND PROCEEDS” herein.

The Borrower’s operation of the Project will be subject to the terms of an Agreement as to Restrictive Covenants, dated as of April 1, 2026 (the “Regulatory Agreement”), by and among the Issuer, the Borrower and FAH Holdings – Pickens Gardens, LLC, a South Carolina limited liability company, as owner, which contains covenants required to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the “Code”).

* Preliminary; subject to change.

The Regulatory Agreement will require that for the Qualified Period (as defined therein), 40% of the dwelling units in the Project (except for dwelling units reserved for a resident manager, security personnel and maintenance personnel) are reserved for tenants whose aggregate income does not exceed 60% of the Area Median Gross Income (as defined therein), which is adjusted for family size.

The Bonds will bear interest on the outstanding principal amount thereof at a rate equal to ___% per annum from their date of delivery, to but not including, November 1, 2027* (the “Initial Mandatory Tender Date”), payable on each May 1 and November 1, commencing November 1, 2026* (each a “Payment Date”).

The Bonds are subject to mandatory tender for purchase or mandatory redemption on the Initial Mandatory Tender Date. In the event the conditions to remarketing set forth in the Indenture are not met, or if all or a portion of the Bonds cannot be remarketed, all of the Bonds will be subject to mandatory redemption on the Initial Mandatory Tender Date. All Bondholders must tender their Bonds for purchase on the Initial Mandatory Tender Date. A new interest rate for the Bonds may be determined on the Initial Mandatory Tender Date in accordance with the terms of the Indenture. If the Bonds are remarketed on the Initial Mandatory Tender Date, the terms of the Bonds after such date may differ materially from the description provided in this Official Statement. Therefore, prospective purchasers of the Bonds on and after the Initial Mandatory Tender Date cannot rely on this Official Statement, but rather must rely upon any disclosure documents prepared in connection with such remarketing.

Brief descriptions of the Issuer, the Bonds, the security for the Bonds, the Borrower, the Project, the Indenture, the Disbursement Agreement and the Loan Agreement are included in this Official Statement. All references herein to the Indenture, the Loan Agreement and other documents and agreements are qualified in their entirety by reference to such documents and agreements, copies of which are available for inspection at the offices of the Trustee.

THE MORTGAGE LOAN, ELIGIBLE FUNDS AND DISBURSEMENT OF BOND PROCEEDS

Simultaneously with the issuance of the Bonds, the Borrower will obtain a mortgage loan (the “Mortgage Loan”) from the Lender, which Mortgage Loan will be insured by the Secretary of Housing and Urban Development acting by and through the Federal Housing Administration (“FHA”) under Section 221(d)(4) of the National Housing Act, as amended, and the regulations promulgated thereunder. Over time, as each disbursement of Mortgage Loan proceeds is approved by FHA, the Lender is to deposit funds constituting Mortgage Loan proceeds or other funds of the Lender in an amount equal to all or a portion of such disbursement into the Collateral Fund (the “Eligible Funds”) as security for the Bonds in exchange for a like amount of Bond proceeds from the Project Fund, which is to be disbursed by the Trustee to the Lender for purposes of paying costs of the Project, all in accordance with the Loan Agreement, the Disbursement Agreement and the Indenture. The maximum aggregate amount of funds to be deposited as Eligible Funds over time will be \$8,697,000*.

Bond Service Charges will be payable as they become due, in the following order: (i) from money on deposit in the Bond Fund (excluding the Negative Arbitrage Account of the Bond Fund), (ii) from money on deposit in Negative Arbitrage Account of the Bond Fund, (iii) from money on deposit in the Collateral Fund and transferred as necessary to the Bond Fund, and (iv) thereafter, from money on deposit in the Project Fund and transferred as necessary to the Bond Fund.

Notwithstanding any provision of the Loan Agreement, the Disbursement Agreement or the Indenture to the contrary, the Trustee will not disburse funds from the Project Fund, other than to pay Bond

* Preliminary; subject to change.

Service Charges on the Bonds, unless and until (i) Eligible Funds in an amount equal to or greater than the requested disbursement amount has been deposited in the Collateral Fund. Prior to making any disbursement (except to pay Bond Service Charges), the Trustee shall determine that the aggregate amount that will be held in (a) the Collateral Fund and (b) the Project Fund, after the anticipated disbursement, is at least equal to the then outstanding principal amount of the Bonds. Upon receipt of a Collateral Payment, subject to the foregoing provisions, Trustee may disburse Bond proceeds to or at the direction of the Lender for use by the Borrower to pay costs of the Project, in accordance with the terms of the Loan Agreement.

The amounts on deposit in the Project Fund, the Bond Fund and the Collateral Fund will be invested on the date of delivery of the Bonds in Eligible Investments. See “THE INDENTURE—Investment of Special Funds and Rebate Fund.” An amount equal to the aggregate interest payments on the Bonds from the date of delivery of the Bonds to the Initial Mandatory Tender Date is required, pursuant to the Indenture, to be deposited on the date of delivery of the Bonds to the Negative Arbitrage Account of the Bond Fund by or on behalf of the Borrower.

THE ISSUER

The following information has been provided by the Issuer for use herein. While the information is believed to be reliable, none of the Trustee, the Borrower, the Underwriter nor any of their respective counsel, members, officers, or employees makes any representations as to the accuracy or sufficiency of such information.

The following information has been provided by the Issuer for use herein. While the information is believed to be reliable, none of the Trustee, the Underwriter, nor any of their respective counsel, members, officers or employees makes any representations as to the accuracy or sufficiency of such information.

The South Carolina State Housing Finance and Development Authority is a public body corporate and politic and an agency of the State of South Carolina. The Issuer is authorized by the South Carolina State Housing Finance and Development Authority Act of 1977 (Title 31, Chapter 13 of the Code of Laws of South Carolina 1976, as amended), as now in effect and as it may from time to time hereafter be amended or supplemented (the “Act”) to issue revenue bonds payable solely from the revenues and receipts from any project and secured by a pledge of said revenues and receipts. Under the Act, the Issuer may also issue bonds to refund outstanding bonds issued under the Act. The Issuer has no taxing power.

The Issuer is not in any event to be liable for the payment of the principal of, premium or interest on the Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever undertaken by the Issuer and neither the Bonds nor any of the Issuer’s agreements or obligations are to be construed to constitute an indebtedness of the Issuer or the State within the meaning of any constitutional or statutory provision whatsoever.

THE ISSUER SHALL NOT IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS, OR FOR THE PERFORMANCE OF ANY PLEDGE, MORTGAGE, OBLIGATION, OR AGREEMENT OF ANY KIND WHATSOEVER WHICH MAY BE UNDERTAKEN BY THE ISSUER EXCEPT FROM THE SOURCES SPECIFICALLY PLEDGED THERETO PURSUANT TO THE INDENTURE, AND NEITHER THE BONDS NOR ANY OF THE AGREEMENTS OR OBLIGATIONS OF THE ISSUER SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER (OTHER THAN ARTICLE X, SECTION 13, PARAGRAPH 9 OF THE SOUTH CAROLINA CONSTITUTION AUTHORIZING OBLIGATIONS PAYABLE SOLELY FROM SPECIAL SOURCES NOT INVOLVING REVENUES FROM ANY TAX) OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER OR A CHARGE AGAINST ITS GENERAL CREDIT OR

TAXING POWER. THE BONDS AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE OR TO CREATE IN ANY MANNER A DEBT, LIABILITY OR OBLIGATION OF THE STATE OR OF ANY POLITICAL SUBDIVISION OR ANY AGENCY THEREOF OR A PLEDGE OR A GRANT OF THE FAITH AND CREDIT OF THE STATE OR ANY SUCH POLITICAL SUBDIVISION OR ANY SUCH AGENCY, BUT SHALL BE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE SECURITY AND OTHER FUNDS PLEDGED THEREFOR AND SHALL NOT BE PAYABLE FROM ANY OTHER ASSETS OR FUNDS OF THE ISSUER, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION OR ANY AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE ISSUER HAS NO TAXING POWER.

NO OFFICER, AGENT, EMPLOYEE OR ATTORNEY OF THE ISSUER, INCLUDING ANY PERSON EXECUTING THE INDENTURE OR THE BONDS, SHALL BE LIABLE PERSONALLY ON THE BONDS OR FOR ANY REASON RELATING TO THE ISSUANCE OF THE BONDS. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS, OR FOR ANY CLAIM BASED ON THE BONDS, OR OTHERWISE IN RESPECT OF THE BONDS, OR BASED ON OR IN RESPECT OF THE INDENTURE, AGAINST ANY OFFICER, EMPLOYEE OR AGENT, AS SUCH, OF THE ISSUER OR ANY SUCCESSOR, WHETHER BY VIRTUE OF ANY CONSTITUTION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, ALL SUCH LIABILITY BEING, AND AS PART OF THE CONSIDERATION FOR THE ISSUANCE OF THE BONDS, EXPRESSLY WAIVED AND RELEASED.

No agreement or obligation contained in the Indenture shall be deemed to be an agreement or obligation of any director, officer, employee, commissioner, servant or agent of the Issuer in his or her individual capacity, and neither the directors of the Issuer nor any officer thereof executing any Bond shall be liable personally on such Bond or be subject to any personal liability or accountability by reason of the issuance thereof. No director, officer, employee, commissioner, servant or agent of the Issuer shall incur any personal liability with respect to any other action taken by him or her pursuant to the Indenture.

EXCEPT FOR INFORMATION CONCERNING THE ISSUER IN THIS SECTION AND “NO LITIGATION – THE ISSUER” in the attached Exhibits A and B, NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY THE ISSUER, AND THE ISSUER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES, RECEIPTS AND SECURITY PLEDGED THEREFOR. NO RECOURSE SHALL BE HELD AGAINST ANY DIRECTOR, MEMBER OR OFFICER, AS SUCH, OF THE ISSUER FOR THE PAYMENT UPON ANY SUCH BONDS.

THE BONDS

The Bonds are available in book-entry only form. See “BOOK-ENTRY ONLY SYSTEM” below. So long as Cede & Co., as nominee of The Depository Trust Company, is the registered owner of the Bonds, references herein to the Bondholders or holders or registered owner or owners of the Bonds mean Cede & Co. and not the beneficial owners of the Bonds.

General

The Bonds are issuable in the denomination of \$5,000, and any integral multiple of \$1,000 in excess thereof. The Bonds will be dated as of the date of delivery, will initially bear interest at the rate set forth

on the cover page hereof and will mature on November 1, 2028*, subject to mandatory tender for purchase or mandatory redemption on November 1, 2027* (the “Initial Mandatory Tender Date”). Interest will be payable on each May 1 and November 1, commencing November 1, 2026* (each, a “Payment Date”) in accordance with the provisions of the Indenture. Interest will be calculated and be due on the basis of a 360-day year consisting of twelve 30-day months. Principal of and interest on the Bonds will be payable by the Trustee to Cede & Co. as nominee of DTC. See “BOOK-ENTRY ONLY SYSTEM” below.

Special Obligations

THE ISSUER SHALL NOT IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS, OR FOR THE PERFORMANCE OF ANY PLEDGE, MORTGAGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER WHICH MAY BE UNDERTAKEN BY THE ISSUER EXCEPT FROM THE SOURCES SPECIFICALLY PLEDGED THERETO PURSUANT TO THE INDENTURE, AND NEITHER THE BONDS NOR ANY OF THE AGREEMENTS OR OBLIGATIONS OF THE ISSUER SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE BONDS AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE OR TO CREATE IN ANY MANNER A DEBT, LIABILITY OR OBLIGATION OF THE STATE OR OF ANY POLITICAL SUBDIVISION OR ANY AGENCY THEREOF OR A PLEDGE OR A GRANT OF THE FAITH AND CREDIT OF THE STATE OR ANY SUCH POLITICAL SUBDIVISION OR ANY SUCH AGENCY, BUT SHALL BE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE SECURITY AND OTHER FUNDS PLEDGED THEREFOR AND SHALL NOT BE PAYABLE FROM ANY OTHER ASSETS OR FUNDS OF THE ISSUER, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION OR ANY AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE ISSUER HAS NO TAXING POWER.

Optional Redemption

The Bonds are subject to optional redemption, in whole or in part, by the Issuer at the written direction of the Borrower on any Business Day on or after the later to occur of (i) the date that the Project is placed in service, as certified in writing by the Borrower to the Trustee, and (ii) the Optional Call Date, at a redemption price equal to the principal amount of such Bonds, plus accrued interest to the applicable Redemption Date. Notwithstanding the foregoing, no optional redemption may occur until both of the following conditions have been met: (i) as certified in writing by the Borrower to the Trustee that the Project has been placed in service and (ii) fifty percent (50%) of the residential units in the Project are occupied. Bonds subject to redemption in accordance with this paragraph shall be redeemed from (i) amounts on deposit in the Collateral Fund, (ii) amounts on deposit in the Negative Arbitrage Account of the Bond Fund, (iii) amounts on deposit in the Project Fund, and (iv) any other Eligible Funds available or made available for such purpose at the direction of the Borrower. In connection with any optional redemption of the Bonds prior to the applicable Mandatory Tender Date, the Trustee is permitted to sell Eligible Investments or redeem Eligible Investments prior to maturity at a price below par only if the Trustee receives, not less than 2 Business Days prior to the applicable Redemption Date, a Cash Flow Projection and any Eligible Funds required pursuant to such Cash Flow Projection.

Notice of Redemption

If the Borrower intends to effect an optional redemption of the Bonds, then, at least five (5) days prior to the latest date by which the Trustee must give notice of an optional redemption as set forth in this

* Preliminary; subject to change.

paragraph, the Borrower shall deliver to the Trustee written notice of such redemption. Except for the notice of mandatory redemption conditioned upon certain events to be given as described herein under “Notice of Mandatory Tender or Mandatory Redemption on the Initial Mandatory Tender Date,” notices of redemption are to be given as described herein. Unless waived by any Holder of Bonds to be redeemed, official notice of redemption shall be given by the Trustee on behalf of the Issuer by mailing a copy of an official redemption notice by first class mail, postage prepaid, to the Holder of each Bond to be redeemed, at the address of such Holder shown on the Register at the opening of business on the fifth day prior to such mailing, (i) with respect to a mandatory redemption of the Bonds, not less than twenty (20) days nor more than thirty (30) days prior to the date fixed for redemption, and (ii) with respect to an optional redemption of the Bonds, not less than ten (10) days prior to the date fixed for redemption. A second notice of redemption shall be given, as soon as practicable, by first class mail to the Holder of each Bond which has been so called for redemption (in whole or in part) but has not been presented and surrendered to the Trustee within sixty (60) days following the date fixed for redemption of that Bond.

Purchase in Lieu of Redemption

At the election of the Borrower upon a redemption in whole of the Bonds, by written notice to the Trustee and the Remarketing Agent given not less than five (5) Business Days in advance of such redemption date, the Bonds will be deemed tendered for purchase in lieu of the redemption on such date and the call for redemption shall be cancelled. The purchase price of Bonds so purchased in lieu of redemption shall be the principal amount thereof together with all accrued and unpaid interest to the date of redemption and any prepayment fee, if due, and shall be payable on the date of redemption thereof. Bonds so purchased in lieu of redemption shall remain Outstanding and shall be registered to or upon the direction of the Borrower.

Partial Redemption

If less than all the Bonds of a particular stated maturity are to be redeemed at the option of the Borrower, the particular Bonds to be redeemed are to be selected by the Trustee by lot or by such other method as the Trustee shall deem fair and appropriate and that may provide for the selection for redemption of portions of the principal of Bonds equal to an Authorized Denomination.

Purchase or Mandatory Redemption of Bonds on Mandatory Tender/Redemption Dates

All Outstanding Bonds shall be subject to Mandatory Tender or mandatory redemption in whole and not in part on each Mandatory Tender Date. The purchase price or redemption price for each such Bond shall be payable in lawful money of the United States of America by check or draft, shall equal 100% of the principal amount to be purchased and accrued interest, if any, to the Mandatory Tender Date, and shall be paid in full on the applicable Mandatory Tender Date. If, on any Mandatory Tender Date, (i) the Borrower has previously elected not to cause the remarketing of the Bonds, (ii) the conditions to remarketing set forth in the Indenture have not been met by the dates and times set forth therein, (iii) the proceeds of remarketing in the Remarketing Proceeds Account are insufficient to pay the principal amount of, plus accrued interest on, the Outstanding Bonds on the Mandatory Tender Date, or (iv) Remarketing Rate would exceed the Maximum Interest Rate, all of the Bonds will be mandatorily redeemed on the Mandatory Tender Date pursuant to the Indenture.

Notice of Mandatory Tender or Mandatory Redemption

Notice to Holders. Not less than 30 days preceding a Mandatory Tender Date, the Trustee shall give written notice of a mandatory tender or mandatory redemption on the Mandatory Tender Date to the Holders of the Bonds then Outstanding (with a copy to the Borrower, Investor Limited Partner, State

Limited Partner, and the Remarketing Agent) by first class mail, postage prepaid, at their respective addresses appearing on the Register stating:

(i) the Mandatory Tender Date and that (a) if certain conditions are met, all Outstanding Bonds are subject to Mandatory Tender for purchase on the Mandatory Tender Date, (b) all Outstanding Bonds must be tendered for purchase no later than 11:00 a.m. Local Time on the Mandatory Tender Date and (c) Holders will not have the right to elect to retain their Bonds;

(ii) that if, in the event that the conditions to remarketing set forth in the Indenture are not met by the respective dates set forth therein, or, if proceeds from the remarketing are insufficient to pay the principal amount of, plus accrued interest on, the Bonds on the Mandatory Tender Date, all of the Bonds will be mandatorily redeemed on the Mandatory Tender Date;

(iii) the address of the Designated Office of the Trustee at which Holders should deliver their Bonds for purchase or redemption, as applicable, and the date of the required delivery;

(iv) that all Outstanding Bonds will be purchased or redeemed, as applicable, on the Mandatory Tender Date at a price equal to the principal amount of the Outstanding Bonds plus interest accrued to the Mandatory Tender Date; and

(v) any Bonds not tendered will nevertheless be deemed to have been tendered or redeemed, as applicable, and will cease to bear interest from and after the Mandatory Tender Date.

“Local Time” means Eastern time (daylight or standard, as applicable) in Columbia, South Carolina.

In the event that any Bond required to be delivered to the Trustee for payment of the purchase price or redemption price, as applicable, of such Bond shall not have been delivered to the Trustee within 30 days following a Mandatory Tender Date, the Trustee is to mail a second notice to the Holder of the Bond at its address as shown on the Register setting forth the requirements set forth in the Indenture for delivery of the Bond to the Trustee and stating that delivery of the Bond to the Trustee (or compliance with the provisions of the Indenture concerning payment of lost, stolen or destroyed Bonds) must be accomplished as a condition to payment of the purchase price or redemption price applicable to the Bond.

Undelivered Bonds

Bonds will be deemed to have been tendered for purposes of the Indenture whether or not the Holders shall have delivered such Undelivered Bonds to the Trustee, and subject to the right of the Holders of such Undelivered Bonds to receive the purchase price (or redemption price, as applicable) of such Bonds to the Mandatory Tender Date, such Undelivered Bonds will be null and void. If such Undelivered Bonds are to be remarketed, the Trustee will authenticate and deliver new Bonds in replacement thereof pursuant to the remarketing of such Undelivered Bonds.

“Undelivered Bond” means any Bond that is required under the Indenture to be delivered to the Remarketing Agent or the Trustee for purchase or redemption on a Mandatory Tender Date or Redemption Date but that has not been received on the date such Bond is required to be delivered.

Purchase or Mandatory Redemption of Tendered Bonds

The Trustee is to use amounts representing proceeds of remarketed Bonds deposited in the Remarketing Proceeds Account established under the Indenture to pay the principal amount, plus accrued interest, of Bonds tendered for purchase not later than 1:30 p.m. Local Time on the Mandatory Tender Date.

If proceeds of remarketed Bonds are not sufficient to purchase all of the Bonds at the required time or if the conditions to remarketing have not been met as required by the Indenture, the remarketing is to be cancelled and the following sources of payment are to be used to redeem all Outstanding Bonds on the Mandatory Tender Date in the following order of priority: (i) amounts on deposit in the Collateral Fund, (ii) amounts on deposit in the Negative Arbitrage Account of the Bond Fund (only to pay the accrued interest, if any, on the Bonds), (iii) amounts on deposit in the Project Fund and (iv) any other Eligible Funds available or made available for such purpose at the direction of the Borrower. All Bonds redeemed from amounts other than proceeds of remarketed Bonds shall be redeemed and canceled in accordance with the Indenture.

No Additional Parity Bonds

The Indenture does not permit the Issuer to issue additional indebtedness prior to or on a parity with the Bonds.

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), Brooklyn, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each issue of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a S&P Global Ratings’ rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners.

Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

The Bonds will be secured under the Indenture by all right, title and interest of the Issuer in and to (i) the Revenues, as defined below, including, without limitation, all Loan Payments, as defined below, Eligible Funds and other amounts receivable by or on behalf of the Issuer under the Loan Agreement in respect of repayment of the Loan, (ii) the Special Funds, as defined below, including all accounts therein and all money and securities deposited therein and (except for money required to be rebated to the United States of America under the Code) the investment earnings thereon and the proceeds derived therefrom, (iii) the proceeds derived from the sale of the Bonds (subject to the provisions of the Bond Resolution), (iv) the Loan Agreement, including all amendments, extensions and renewals of the terms thereof, if any, (v) the Note, including all amendments, extensions and renewals of the terms thereof, if any, (vi) the Bond Mortgage (as defined herein), including all amendments, extensions and renewals of the terms thereof, if any, and (vii) any and all other real or personal property of every name and nature from time to time hereafter pledged, assigned or transferred, as and for additional security under the Indenture by the Issuer or by anyone on its behalf, or with its written consent, to the Trustee, which is authorized by the Indenture to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture, except for the Reserved Rights (as defined below). Such assets are referred to herein as the "Trust Estate."

"Loan Payments" means the amounts required to be paid by the Borrower in repayment of the Loan pursuant to the provisions of the Loan Agreement, the Note and the Bond Mortgage.

"Reserved Rights" of the Issuer means (a) all of the Issuer's right, title and interest in and to all reimbursement, costs, expenses and indemnification; (b) the right of the Issuer to amounts payable to it pursuant to the Loan Agreement, including the Issuer Fees and Expenses; (c) all rights of the Issuer to receive any Rebate Amount (as defined in the Indenture); (d) all rights of the Issuer to receive notices, reports or other information, and to make determinations and grant approvals or consent under the Indenture and under the other Financing Documents; (e) all rights of the Issuer of access to the Project and documents related thereto and to specifically enforce the representations, warranties, covenants and agreements of the Borrower set forth in the Borrower's Tax Certificate and in the Regulatory Agreement; (f) any and all rights, remedies and limitations of liability of the Issuer set forth in the Indenture, the Loan Agreement, the Regulatory Agreement, the Bond Mortgage or the Note, as applicable, regarding (1) the negotiability, registration and transfer of the Bonds, (2) the loss or destruction of the Bonds, (3) the limited liability of the Issuer as provided in the Act, the Indenture, the Loan Agreement, the Regulatory Agreement, the Bond Mortgage or the Note, (4) the maintenance of insurance by the Borrower, (5) no liability of the Issuer to third parties, and (6) no warranties of suitability or merchantability by the Issuer; (g) all rights of the Issuer in connection with any amendment to or modification of the Indenture, the Loan Agreement, the Regulatory Agreement, the Bond Mortgage and the Note (but, as to the Bond Mortgage, only to the extent of the Issuer's Unassigned Rights, as defined therein); and (h) any and all limitations of the Issuer's liability and the Issuer's disclaimers of warranties set forth in the Indenture, the Regulatory Agreement or the Loan

Agreement, and the Issuer's right to inspect and audit the books, records and permits of the Borrower and the Project.

"Revenues" means (a) the Loan Payments, (b) all other money received or to be received by the Trustee in respect of repayment of the Loan, including without limitation, all money and investments in the Bond Fund, (c) any money and investments in the Special Funds, and (d) all income and profit from the investment of the foregoing money. The term "Revenues" does not include any money or investments in the Rebate Fund.

"Special Funds" means, collectively, the Bond Fund, the Project Fund and the Collateral Fund, and any accounts therein, all as created in the Indenture.

Amounts deposited in the Special Funds are to be invested in Eligible Investments. See "THE INDENTURE — Investment of Special Funds and Rebate Fund" herein.

THE ISSUER SHALL NOT IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS, OR FOR THE PERFORMANCE OF ANY PLEDGE, MORTGAGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER WHICH MAY BE UNDERTAKEN BY THE ISSUER EXCEPT FROM THE SOURCES SPECIFICALLY PLEDGED THERETO PURSUANT TO THE INDENTURE, AND NEITHER THE BONDS NOR ANY OF THE AGREEMENTS OR OBLIGATIONS OF THE ISSUER SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE BONDS AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE OR TO CREATE IN ANY MANNER A DEBT, LIABILITY OR OBLIGATION OF THE STATE OR OF ANY POLITICAL SUBDIVISION OR ANY AGENCY THEREOF OR A PLEDGE OR A GRANT OF THE FAITH AND CREDIT OF THE STATE OR ANY SUCH POLITICAL SUBDIVISION OR ANY SUCH AGENCY, BUT SHALL BE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE SECURITY AND OTHER FUNDS PLEDGED THEREFOR AND SHALL NOT BE PAYABLE FROM ANY OTHER ASSETS OR FUNDS OF THE ISSUER, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION OR ANY AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE ISSUER HAS NO TAXING POWER.

THE PROJECT

The following information concerning the Project has been provided by representatives of the Borrower and has not been independently confirmed or verified by either the Underwriter or the Issuer. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Project, known as Pickens Gardens Apartments, is located in Pickens, South Carolina, on an approximately 8-acre site. The Project contains 76 apartment units in 17 buildings located at 102 Garden Drive, Pickens, SC 29671.

Common area improvements include a leasing office, exercise room, community center and business center with office equipment for tenant use. There will be 109 parking spaces for resident use only.

It is anticipated that rehabilitation will commence immediately upon the issuance of the Bonds and funding of the initial installment of tax credit equity and will be completed in approximately 12 months.

The unit type, the unit mix and approximate square footage for the units of the Project will be as follows:

Unit Type	Average Square Feet	Number of Units
1 bedroom 1 bath	540	36
2 bedroom 1 bath	784	20
3 bedroom 1.5 bath	1,111	12
4 bedroom 2 bath	1,146	<u>8</u>
TOTAL		<u>76</u>

Plan of Financing

The estimated sources and uses of funds for the Project are projected to be approximately as follows:

Sources of Funds*	
Bonds	\$8,697,000
Mortgage Loan	9,190,300
Federal Tax Credit Equity	5,166,874
State Tax Credit Equity	2,908,196
Deferred Developer Fee	<u>1,050,051</u>
Total	<u>\$27,012,421</u>
Uses of Funds*	
Acquisition	\$6,250,000
Construction	6,300,878
Hard Cost Contingency	626,241
Soft Costs (Basis and Non-Basis)	2,264,213
Reserves	594,089
Developer Fee	2,280,000
Repayment of Bonds	<u>8,697,000</u>
Total	<u>\$27,012,421</u>

All costs of issuance of the Bonds, including the underwriter's fee, will be paid by the Borrower.

The Bridge Loan. The Project will also utilize a bridge loan in the principal amount of \$5,200,000* (the "Bridge Loan") from Pickens Gardens SPV, LLC, a Florida limited liability company (the "Bridge Lender"). The obligation to repay the Bridge Loan will be set forth in a promissory note (the "Bridge Loan Note") from the Borrower to the Bridge Lender and will be repayable out of development period funds on the terms and conditions set forth therein. The Bridge Loan Note will be secured by assignments of membership interests, capital contributions and development fee and will be guaranteed as described in the loan agreement made with respect to the Bridge Loan. The Bridge Loan Note will have a term of 24 months* and will bear interest at a rate of 8.75%* per annum, with annual principal and interest not otherwise paid, due at maturity.

The Mortgage Loan. The Project will utilize a mortgage loan (the "Mortgage Loan") insured by the Federal Housing Administration ("FHA") under Section 221(d)(4) of the National Housing Act of 1934,

* Preliminary; subject to change.

as amended, and applicable regulations promulgated thereunder. The Mortgage Loan is expected to close simultaneously with the issuance of the Bonds.

The Mortgage Loan is expected to be in the original principal amount of \$9,190,300* and is expected to bear interest at the estimated rate of 5.70% per annum. The Mortgage Loan proceeds will be disbursed by the Lender to the Borrower based upon approved advances. Such advances will be evidenced by the Mortgage Note, secured by the Mortgage on the Project, and the Lender will issue, with respect to the Mortgage Note, fully amortized mortgage-backed securities (“GNMA Securities”) guaranteed as to timely payment of principal and interest by the Government National Mortgage Association (“GNMA”). The Mortgage Loan will be amortized over 40 years.

The Tax Credit Equity. Simultaneously with the issuance of the Bonds, the Borrower expects to offer the Investor Limited Partner a 98.990% ownership interest in the Borrower in exchange for equity contributions based primarily on the receipt of certain benefits from the Project’s tax credit equity. Simultaneously with the admission of the Investor Limited Partner to the Borrower, the Borrower also expects to admit the Special Limited Partner as owner of a 0.001% interest in the Borrower and the State Limited Partner as owner of a 1.00% interest in the Borrower. The funding of the State Low Income Housing Tax Credit equity and the Federal Low Income Housing Tax Credit Equity will total approximately \$8,041,668* (\$5,166,874* for federal and \$2,908,196* for state) with an initial contribution of approximately \$1,211,389*, which will be funded on the Closing Date. The funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the projections set forth above and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.

Deferred Developer Fee. The Project will also utilize deferred developer fee in the approximate amount of \$1,050,051* as a source of funding. The deferred developer fee will be repaid through surplus cash flow received from the operations of the Project.

The sources and uses of funds to be applied under the Indenture are projected to be approximately as follows:

Sources of Funds*:	
Bond Proceeds	<u>\$8,697,000</u>
Total	<u>\$</u>
 Uses of Funds*:	
Project Fund	<u>\$</u>
Total	<u>\$</u>

Project Regulation

The Borrower intends to rehabilitate and operate the Project as a qualified residential rental project in accordance with the provisions of Section 142(d) of the Code. Concurrently with the issuance of the Bonds, the Borrower, the Issuer and FAH Holdings – Pickens Gardens, LLC, as owner of the Project, will enter into the Agreement as to Restrictive Covenants, dated as of April 1, 2026 (the “Regulatory Agreement”). Under the Regulatory Agreement, the Borrower will agree that, at all times during the Qualified Project Period, the Borrower will rent at least 40% of the units in the Project to persons whose adjusted family income (determined in accordance with the provisions of the Code) is less than 60% of the median area income (adjusted for family size). The Qualified Project Period commences on the later of the

* Preliminary; subject to change.

Closing Date or the first day on which at least 10% of the units are occupied and continues until the latest of (a) the date which is fifteen (15) years after the later of the Closing Date or the date on which at least ten percent (10%) of the units in the Project are first occupied, (b) the first date on which no tax-exempt private activity bonds with respect to the Project are outstanding, or (c) the date on which any assistance provided with respect to the Project under Section 8 of the National Housing Act terminates. The failure of the Borrower to comply with the Regulatory Agreement could cause interest on the Bonds to be included in gross income for federal income tax purposes. See APPENDIX D — SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT.

In addition to the rental restrictions imposed upon the Project by the Regulatory Agreement, the Project will also be encumbered by an Extended Use Agreement required by Section 42 of the Code relating to tax credits, which will (a) restrict the income levels of 100% of the units in the Project to amounts not greater than 60% of the area median income adjusted for family size, and (b) restrict the rents which may be charged to the tenants for occupancy of units in the Project to not more than 30% of 60% of area median income, adjusted for family size.

Additional restrictions are imposed on the Project pursuant to the HUD Regulatory Agreement entered into by the Borrower in connection with the Mortgage Loan and a Section 8 Use Agreement entered into by the Borrower in connection with one or more HAP Contracts (as defined below).

HAP Contract

The Borrower will receive the benefit of one or more Section 8 Housing Assistance Payment Contracts (collectively, the “HAP Contract”) covering all 76 units at the Project.

Funding under the HAP Contract is subject to annual Congressional appropriations, as more particularly described below. The Section 8 project-based housing assistance payment program (the “Section 8 Program”) is authorized by Section 8 of the United States Housing Act of 1937, as amended, and in the case of Section 8 contracts is administered by local public housing authorities. Renewals of Section 8 HAP contracts are governed by the Multifamily Assisted Housing Reform and Affordability Act of 1997, as amended (“MAHRA”). The Section 8 Program authorizes housing assistance payments to owners of qualified housing for the benefit of low-income families (defined generally as families whose incomes do not exceed 80% of the area median income (“AMI”) for the area as determined by HUD), and very low-income families (defined generally as families whose income do not exceed 50% of the AMI as determined by HUD). Section 8 housing assistance payments generally represent the difference between the “contract rent” for the unit approved by HUD and the eligible tenant’s contribution, which is generally 30% of income, as adjusted for family size and certain expenses, subject to a minimum rent contribution. The rents approved by HUD for the Project, as they may be adjusted from time to time with procedures set forth in MAHRA and the HAP Contract, are the “contract rents” for the Project. The HAP Contract will require the Borrower to maintain the Project in decent, safe and sanitary condition and to comply with other statutory and regulatory requirements governing the operation of the Project, use of project funds, and other matters. If the Borrower fails to comply with the terms of the HAP Contract, HUD or the contract administrator could seek to abate or terminate the payments under the HAP Contract or impose other sanctions. MAHRA requires that upon the request of the Borrower, HUD shall renew the HAP Contract under the Section 8 Program. However, because the HAP Contract is subject to receipt of annual appropriations by Congress, there is no assurance that the HAP Contract will be renewed or replaced upon its expiration. Funding for HAP contracts is appropriated by Congress on an annual basis, and there is no assurance that adequate funding will be appropriated each year during the term of the HAP Contract. Since payments received under the HAP Contract constitute a primary source of revenues for the Project, the expiration of the HAP Contract, or the failure of Congress to appropriate funds sufficient to fund the HAP Contract during each year of its term, would have a material adverse effect on the ability of the Project to generate revenues sufficient to pay the principal of and interest on the Bonds.

PRIVATE PARTICIPANTS

The following information concerning the private participants has been provided by representatives of the private participants and has not been independently confirmed or verified by either the Underwriter or the Issuer. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Borrower

The Borrower for the Project is DGA Pickens 2 LP, a Tennessee limited partnership, a single asset entity formed for the specific purpose of acquiring, owning, and operating the Project. The general partner of the Borrower is DGA Pickens 2, LLC, a Tennessee limited liability company (the “General Partner”), which will own a 0.009% ownership interest in the Borrower. RBC Community Investments, LLC, an Illinois limited liability company (the “Investor Limited Partner”), will own a 98.990% interest in the Borrower. RBC Community Investments Manager II, Inc., a Delaware corporation (the “Special Limited Partner”), will own a 0.001% interest in the Borrower. ATEP Pickens Gardens-SC, LLC, a South Carolina limited liability company (the “State Limited Partner”) will own a 1.000% interest in the Borrower.

The Investor Limited Partner, the Special Limited Partner and the State Limited Partner

Contemporaneously with the issuance of the Bonds, the Borrower expects the General Partner, the Investor Limited Partner, the Special Limited Partner and the State Limited Partner to enter into an amended and restated agreement of limited partnership of the Borrower pursuant to which the Investor Limited Partner will acquire a 98.990% ownership interest in the Borrower, the State Limited Partner will acquire a 1.000% ownership interest in the Borrower and the Special Limited Partner will acquire a 0.001% interest in the Borrower. The equity funding arrangements for the funding of the federal low-income housing tax credit and state tax credit equity (collectively, the “Tax Credit Equity”) are expected to be in the amounts set forth under “THE PROJECT — Plan of Financing” herein paid in stages during and after rehabilitation of the Project. These funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the estimates set forth herein and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.

Limited Assets and Obligation of Borrower, General Partner, Investor Limited Partner and State Limited Partner

The Borrower and the General Partner have no substantial assets other than the Project and do not intend to acquire any other substantial assets or to engage in any substantial business activities other than those related to the ownership of the Project. However, the General Partner, the Investor Limited Partner, the State Limited Partner and their affiliates are engaged in and will continue to engage in the acquisition, development, ownership and management of similar types of housing projects. They may be financially interested in, as officers, members or otherwise, and devote substantial times to, business and activities that may be inconsistent or competitive with the interests of the Project.

The obligations and liabilities of the Borrower under the Loan Agreement and the Note are of a non-recourse nature and are limited to the Project and moneys derived from the operation of the Project. Neither the Borrower nor its partners have any personal liability for payments on the Note to be applied to pay the principal of and interest on the Bonds. Furthermore, no representation is made that the Borrower has substantial funds available for the Project. Accordingly, neither the Borrower’s financial statements nor those of its partners are included in this Official Statement.

The Developer

The developer for the Project is DGA Residential, LLC, a Tennessee limited liability company (the “Developer”). The Developer is the affordable housing division of Dominion Group. Dominion Group owns and manages multifamily properties, including a total of more than 4,700 units, as well as senior housing communities with a total of more than 1,000 residential units. The Developer began in March 2020 to focus on affordable housing development in the Southeast. The Developer owns 15 multifamily properties consisting of 1,406 total units. The Developer is managed by Craig Cobb. Mr. Cobb began in the affordable housing industry in 2010 with a large affordable housing developer and has played key roles in developing over 47 properties in seven states consisting of more than 5,800 units of Section 8 acquisition/rehabilitations and RAD conversions paired with either 9% LIHTCs or 4% LIHTCs with tax-exempt bonds.

The Architect

The architect for the Project is Dyke Nelson Architecture, LLC (the “Architect”). The Architect is not an affiliate of the Developer. The Architect has been a licensed architect for 13 years and has been the principal architect for more than 70 multifamily developments with an excess of 10,000 units throughout 15 states.

The General Contractor

The general contractor for the Project will be Empire Construction of Tennessee, Inc. (the “General Contractor”). The General Contractor is not an affiliate of the Developer. Based in Knoxville, Tennessee, the General Contractor was formed in 1982 and is a South Carolina-licensed contractor. Since inception, the General Contractor has built or rehabilitated over 30,000 units of multi-family apartments.

The Property Manager

The Borrower has entered into a management agreement with Southern Development Management Company, Inc. (the “Property Manager”) to manage the day-to-day operations of the Project. The Property Manager is not an affiliate of the Developer. The Property Manager was founded in 1982 and is an experienced manager of affordable housing properties. The Property Manager currently manages approximately 130 apartment developments in six states.

The Lender

Berkadia Commercial Mortgage LLC, a Delaware limited liability company (the “Lender”), will, upon satisfaction of certain conditions precedent, make the Mortgage Loan to the Borrower. The Lender is a mortgage banking firm specializing in FHA-insured construction and permanent mortgage loans, Fannie Mae forward commitments and permanent mortgage loans, and both Fannie Mae and FHA bond credit enhancements for multifamily and seniors housing projects across the United States. The Lender has been approved by HUD as an eligible issuer and servicer of loans guaranteed by GNMA. To be approved by GNMA to issue GNMA guaranteed certificates with respect to long-term mortgages on multifamily projects, the Lender is required to have a net worth (based on audited financial statements) equal to at least \$500,000 plus 0.2% of any securities outstanding in excess of \$35 million.

THE TRUSTEE

U.S. Bank Trust Company, National Association will serve as Trustee under the Indenture. The Trustee is a national banking association organized under the laws of the United States of America.

THE TRUSTEE HAS NOT PARTICIPATED IN THE PREPARATION OF THIS OFFICIAL STATEMENT AND ASSUMES NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT OR THE RELATED TRANSACTIONS AND DOCUMENTS OR FOR ANY FAILURE BY ANY PARTY TO DISCLOSE EVENTS THAT MAY HAVE OCCURRED AND MAY AFFECT THE SIGNIFICANCE OR ACCURACY OF SUCH INFORMATION.

CERTAIN BONDHOLDERS' RISKS

The purchase of the Bonds will involve a number of risks. The following is a summary, which does not purport to be comprehensive or definitive, of some of such risk factors.

Limited Security; Investment of Funds

The Bonds are special limited obligations of the Issuer payable solely from the Trust Estate, which includes certain funds pledged to and held by the Trustee pursuant to the Indenture.

The Bonds are offered solely on the basis of the amounts held under the Indenture and are not offered on the basis of the credit of the Borrower, the feasibility of the Project or any other security. As a consequence, limited information about the Project and no information about the financial condition or results of operations of the Borrower is included in this Official Statement. The Bonds are offered only to investors who, in making their investment decision, rely solely on the amounts held under the Indenture and not on the credit of the Borrower, the feasibility of the Project or any other security.

The principal of and interest on the Bonds are payable from and secured by certain revenues and funds pledged thereto under the Indenture. On the date of delivery of the Bonds, an amount equal to the principal amount of the Bonds is to be deposited in the Project Fund, and an amount equal to the aggregate interest payments on the Bonds from the date of delivery to the Initial Mandatory Tender Date is to be deposited in the Negative Arbitrage Account. Such amounts are to be invested in Eligible Investments pursuant to the Indenture.

The Trustee is required to invest amounts held in the Special Funds in Eligible Investments, as defined in the Indenture. See "THE INDENTURE — Investment of Special Funds and Rebate Fund." Debt Service on the Bonds has been scheduled assuming that the amounts held in the Special Funds earn no interest prior to the Initial Mandatory Tender Date. Failure to receive a return of the amounts so invested could affect the ability to pay the principal of and interest on the Bonds.

Taxability

The Bonds are subject to redemption, and the rate of interest on the Bonds would not be subject to adjustment, if the interest on the Bonds were to become included in gross income for purposes of federal income taxation. Such event could occur if the Borrower (or any subsequent owner of the Project) does not comply with the provisions of the Regulatory Agreement and the Loan Agreement that are designed, if complied with, to satisfy the continuing compliance requirements of the Code in order for the interest on the Bonds to be excludable from gross income for purposes of federal income tax.

Substantial Limitations on Bond Mortgage

Although the Borrower will deliver the Bond Mortgage to the Issuer (to be assigned to the Trustee) in order to comply with the requirements of the Act, the Bond Mortgage is subordinate to the Mortgage Loan and the Trustee will have little or no practical means to realize any proceeds by foreclosing on the Bond Mortgage in the event of a default on the Bonds. Accordingly, prospective owners of the Bonds should not look at the value of the Project, but solely to the other security for the Bonds in making an investment decision with respect to the Bonds.

Enforceability of Remedies

The remedies available to the Trustee and the owners of the Bonds upon an event of default under the Loan Agreement or the Indenture are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under the Loan Agreement or the Indenture may not be readily available, and the Borrower will have no personal liability for the satisfaction of any obligation of the Borrower under such agreements or of any claim against the Borrower arising out of such agreements or the Indenture.

The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds and the documents described above is subject to limitations imposed by such things as the exercise of judicial discretion in accordance with general principles of equity (whether applied by a court of law or a court of equity), including judicial limitations on rights to specific performance and bankruptcy, insolvency, reorganization, moratorium or other similar laws heretofore or hereafter in effect affecting creditors' rights, to the extent constitutionally applicable.

Secondary Markets and Prices

The Underwriter will not be obligated to repurchase any of the Bonds, and no representation is made concerning the existence of any secondary market for the Bonds. No assurance can be given that any secondary market will develop following the completion of the offering of the Bonds contemplated by this Official Statement, and no assurance can be given that the Bonds can be resold at their initial offering prices for any period of time.

Potential Impact of Pandemics or Public Health Crises

The spread of the strain of a virus and resulting disease could alter the behavior of businesses and people in a manner that could have negative effects on global, state and local economies. There can be no assurances that the spread of a pandemic would not materially impact both local and national economies and, accordingly, have a materially adverse impact on the Project's operating and financial viability. The effects of a pandemic could include, among other things, an increase in the time necessary to complete the construction and/or rehabilitation of the Project, suspension or delay of site inspections and other on-site meetings, interruption in the engagement of material participants in the Project, increase in the time necessary to conduct lease-up at the Project, and increased delinquencies and/or vacancies, all of which could impact the Borrower's ability to make payments on the loans and result in a default and acceleration thereof.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment

decision, potential investors should be thoroughly familiar with this entire Official Statement, including the Appendices hereto.

THE INDENTURE

The following is a brief summary of certain provisions of the Indenture. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Indenture, copies of which are on file with the Issuer and the Trustee.

Creation of Funds

There are established by the Indenture with the Trustee the following funds and accounts to be held in trust and maintained by the Trustee under the Indenture:

- (a) the Bond Fund, and therein the Negative Arbitrage Account and the Remarketing Proceeds Account (but only at such times as money is to be deposited or held in such Accounts as provided in the Indenture);
- (b) the Project Fund;
- (c) the Costs of Issuance Fund;
- (d) the Collateral Fund;
- (e) the Rebate Fund; and
- (f) the Expense Fund.

Each fund and account therein shall be maintained by the Trustee as a separate and distinct trust fund or account to be held, managed, invested, disbursed and administered as provided in the Indenture. All money deposited in the funds and accounts created under the Indenture shall be used solely for the purposes set forth therein. The Trustee shall keep and maintain adequate records pertaining to each fund and account, and all disbursements therefrom, in accordance with its general practices and procedures in effect from time to time. The Trustee may also terminate funds and accounts that are no longer needed.

The Trustee shall, at the written direction of an Authorized Borrower Representative, and may, in its discretion, establish such additional accounts within any fund, and subaccounts within any of the accounts, as the Issuer or the Trustee may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that fund and its accounts, or for the purpose of complying with the requirements of the Code, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of the Indenture with respect to a deposit or use of money in the Special Funds or the Rebate Fund, or result in commingling of funds not permitted hereunder.

Bond Fund

On the date of delivery of the Bonds, there is to be deposited in the Negative Arbitrage Account of the Bond Fund an amount equal to the interest to be paid on the Bonds from the date of delivery to the Initial Mandatory Tender Date. Any Extension Payment received by the Trustee in connection with a remarketing in accordance with the Indenture shall also be deposited in the Negative Arbitrage Account.

So long as there are any Outstanding Bonds, to the extent the Borrower has not received a credit against Loan Payments, all Loan Payments under the Loan Agreement are to be paid on or before each

Bond Payment Date directly to the Trustee, and deposited in the Bond Fund, in at least the amount necessary to pay the Bond Service Charges due on the Bonds on such Bond Payment Date.

The Bond Fund (and accounts therein for which provision is made in the Indenture) and the money and Eligible Investments therein are to be used solely and exclusively for the payment of Bond Service Charges as they become due.

Bond Service Charges will be payable as they become due, in the following order: (i) from money on deposit in the Bond Fund (excluding the Negative Arbitrage Account of the Bond Fund), (ii) from money on deposit in the Negative Arbitrage Account of the Bond Fund, (iii) from money on deposit in the Collateral Fund and transferred as necessary to the Bond Fund and (iv) thereafter, from money on deposit in the Project Fund and transferred as necessary to the Bond Fund.

Upon receipt by the Trustee of a Cash Flow Projection provided on behalf of the Borrower, the Trustee is authorized by the Indenture to release from the Negative Arbitrage Account the amount set forth in the Cash Flow Projection to be released to or at the written direction of the Borrower from such account.

Project Fund

Money in the Project Fund is to be disbursed in accordance with the provisions of the Indenture and the Loan Agreement.

Upon the deposit of Eligible Funds in the Collateral Fund as provided in the Indenture, and subject to the provisions of this section, the Trustee may disburse the Bond proceeds on deposit in the Project Fund to or at the direction of the Lender, for use by the Borrower to pay costs of the Project in accordance with the Loan Agreement. The Trustee is to disburse the applicable bond proceeds from the Project Fund on the same Business Day that it receives the Eligible Funds if the Trustee receives such funds and an executed disbursement request prior to 12:30 PM Local Time on such Business Day. Otherwise the disbursement shall be made as soon as practicable on the next succeeding Business Day.

To the extent money is not otherwise available to the Trustee, including money on deposit in the Bond Fund or the Collateral Fund, the Trustee is to transfer from the Project Fund to the Bond Fund sufficient money to pay Bond Service Charges on each Bond Payment Date without further written direction.

Notwithstanding any provision of the Loan Agreement or the Disbursement Agreement or any other provision of the Indenture to the contrary, the Trustee is not to disburse money from the Project Fund, other than to pay Bond Service Charges on the Bonds, unless and until Eligible Funds in an amount equal to or greater than the requested disbursement amount have been deposited in the Collateral Fund. Prior to making any disbursement (except to pay Bond Service Charges), the Trustee shall determine that the aggregate amount that will be held in (a) the Collateral Fund and (b) the Project Fund, after the anticipated disbursement, is at least equal to the then Outstanding principal amount of the Bonds.

On the earlier of the Maturity Date and any Mandatory Tender Date with respect to which the Bonds are not remarketed, the Trustee will transfer amounts then on deposit in the Project Fund into the Bond Fund to pay Bond Service Charges on the Bonds. The Trustee shall have no liability for any losses incurred in connection with Eligible Investments.

Upon the occurrence and continuance of an Event of Default under the Indenture because of which the principal amount of the Bonds has been declared to be due and immediately payable pursuant to the Indenture, any money remaining in the Project Fund is to be promptly transferred by the Trustee to the Bond Fund.

Any money in the Project Fund remaining after the Completion Date and payment or provision for payment in full of the costs of the Project set forth in the Loan Agreement, at the direction of the Authorized Borrower Representative, is to be promptly paid into the Bond Fund and used to redeem Bonds on the earliest date on which such Bonds are subject to optional redemption, as set forth in the Indenture.

Costs of Issuance Fund

Amounts on deposit in the Costs of Issuance Fund are to be used by the Trustee to pay Costs of Issuance as directed by the Borrower and approved by the Investor Limited Partner and the State Limited Partner. Any amounts remaining on deposit in the Costs of Issuance Fund 30 days after the Closing Date are to be returned to or disbursed at the direction of the Borrower.

Collateral Fund

The Trustee shall deposit in the Collateral Fund all Eligible Funds received pursuant to the Disbursement Agreement and the Loan Agreement and any other Eligible Funds directed by the Borrower to be received by the Trustee for deposit into the Collateral Fund. The Loan Agreement requires the Borrower to direct the Lender and the Bridge Lender, as applicable, pursuant to the terms of the Disbursement Agreement, to transfer Eligible Funds to the Trustee for deposit into the Collateral Fund in a principal amount equal to, and as a prerequisite to the disbursement of, an equal amount of Bond proceeds on deposit in the Project Fund to be disbursed by the Trustee for the costs of the Project described in the Loan Agreement.

Each deposit of Eligible Funds into the Collateral Fund will be promptly invested in its entirety by the Trustee, solely and exclusively, in Eligible Investments, as directed by an Authorized Borrower Representative pursuant to the Indenture. Each deposit into the Collateral Fund will constitute an irrevocable deposit solely for the benefit of the Holders, subject to the provisions of the Indenture.

The Trustee is to transfer money in the Collateral Fund as follows: (a) on each Bond Payment Date, to the Bond Fund, the amount necessary to pay Bond Service Charges due on such Bond Payment Date (to the extent money is not otherwise available to the Trustee, including money on deposit in the Bond Fund); (b) on the Mandatory Tender Date, to the Bond Fund, the amount necessary to pay the redemption price of the Bonds, to the extent the Bonds are not remarketed on any Mandatory Tender Date; and (c) on the Maturity Date of the Bonds, to the Bond Fund, the amount necessary to pay all amounts due on the Bonds on such date.

On the earlier of the Maturity Date and any Mandatory Tender Date with respect to which the Bonds are not remarketed, the Trustee will transfer all amounts then on deposit in the Collateral Fund into the Bond Fund to pay Bond Service Charges on the Bonds.

Amounts on deposit in the Collateral Fund in excess of the amount required to pay Bond Service Charges after payment in full of the Bonds may be transferred to the Project Fund and used to pay costs of the Project as provided in the Loan Agreement.

The Bonds shall not be, and shall not be deemed to be, paid or prepaid by reason of any deposit into the Collateral Fund unless and until the amount on deposit in the Collateral Fund is transferred to the Bond Fund and applied to the payment of the principal of any of the Bonds or the principal component of the redemption price of any of the Bonds, all as provided in the Indenture.

Notwithstanding any provision to the contrary contained herein or in the other Financing Documents, upon receipt of Eligible Funds from the Lender for deposit in the Collateral Fund, Trustee shall be unconditionally and irrevocably obligated to promptly disburse funds from the Project Fund in

accordance with the applicable requisition, but the Trustee shall only be obligated to make such a disbursement to the extent of the amount of proceeds of the Bonds remaining in the Project Fund, and if the Trustee receives Eligible Funds from the Lender for deposit in the Collateral Fund in excess of the available amount, the Trustee shall promptly return the excess to the Lender.

Expense Fund

The Trustee is to apply money on deposit in the Expense Fund solely for the following purposes, upon receipt of written instructions from the Borrower, in the following order of priority:

- (i) to transfer money to the Rebate Fund to the extent necessary to pay the Rebate Amount (if any) in accordance with the Loan Agreement;
- (ii) to pay the Ordinary Trustee's Fees and Expenses when due;
- (iii) to pay the Dissemination Agent Fee when due;
- (iv) to pay the Issuer Fees and Expenses when due;
- (v) to pay the Issuer Fees and Expenses not previously paid; and
- (vi) to pay the Remarketing Expenses when due.

To the extent money in the Expense Fund is not sufficient to pay the foregoing fees and expenses, such deficiency is to be paid by the Borrower pursuant to the Loan Agreement immediately upon written demand.

“Ordinary Trustee Fees and Expenses” means the amount due to the Trustee for the Ordinary Services and the Ordinary Expenses (each as defined in the Indenture) of the Trustee incurred in its duties under the Indenture; provided, however, that the amount of Ordinary Trustee Fees and Expenses payable under the Indenture is limited to money withdrawn from the Expense Fund, and the Borrower is responsible to pay the remaining amount pursuant to the Loan Agreement.

“Dissemination Agent Fee” means the fee payable to the Dissemination Agent as compensation for its services and expenses in performing its obligations under the Continuing Disclosure Agreement; provided that, the amount of the Dissemination Agent fee payable under the Indenture is limited to money withdrawn from the Expense Fund, and the Borrower is responsible to pay the remaining amount pursuant to the Loan Agreement.

“Issuer Fees and Expenses” means, collectively, the Ordinary Issuer Fees and Expenses and the Extraordinary Issuer Fees and Expenses. “Ordinary Issuer Fees and Expenses” means the fee payable on the Closing Date in the amount of 0.75% of the par amount of the Bonds and the ongoing annual fee payable annually in advance on the date the Project is placed in service and on each anniversary thereof for the Qualified Project Period, as defined in the Regulatory Agreement, in the amount of \$50.00 per unit in the Project. “Extraordinary Issuer Fees and Expenses” means the expenses and disbursements payable to the Issuer under the Indenture for Extraordinary Services and Extraordinary Expenses, including extraordinary fees, costs and expenses incurred by the Issuer.

Investment of Special Funds and Rebate Fund

Except as otherwise set forth in this section, moneys in the Special Funds and the Rebate Fund shall be invested and reinvested by the Trustee in Eligible Investments at the written direction or telephonic direction (promptly confirmed in writing) of the Authorized Borrower Representative. The Authorized

Borrower Representative shall provide a copy of such written direction to the Rating Agency. At no time shall the Authorized Borrower Representative direct that any funds constituting gross proceeds of the Bonds be used in any manner as would constitute failure of compliance with Section 148 of the Code.

Investments of moneys in the Bond Fund shall mature or be redeemable at par at the times and in the amounts necessary to provide moneys to pay Bond Service Charges on the Bonds. The Trustee may make any and all investments through its own banking department or banking department of any affiliate. Each investment of moneys in the Project Fund will mature or be redeemable without penalty at such time as may be necessary to make payments from the Project Fund, including on each Interest Payment Date.

Any investments may be purchased from or sold to the Trustee, the registrar, an authenticating agent or a paying agent, or any bank, trust company or savings and loan association affiliated with any of the foregoing. The Trustee shall sell or redeem investments credited to the Special Funds to produce sufficient moneys applicable under the Indenture to and at the times required for the purposes of paying Bond Service Charges when due as aforesaid, and will do so without necessity for any order on behalf of the Issuer and without restriction by reason of any order. If the Trustee is required to sell or otherwise dispose of any Eligible Investments prior to maturity, the Borrower shall, at the Borrower's expense, deliver to the Trustee (i) a Cash Flow Projection and (ii) Eligible Funds in the amount set forth in such Cash Flow Projection, if any.

An investment made from moneys credited to the Special Funds or the Rebate Fund shall constitute part of that respective fund. All investment earnings from amounts on deposit in the Special Funds shall be credited to the Bond Fund. All gains resulting from the sale of, or income from, any investment made from moneys credited to the Special Funds shall be credited to and become part of the Special Funds from which the investment was made. In the absence of written directions of the Authorized Borrower Representative as provided above, the Trustee shall be required to invest such funds in the investments described in clause (b) of the definition of Eligible Investments. Following the Closing Date, at the direction of the Borrower, the Trustee is permitted to purchase, sell or exchange Eligible Investments with a Cash Flow Projection. Notwithstanding anything in the Indenture to the contrary, (i) earnings received by the Trustee with respect to Eligible Investments purchased for the purpose of paying Bond Service Charges shall be held uninvested and (ii) Bond proceeds and the Negative Arbitrage Deposit shall be held uninvested until the Trustee has purchased, sold or exchanged Eligible Investments.

Repayment to the Borrower from the Bond Fund

Except as provided in the Indenture, any amounts remaining in the Bond Fund (i) after all of the Outstanding Bonds are deemed paid and discharged under the provisions of the Indenture and (ii) after payment of all fees, charges and expenses of the Trustee, and of all other amounts required to be paid under the Indenture, the Loan Agreement, the Regulatory Agreement and the Note, are to be paid to the Borrower to the extent that those amounts are in excess of those necessary to effect the payment and discharge of the Outstanding Bonds.

Defaults; Events of Default

The occurrence of any of the following events is defined as and declared to be and to constitute an "Event of Default" under the Indenture:

- (a) Payment of any interest on any Bond is not made when and as that interest becomes due and payable;

(b) Payment of the principal of any Bond is not made when and as that principal becomes due and payable, whether at stated maturity, upon mandatory redemption, upon acceleration or otherwise;

(c) Failure by the Issuer to observe or perform any other covenant, agreement or obligation on its part required to be observed or performed as set forth in the Indenture or in the Bonds, which failure has continued for a period of 30 days after written notice, by registered or certified mail, to the Issuer, the Borrower, the Investor Limited Partner and the State Limited Partner specifying the failure and requiring that it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Holders of not less than 25% in aggregate principal amount of Bonds then Outstanding; and

(d) The occurrence and continuance of an Event of Default as defined in the Loan Agreement.

The term “default” or “failure” as used above means (i) a default or failure by the Issuer in the observance or performance of any of the covenants, agreements or obligations on its part to be observed or performed contained in the Indenture or in the Bonds, or (ii) a default or failure by the Borrower under the Loan Agreement, exclusive of any period of grace or notice required to constitute an Event of Default, as provided in the Loan Agreement.

Acceleration

Upon the occurrence of an Event of Default described in (a) and (b) under “—Events of Default” above, the Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding is to declare, by written notice delivered to the Borrower, the Investor Limited Partner, the State Limited Partner and the Issuer, the principal of all Bonds then Outstanding (if not then due and payable), and the interest accrued thereon, to be due and payable immediately. Upon such declaration, that principal and interest is to become and be due and payable immediately.

Upon the occurrence of any Event of Default other than those described in (a) and (b) above, the Trustee may, and upon the written request of all Holders of Bonds then Outstanding is to, declare by a notice in writing delivered to the Borrower, the Investor Limited Partner, the State Limited Partner and the Issuer, the principal of all Bonds then Outstanding (if not then due and payable), and the interest thereon, to be due and payable immediately. Interest on the Bonds will accrue to the date determined by the Trustee for the tender of payment to the Holders pursuant to that declaration; provided that interest on any unpaid principal of Bonds Outstanding will continue to accrue from the date determined by the Trustee for the tender of payment to the Holders of those Bonds.

The provisions described in the preceding paragraph are subject, however, to the condition that if, at any time after declaration of acceleration and prior to the entry of a judgment in a court for enforcement under the Indenture (after an opportunity for hearing by the Issuer and the Borrower):

(i) all sums payable under the Indenture (except the principal of and interest on Bonds that have not reached their stated maturity dates but which are due and payable solely by reason of that declaration of acceleration), plus interest to the extent permitted by law on any overdue installments of interest at the rate borne by the Bonds in respect of which the default has occurred, have been duly paid or provision has been duly made therefor by deposit with the Trustee, and

(ii) all existing Events of Default have been cured,

then and in every case, the Trustee is to waive the Event of Default and its consequences and rescind and annul that declaration. No waiver or rescission and annulment will extend to or affect any subsequent Event of Default or shall impair any rights consequent thereon.

The Investor Limited Partner and the State Limited Partner are each entitled to cure any Event of Default hereunder within the time frame provided to the Borrower under the Indenture. The Issuer and the Trustee agree that cure of any default or Event of Default made or tendered by the Investor Limited Partner and/or the State Limited Partner shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Other Remedies; Rights of Holders

With or without taking action described under “—Acceleration” above, upon the occurrence and continuance of an Event of Default, the Trustee may pursue any available remedy, including without limitation actions at law or equity to enforce the payment of Bond Service Charges or the observance and performance of any other covenant, agreement or obligation under the Indenture, the Loan Agreement, the Regulatory Agreement or the Note or any other instrument providing security, directly or indirectly, for the Bonds.

If, upon the occurrence and continuance of an Event of Default, the Trustee is requested so to do by the Holders of at least a majority in aggregate principal amount of Bonds Outstanding, the Trustee (subject to the provisions of the Indenture), is to exercise any rights and powers conferred by the Indenture.

No remedy conferred upon or reserved to the Trustee (or to the Holders) by the Indenture is intended to be exclusive of any other remedy. Each remedy is to be cumulative and in addition to every other remedy given under the Indenture or otherwise to the Trustee or to the Holders.

No delay in exercising or omission to exercise any remedy, right or power accruing upon any default or Event of Default is to impair that remedy, right or power or is to be construed to be a waiver of any default or Event of Default or acquiescence therein. Every remedy, right and power may be exercised from time to time and as often as may be deemed to be expedient.

No waiver of any default or Event of Default under the Indenture, whether by the Trustee or by the Holders, is to extend to or is to affect any subsequent default or Event of Default or is to impair any remedy, right or power consequent thereon.

Right of Holders to Direct Proceedings

The Holders of a majority in aggregate principal amount of Bonds then Outstanding will have the right at any time to direct, by an instrument or document in writing executed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or any other proceedings thereunder; provided, that (i) any direction is not to be other than in accordance with the provisions of law and of the Indenture, (ii) the Trustee is indemnified as provided in the Indenture, and (iii) the Trustee may take any other action that it deems to be proper and that is not inconsistent with the direction.

Application of Money

If at any time after the occurrence of an Event of Default, the moneys held by the Trustee under the Indenture (other than amounts in the Rebate Fund) is not sufficient to pay the principal of and interest on the Bonds as the same become due and payable, such moneys, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of remedies in the Indenture

or otherwise, is to be applied by the Trustee as described below. After payment of any costs, expenses, liabilities and Advances paid, incurred or made by the Trustee in the collection of money and to all Ordinary Trustee Fees and Expenses and fees of the Trustee for Extraordinary Services and Extraordinary Expenses (including without limitation, reasonable attorneys' fees and expenses, except as limited by law or judicial order or decision entered in any action taken under the Indenture), all money received by the Trustee on deposit in the Special Funds is to be applied as follows, subject to the Indenture:

(a) Unless the principal of all of the Bonds has become, or has been declared to be, due and payable, all of such money is to be deposited in the Bond Fund and applied:

First -- To the payment to the Holders entitled thereto of all installments of interest then due on the Bonds, in the order of the dates of maturity of the installments of that interest, beginning with the earliest date of maturity and, if the amount available is not sufficient to pay in full any particular installment, then to the payment thereof ratably, according to the amounts due on that installment, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds; and

Second -- To the payment to the Holders entitled thereto of the unpaid installments of principal of any of the Bonds that has become due, in the order of their due dates, beginning with the earliest due date, with interest on those Bonds from the respective dates upon which they became due at the rates specified in those Bonds, and if the amount available is not sufficient to pay in full all Bonds due on any particular date, together with that interest, then to the payment thereof ratably, according to the amounts of principal due on that date, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

(b) If the principal of all of the Bonds has become due or has been declared to be due and payable pursuant to the Indenture, all of such money is to be deposited into the Bond Fund and applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest, of interest over principal, of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

(c) If the principal of all of the Bonds has been declared to be due and payable pursuant to the Indenture, and if that declaration thereafter has been rescinded and annulled under the provisions of the Indenture, subject to the provisions of paragraph (b) above in the event that the principal of all of the Bonds becomes due and payable later, the money on deposit in the Special Funds is to remain in such funds and accounts and be applied in accordance with the provisions of the Indenture.

(d) Whenever money on deposit in the Special Funds is to be applied pursuant to the provisions described under this subcaption, such money is to be applied at such times, and from time to time, as the Trustee determines, having due regard to the amount of money available for application and the likelihood of additional money becoming available for application in the future. Whenever the Trustee directs the application of such money, it is to fix the date upon which the application is to be made, and upon that date, interest is to cease to accrue on the amounts of principal, if any, to be paid on that date, provided the money is available therefor. The Trustee is to give notice of the deposit with it of any money and of the fixing of that date, all consistent with the requirements of the Indenture for the establishment of, and for giving notice with respect to, a

Special Record Date (as defined in the Indenture) for the payment of overdue interest. The Trustee will not be required to make payment of principal of a Bond to the Holder thereof, until the Bond is presented to the Trustee for appropriate endorsement or for cancellation if it is paid fully.

Rights and Remedies of Holders

A Holder will not have any right to institute any suit, action or proceeding for the enforcement of the Indenture, for the execution of any trust under the Indenture, or for the exercise of any other remedy under the Indenture, unless:

(a) there has occurred and is continuing an Event of Default of which the Trustee has been notified, as provided in the Indenture, or of which it is deemed to have notice under the Indenture,

(b) the Holders of at least a majority in aggregate principal amount of Bonds then Outstanding have made written request to the Trustee and have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers granted under the Indenture or to institute the suit, action or proceeding in its own name, and have offered indemnity to the Trustee as provided in the Indenture, and

(c) the Trustee thereafter has failed or refused to exercise the remedies, rights and powers granted under the Indenture or to institute the suit, action or proceeding in its own name.

At the option of the Trustee, that notification (or notice), request, opportunity and offer of indemnity are conditions precedent, in every case, to the institution of any suit, action or proceeding described above.

No one or more Holders of the Bonds will have any right to affect, disturb or prejudice in any manner whatsoever the security or benefit of the Indenture by its or their action, or to enforce, except in the manner provided therein, any remedy, right or power under the Indenture. Any suit, action or proceedings are to be instituted, had and maintained in the manner provided in the Indenture for the benefit of the Holders of all Bonds then Outstanding. Nothing in the Indenture is to affect or impair, however, the right of any Holder to enforce the payment of the Bond Service Charges on any Bond owned by that Holder at and after the maturity thereof, at the place, from the sources and in the manner expressed in that Bond.

Waivers of Events of Default

Except for those Events of Default described in (a) or (b) under “—Events of Default” above, at any time, in its discretion, the Trustee may waive any Event of Default under the Indenture and its consequences and may rescind and annul any declaration of maturity of principal of or interest on the Bonds, and the Trustee must do so upon the written request of the Holders of at least a majority in aggregate principal amount of all Bonds then Outstanding.

There is not to be so waived, however, any Event of Default described in (a) or (b) under “—Events of Default” above or any declaration of acceleration in connection therewith rescinded or annulled, unless, at the time of that waiver or rescission and annulment, payments of the amounts provided in the Indenture for waiver and rescission and annulment in connection with acceleration of maturity have been made or provision has been made therefor. In the case of the waiver or rescission and annulment, or in case any suit, action or proceedings taken by the Trustee on account of any Event of Default have been discontinued, abandoned or determined adversely to it, the Issuer, the Trustee and the Holders are to be restored to their former positions and rights under the Indenture, respectively. No waiver or rescission is to extend to any subsequent or other Event of Default or impair any right consequent thereon.

Supplemental Indentures Not Requiring Consent of Holders

Without the consent of, or notice to, any of the Holders, the Issuer and the Trustee may enter into indentures supplemental to the Indenture that are not, in the opinion of the Issuer, inconsistent with the terms and provisions of the Indenture for any one or more of the following purposes:

- (a) to cure any ambiguity, inconsistency or formal defect or omission in the Indenture;
- (b) to grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that lawfully may be granted to or conferred upon the Holders or the Trustee;
- (c) to assign additional revenues under the Indenture;
- (d) to accept additional security and instruments and documents of further assurance with respect to the Project;
- (e) to add to the covenants, agreements and obligations of the Issuer under the Indenture, other covenants, agreements and obligations to be observed or rights to be exercised for the protection of the Holders, or to surrender or limit any right, power or authority reserved to or conferred upon the Issuer in the Indenture;
- (f) to evidence any succession to the Issuer and the assumption by its successor of the covenants, agreements and obligations of the Issuer under the Indenture, the Loan Agreement and the Bonds;
- (g) to facilitate (i) the transfer of Bonds issued by the Issuer under the Indenture and held in Book-Entry Form from one Depository to another and the succession of Depositories, or (ii) the withdrawal of Bonds issued by the Issuer under the Indenture and delivered to a depository for use in a Book-Entry System and the issuance of replacement Bonds in fully registered form and in the form of physical certificates to others than a Depository;
- (h) to permit the Trustee to comply with any obligations imposed upon it by law;
- (i) to specify further the duties and responsibilities of the Trustee;
- (j) to achieve compliance of the Indenture with any applicable federal securities or tax law; and
- (k) to make amendments to the provisions of the Indenture relating to arbitrage matters under Section 148 of the Code, if, in the opinion of Bond Counsel, those amendments would not adversely affect the Federal Tax Status (as defined below) of the Bonds, which amendments may, among other things, change the responsibility for making the relevant calculations, provided that in no event is such amendment to delegate to the Trustee, without its consent, in its sole discretion, the obligation to make or perform the calculations required under Section 148 of the Code.

“Federal Tax Status” means, as to the Bonds, the status of the interest on the Bonds as excludable from gross income for federal income tax purposes (except on any Bond during any period while it is held by a “substantial user” or a “related person” to such a “substantial user” each as defined in the Code).

The provisions of subsections (h) and (j) above are not to be deemed to constitute a waiver by the Trustee, the Issuer or any Holder of any right which it may have in the absence of those provisions to contest the application of any change in law to the Indenture or the Bonds.

Supplemental Indentures Requiring Consent of Holders

Exclusive of Supplemental Indentures described above and subject to the terms, provisions and limitations described below, and not otherwise, with the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, evidenced as provided in the Indenture, and with the consent of the Borrower if required by the Indenture, the Issuer and the Trustee may execute and deliver Supplemental Indentures adding any provisions to, changing in any manner or eliminating any of the provisions of the Indenture or any Supplemental Indenture or restricting in any manner the rights of the Holders. Nothing in the Indenture is to permit, however, or be construed as permitting,

(a) without the consent of the Holder of each Bond so affected: (i) an extension of the maturity of the principal of or the interest on any Bond, or (ii) a reduction in the principal amount of any Bond or the rate of interest thereon; or

(b) without the consent of the Holders of all Bonds then Outstanding, (i) the creation of a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (ii) a reduction in the aggregate principal amount of the Bonds required for consent to a Supplemental Indenture.

If the Issuer requests that the Trustee execute and deliver any Supplemental Indenture for any of the purposes described under this subcaption, upon (i) being satisfactorily indemnified with respect to its expenses in connection therewith, and (ii) if required by the Indenture, receipt of the Borrower's consent to the proposed execution and delivery of the Supplemental Indenture, the Trustee is to cause notice of the proposed execution and delivery of the Supplemental Indenture to be mailed by first-class mail, postage prepaid, to the Holders of Bonds then outstanding at their addresses as they appear on the register at the close of business on the fifteenth (15th) day preceding that mailing.

The Trustee will not be subject to any liability to any Holder by reason of the Trustee's failure to mail, or the failure of any Holder to receive, the notice described above. Any failure of that nature will not affect the validity of the Supplemental Indenture when there has been consent thereto as described above. The notice is to set forth briefly the nature of the proposed Supplemental Indenture and state that copies thereof are on file at the Designated Office of the Trustee for inspection by all Holders.

If the Trustee receives, within a period prescribed by the Borrower, of not less than 60 days, but not exceeding one year, following the mailing of the notice, an instrument or document or instruments or documents, in form to which the Trustee does not reasonably object, purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds then outstanding (which instrument or document or instruments or documents refer to the proposed Supplemental Indenture in the form described in the notice and specifically consent to the Supplemental Indenture in substantially that form), the Trustee is to execute and deliver the Supplemental Indenture in substantially the form to which reference is made in the notice as being on file with the Trustee, without liability or responsibility to any Holder, regardless of whether that Holder has consented thereto.

Any consent will be binding upon the Holder giving the consent and, anything in the Indenture to the contrary notwithstanding, upon any subsequent Holder of that Bond and of any Bond issued in exchange therefor (regardless of whether the subsequent Holder has notice of the consent to the Supplemental Indenture). A consent may be revoked in writing, however, by the Holder who gave the consent or by a subsequent Holder of the Bond by a revocation of such consent received by the Trustee prior to the execution and delivery by the Trustee of the Supplemental Indenture. At any time after the Holders of the required percentage of Bonds have filed their consents to the Supplemental Indenture, the Trustee is to make and file with the Issuer a written statement that the Holders of the required percentage of Bonds have filed those consents. That written statement will be conclusive evidence that the consents have been so filed.

If the Holders of the required percentage in aggregate principal amount of Bonds outstanding have consented to the Supplemental Indenture, as described above, no Holder will have any right (a) to object to (i) the execution or delivery of the Supplemental Indenture, (ii) any of the terms and provisions contained therein, or (iii) the operation thereof, (b) to question the propriety of the execution and delivery thereof, or (c) to enjoin or restrain the Trustee or the Issuer from that execution or delivery or from taking any action pursuant to the provisions thereof.

Consent of Borrower

Anything contained in the Indenture to the contrary notwithstanding, a Supplemental Indenture that affects in any material respect any rights or obligations of the Borrower will not become effective unless and until the Borrower, the Investor Limited Partner and the State Limited Partner have consented in writing to the execution and delivery of that Supplemental Indenture. The Trustee must cause notice of the proposed execution and delivery of any Supplemental Indenture and a copy of the proposed Supplemental Indenture to be mailed to the Borrower, the Investor Limited Partner and the State Limited Partner, as provided in the Indenture, (a) at least 30 days (unless waived by the Borrower, State Limited Partner and Investor Limited Partner) before the date of the proposed execution and delivery in the case of a Supplemental Indenture to which reference is made in the Indenture and (b) at least 30 days (unless waived by the Borrower, the Investor Limited Partner and the State Limited Partner) before the giving of the notice of the proposed execution and delivery in the case of a Supplemental Indenture for which provision is made in the Indenture.

The Trustee

Prior to the occurrence of a default or an Event of Default under the Indenture of which the Trustee has been notified (or is deemed to have notice) as provided in the Indenture and after the cure or waiver of all defaults or Events of Default which may have occurred, (i) the Trustee undertakes to perform and needs to perform only those duties and obligations as are specifically set forth in the Indenture, and no duties or obligations are to be implied to the Trustee; or (ii) in the absence of bad faith on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming on their face to the requirements of the Indenture; but in the case of any such certificates or opinions which by any provision thereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements of the Indenture.

In case a default or an Event of Default has occurred and is continuing under the Indenture (of which the Trustee has been notified or is deemed to have notice), the Trustee is to exercise such rights and powers vested in it by the Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

Before taking any action under the Indenture with the exception of notice of default, the Trustee may require that a satisfactory indemnity bond be furnished to it for the reimbursement of all expenses that it may incur and to protect it against all liability by reason of any action so taken, except liability that is adjudicated to have resulted from its negligence or willful misconduct. The Trustee may take action without that indemnity, and in that case, the Borrower shall reimburse the Trustee for all of the Trustee's expenses pursuant to the Indenture.

The Trustee, its Affiliates, and any directors, officers, employees or agents thereof, in good faith, may become the owner of the Bonds secured by the Indenture with the same rights it would have if it were not the Trustee.

The Trustee may resign only upon giving 60 days' prior written notice to the Issuer, the Borrower and the Remarketing Agent and to the Holders as their names and addresses appear on the Register at the close of business 15 days prior to the mailing. The resignation shall take effect upon the appointment of a successor Trustee as provided for in the Indenture.

Release of Indenture

If (a) the Issuer shall pay all of the Outstanding Bonds, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Holders of the Outstanding Bonds, all Bond Service Charges due or to become due thereon, and (b) provision also shall be made for the payment of all other sums payable under the Indenture or under the Loan Agreement, the Regulatory Agreement and the Note, then the Indenture shall cease, determine and become null and void (except for those provisions surviving by reason thereof in the event the Bonds are deemed paid and discharged pursuant to “—Payment and Discharge of Bonds” below), and the covenants, agreements and obligations of the Issuer under the Indenture are to be released, discharged and satisfied.

Payment and Discharge of Bonds

All or any part of the Bonds will be deemed to have been paid and discharged within the meaning of the Indenture if the Trustee has received in trust and irrevocably committed for such payment, (a) sufficient money, or (b) noncallable Government Obligations certified by an independent public accounting firm of national reputation to be of such maturities or redemption dates and interest payment dates, and to bear such interest as will be sufficient, together with money referred to in (a) above, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so committed, except as provided in the Indenture), for the payment of Bond Service Charges on the Bonds to the date of maturity.

Any money held by the Trustee in accordance with the provisions of this section may be invested by the Trustee only in noncallable Government Obligations having maturity dates, or having redemption dates which, at the option of the holder of those obligations, shall be not later than the date or dates at which money will be required for the purposes described above. To the extent that any income or interest earned by, or increment to, the investments held under this section is determined from time to time by the Trustee to be in excess of the amount required to be held by the Trustee for the purposes of this section, that income, interest or increment shall be transferred at the time of that determination in the manner provided in the Indenture for transfers of amounts remaining in the Bond Fund.

HUD Loan Documents and Regulations Control

In the event of any conflict and to the extent that there is any inconsistency or ambiguity between the provisions of the Indenture and the provisions of the Controlling HUD Requirements or the Mortgage Loan Documents (defined below), the Controlling HUD Requirements and Mortgage Loan Documents will be deemed to be controlling, and any such ambiguity or inconsistency will be resolved in favor of, and pursuant to the terms of, the Controlling HUD Requirements and Mortgage Loan Documents, as applicable. The Trustee shall conclusively rely upon an Opinion of Counsel regarding any such conflict and, absent receipt of such Opinion of Counsel, the Trustee shall conclusively presume no conflict exists.

“Controlling HUD Requirements” means the National Housing Act and any applicable HUD regulations, and related HUD administrative requirements and prohibitions.

“Mortgage Loan” means the mortgage loan to be made from the Lender to the Borrower in the principal amount of \$9,190,300* with respect to the Project, as described and provided for in the FHA Commitment.

“Mortgage Loan Documents” means the mortgage, the mortgage note, the HUD Regulatory Agreement and all other documents required by the Lender and/or FHA in connection with the Mortgage Loan.

Enforcement of the covenants in the Indenture will not result in, and neither the Issuer nor the Trustee has or shall be entitled to assert, any claim against the Project, the Mortgage Loan proceeds (other than the amounts deposited with the Trustee as provided in the Indenture), any reserves or deposits required by HUD in connection with the Mortgage Loan transaction, or the rents or deposits or other income of the Project other than available “Surplus Cash” as defined in the HUD Regulatory Agreement.

Failure of the Issuer or the Borrower to comply with any of the covenants set forth in the Indenture or the other Financing Documents will not serve as a basis for default on the Mortgage Loan, the Bond Mortgage, or any of the other Mortgage Loan Documents.

Any subsequent amendment to the Indenture or the Loan Agreement is subject to the prior written approval of HUD (so long as the Project is subject to a mortgage insured or held by HUD). No amendment to the Indenture or the Loan Agreement shall conflict with the provisions of the Program Obligations.

THE LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Loan Agreement, copies of which are on file with the Issuer and the Trustee.

Representations and Covenants of the Borrower

In the Loan Agreement, the Borrower makes the following representations and covenants (among others):

(a) It is a limited partnership duly formed and in full force and effect under the laws of the State of Tennessee, is in good standing and duly qualified to transact business in the State and not in violation of any provision of any applicable Organizational Documents, and is authorized to own and operate the Project in the State.

(b) It has full power and authority to execute, deliver and perform the Borrower Documents (as defined in the Indenture) and to enter into and carry out the transactions contemplated by those documents. The execution, delivery and performance of the Borrower Documents do not, and will not, to the Borrower’s knowledge, violate any provision of law applicable to the Borrower and do not, and will not, conflict with or result in a default in any material respect under any agreement or instrument to which the Borrower is a party or by which it is bound. The Borrower Documents have, by proper action, been duly authorized, executed and delivered by the Borrower and all steps necessary have been taken to constitute the Borrower Documents valid and binding obligations of the Borrower, enforceable in accordance with their terms except as may be limited by laws relating to bankruptcy, insolvency, reorganization or moratorium or other similar laws affecting creditors’ rights.

* Preliminary; subject to change.

(c) The provision of financial assistance to be made available to it under the Loan Agreement and the commitments therefor made by the Issuer have induced the Borrower to undertake the transactions contemplated by the Loan Agreement.

(d) It will use or operate the Project in a manner consistent with the Act and in accordance with the Regulatory Agreement for so long as required by the Act and the Code and knows of no reason why the Project will not be so operated. If, in the future, there is a cessation of that operation, it will use its best efforts to resume that operation or accomplish an alternate use by the Borrower or others approved by the Issuer which will be consistent with the Act, the Code and the Regulatory Agreement. The Borrower declares and recites that the Project will be operated by it in furtherance of the public purposes of the Issuer as provided in the Loan Agreement.

(e) The rehabilitation of the Project will be completed in accordance with the Plans and Specifications (as defined in the Indenture) and the portion of the Project funded with the proceeds of the Bonds will constitute a “qualified residential rental project” within the meaning of Section 142(d) of the Code. The Project will be operated and maintained in such manner as to satisfy all requirements of the Borrower Documents, conform in all material respects with all applicable zoning, planning, building, and environmental laws and other applicable laws and Governmental regulations, including but not limited to the Americans with Disabilities Act of 1990 (to the extent applicable to the Project).

(f) The proceeds of the Bonds will be used or deemed used exclusively to pay costs that (i) are (A) capital expenditures (as defined in Section 1.150-1(a) of the Regulations) and (B) not made for the acquisition of existing property, to the extent prohibited in Section 147(d) of the Code, and (ii) are made exclusively with respect to a “qualified residential rental project” within the meaning of Section 142(d) of the Code and that for the greatest number of buildings the proceeds of the Bonds will be deemed allocated on a pro rata basis to each building in the Project and the land on which it is located so that each building and the land on which it is located will have been financed fifty percent (50%) or more by the proceeds of the Bonds for the purpose of complying with Section 42(h)(4)(B) of the Code; provided, however, the foregoing representation, covenant and warranty is made for the benefit of the Borrower and its partners and neither the Trustee nor the Issuer will have any obligation to enforce this covenant nor will they incur any liability to any person, including, without limitation, the Borrower, the partners of the Borrower, any other affiliate of the Borrower or the Holders of the Bonds for any failure to meet the intent expressed in the foregoing representation, covenant and warranty; and provided further, failure to comply with this representation, covenant and warranty will not constitute a default or Event of Default under the Loan Agreement or the Indenture.

The Borrower acknowledges that the representations and covenants in the Loan Agreement made by the Borrower have been expressly and specifically relied upon by the Issuer in determining to make the Loan to the Borrower, and the Loan would not have been made but for such representations and covenants.

General Terms of the Financing

To provide funds to finance the Loan, the Issuer shall simultaneously with the execution and delivery of the Loan Agreement proceed with the issuance and delivery of the Bonds upon receipt by the Trustee of the items listed in the Indenture. The Issuer agrees to deposit the proceeds of sale of the Bonds in accordance with the Indenture.

The Bonds will be issued pursuant to the Indenture in the aggregate principal amount, will bear interest, will mature and will be subject to redemption, mandatory tender and remarketing as set forth therein. The Borrower approves the terms and conditions of the Indenture and the Bonds, and the terms

and conditions under which the Bonds will be issued, sold and delivered and will comply with those provisions of the Indenture that contemplate action by the Borrower, all as if the Borrower were a party to the Indenture.

Pending disbursement pursuant to the terms of the Indenture and the Loan Agreement, the proceeds of the Bonds deposited in the Project Fund, together with any investment earnings thereon, shall constitute a part of the Revenues assigned by the Issuer to the Trustee as security for the payment of Bond Service Charges as provided in the Indenture.

Disbursements from the Project Fund

Subject to the provisions below and so long as no Event of Default under the Loan Agreement has occurred and is continuing for which the principal amount of the Bonds has been declared to be immediately due and payable pursuant to the Loan Agreement and the Indenture, and no Determination of Taxability has occurred, disbursements from the Project Fund will be made only to pay any of the following costs:

- (a) Costs incurred directly or indirectly for or in connection with the acquisition, rehabilitation, improvement and equipping of the Project, including costs incurred in respect of the Project for preliminary planning and studies; architectural, legal, engineering, accounting, consulting, supervisory and other services; labor, services and materials; and recording of documents and title work.
- (b) Premiums attributable to any surety bonds and insurance required to be taken out and maintained during the construction period with respect to the Project.
- (c) Taxes, assessments and other Governmental charges in respect of the Project that may become due and payable during the construction period.
- (d) Costs incurred directly or indirectly in seeking to enforce any remedy against any contractor or subcontractor in respect of any actual or claimed default under any contract relating to the Project.
- (e) Subject to the limitations set forth in the Loan Agreement, Costs of Issuance of the Bonds.
- (f) Any other costs, expenses, fees and charges properly chargeable to the cost of acquisition, rehabilitation, improvement and equipping of the Project.
- (g) Payment of interest on the Bonds during the construction period.
- (h) Payments to the Rebate Fund.

In no event shall amounts be disbursed from the Project Fund for any of the purposes listed above if such disbursement would cause over 5% of the Net Proceeds of the Bonds to have been used for costs that are not Qualifying Costs.

Any disbursements from the Project Fund for the payment of costs set forth in this section will be made by the Trustee only to or at the direction of the Lender upon the receipt by the Trustee of: (a) a Disbursement Request approved by the Lender in the form attached to the Loan Agreement as an exhibit and (b) Eligible Funds in an amount equal to the amount of any such Disbursement Request for deposit in the Collateral Fund as provided in the Loan Agreement. The Borrower acknowledges and agrees that it shall submit Disbursement Requests to the Trustee no more frequently than once each calendar month. Each such Disbursement Request shall be consecutively numbered.

The Borrower's right to request disbursements from the Project Fund is limited to the principal amount of the Loan.

After the Completion Date and payment, or provision for payment, in full of the costs of the Project set forth in this section, the Authorized Borrower Representative promptly shall direct the Trustee to transfer any money remaining in the Project Fund to the Bond Fund, which money shall be used to redeem Bonds in accordance with the Indenture on the earliest date on which such Bonds are subject to optional redemption, as set forth in the Indenture.

Notwithstanding any provision of the Loan Agreement or the Indenture to the contrary, the Trustee is not to disburse funds from the Project Fund unless and until the Trustee confirms that amounts on deposit in the Collateral Fund plus amounts on deposit in the Project Fund, less the amount of the requested disbursement from the Project Fund, are at least equal to the then-Outstanding principal amount of the Bonds.

Assignment of Agreement and Revenues; Trustee is Third Party Beneficiary

To secure the payment of Bond Service Charges, the Issuer will assign to the Trustee, by the Indenture, its rights under and interest in the Loan Agreement (except for the Reserved Rights). In the Loan Agreement, the Borrower agrees and consents to those assignments. The Issuer has agreed in the Loan Agreement that it will not attempt to further assign, transfer or convey its interest in the Revenues or the Loan Agreement or create any pledge or lien of any form or nature with respect to the Revenues, Loan Payments or Eligible Funds under the Loan Agreement.

The Trustee will be a third party beneficiary of the Loan Agreement.

Events of Default under the Loan Agreement

Each of the following is an "Event of Default" under the Loan Agreement:

(a) The Borrower fails to pay any Loan Payment on or prior to the date on which that Loan Payment is due and payable to the extent amounts on deposit in the Bond Fund, including amounts transferred from the Collateral Fund and the Project Fund, are insufficient to pay the Bond Service Charges due on the next Bond Payment Date;

(b) The Borrower fails to observe and perform any other agreement, term or condition contained in the Loan Agreement or any other Financing Document and the continuation of such failure for a period of 30 days after written notice thereof has been given to the Borrower, State Limited Partner and the Investor Limited Partner by the Issuer or the Trustee, or for such longer period as the Issuer and the Trustee may agree to in writing; provided, that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, that failure will not constitute an Event of Default so long as the Borrower institutes curative action within the applicable period and diligently pursues that action to completion, which must be resolved within 180 days after the aforementioned notice;

(c) The Borrower: (i) admits in writing its inability to pay its debts generally as they become due; (ii) has an order for relief entered in any case commenced by or against it under the federal bankruptcy laws, as now or hereafter in effect, which is not dismissed within 90 days; (iii) commences a proceeding under any other federal or state bankruptcy, insolvency, reorganization or similar law, or has such a proceeding commenced against it and either has an order of insolvency or reorganization entered against it or has the proceeding remain undismissed and unstayed for 90 days; (iv) makes an assignment for the benefit of creditors; or (v) has a receiver or trustee appointed

for it or for the whole or any substantial part of its property which appointment is not vacated within a period of 90 days;

(d) Any representation or warranty made by the Borrower in the Loan Agreement or any statement in any report, certificate, financial statement or other instrument furnished in connection with the Loan Agreement or with the purchase of the Bonds at any time proves to have been false or misleading in any adverse material respect when made or given; and

(e) There occurs an “Event of Default” (as defined in the Indenture) by the Borrower or an event of default beyond applicable notice and cure periods under the Regulatory Agreement.

Borrower Not to Adversely Affect Tax-Exempt Status of Interest on the Bonds

The Borrower represents, warrants and covenants in the Loan Agreement that it will not take any action or omit to take any action which, if taken or omitted, respectively, would adversely affect the Federal Tax Status of the Bonds.

Amendments and Supplements

Except as otherwise expressly provided in the Loan Agreement or the Indenture, subsequent to the issuance of the Bonds and prior to all conditions provided for in the Indenture for release of the Indenture having been met, the Loan Agreement, the Regulatory Agreement and the Note may not be effectively amended, changed, modified, altered or terminated except in accordance with the provisions of the Indenture, as applicable.

Mortgage Loan Documents and Regulations Control

In the event of any conflict and to the extent that there is any inconsistency or ambiguity between the provisions of the Loan Agreement and the provisions of the Controlling HUD Requirements or the Mortgage Loan Documents, the Controlling HUD Requirements and Mortgage Loan Documents will be deemed to be controlling, and any such ambiguity or inconsistency will be resolved in favor of, and pursuant to the terms of the Controlling HUD Requirements and Mortgage Loan Documents, as applicable.

Enforcement of the covenants in the Loan Agreement will not result in, and neither the Issuer nor the Trustee has or shall be entitled to assert, any claim against the Project, the Mortgage Loan proceeds (other than the amounts deposited with the Trustee as provided in the Indenture), any reserves or deposits required by HUD in connection with the Mortgage Loan transaction, or the rents or deposits or other income of the Project other than available “Surplus Cash” as defined in the HUD Regulatory Agreement.

Failure of the Issuer or the Borrower to comply with any of the covenants set forth in the Loan Agreement or the other Financing Documents will not serve as a basis for default on the Mortgage Loan, the underlying mortgage, or any of the other Mortgage Loan Documents.

The Loan Agreement shall not be amended or modified without the prior written consent of HUD.

TAX TREATMENT

General. On the date of issuance of the Bonds, Parker Poe Adams & Bernstein LLP Bond Counsel (“Bond Counsel”), based on an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code, except that no opinion is expressed as to the status of interest on any Bond for any period that such Bond is held by a “substantial user” of the facilities financed or refinanced by the Bonds

or by a “related person” within the meaning of Section 147(a) of the Code. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that the Bonds and the interest thereon are exempt from all State of South Carolina, county, school district, municipal and all other taxes or assessments of the State of South Carolina, except inheritance, estate, transfer or certain franchise taxes.

The Code imposes various restrictions, conditions and requirements relating to the exclusion of interest on obligations, such as the Bonds, from gross income for federal income tax purposes, including, but not limited to, the requirement that the Issuer rebate certain excess earnings on proceeds and amounts treated as proceeds of the Bonds to the United States Treasury, restrictions on the investment of such proceeds and other amounts, and restrictions on the ownership and use of the facilities financed or refinanced with proceeds of the Bonds. The foregoing is not intended to be an exhaustive listing of the post-issuance tax compliance requirements of the Code, but is illustrative of the requirements that must be satisfied by the Issuer and the Borrower subsequent to issuance of the Bonds to maintain the excludability of the interest on the Bonds from gross income for federal income tax purposes. Bond Counsel’s opinion is given in reliance on certifications by representatives of the Issuer and the Borrower as to certain facts material to the opinion and the requirements of the Code.

The Issuer and the Borrower have each covenanted to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest on the Bonds be, or continue to be, excludable from gross income for federal income tax purposes. The opinion of Bond Counsel assumes compliance by the Issuer and the Borrower with such covenants, and Bond Counsel has not been retained to monitor compliance by the Issuer or the Borrower with such covenants subsequent to the date of issuance of the Bonds. Failure to comply with certain of such requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of or the receipt, accrual or amount of interest with respect to the Bonds.

If the interest on the Bonds subsequently becomes included in gross income for federal income tax purposes due to a failure by the Issuer or the Borrower to comply with any requirements described above, neither the Issuer nor the Borrower is required to redeem the Bonds or to pay any additional interest or penalty.

The Internal Revenue Service has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includible in gross income for federal income tax purposes. Bond Counsel cannot predict whether the Internal Revenue Service will commence an audit of the Bonds. Prospective purchasers and owners of the Bonds are advised that, if the Internal Revenue Service does audit the Bonds, under current Internal Revenue Service procedures, at least during the early stages of an audit, the Internal Revenue Service will treat the Issuer as the taxpayer, and the owners of the Bonds may have limited rights, if any, to participate in such audit. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds and the accrual or receipt of interest on the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property or casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain Subchapter S Corporations with “excess net passive income,” foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or

carry the Bonds. Bond Counsel does not express any opinion as to any such collateral tax consequences. Prospective purchasers of the Bonds should consult their own tax advisors as to the collateral tax consequences.

Proposed legislation is considered from time to time by the United States Congress that, if enacted, would affect the tax consequences of owning the Bonds. No assurance can be given that any future legislation, or clarifications or amendments to the Code, if enacted into law, will not contain provisions which could cause the interest on the Bonds to be subject directly or indirectly to federal or state taxation, adversely affect the market price or marketability of the Bonds or otherwise prevent the owners of the Bonds from realizing the full current benefit of the status of the interest on the Bonds.

Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinion is not a guarantee of a particular result, and is not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that Bond Counsel deems relevant to such opinion. Bond Counsel's opinion expresses the professional judgment of the attorneys rendering the opinion regarding the legal issues expressly addressed therein. By rendering its opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of the Issuer or the Borrower, nor does the rendering of such opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Original Issue Premium. As indicated on the inside cover page, the Bonds maturing on the Maturity Date (the "Premium Bonds"), are being sold at initial offering prices which are in excess of the principal amount payable at maturity. The difference between (a) the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Premium Bonds is sold and (b) the principal amount payable at maturity of such Premium Bonds constitutes original issue premium, which original issue premium is not deductible for federal income tax purposes. In the case of an owner of a Premium Bond, however, the amount of the original issue premium which is treated as having accrued over the term of such Premium Bond is reduced from the owner's cost basis of such Premium Bond in determining, for federal income tax purposes, the taxable gain or loss upon the sale, redemption or other disposition of such Premium Bond (whether upon its sale, redemption or payment at maturity). Owners of Premium Bonds should consult their tax advisors with respect to the determination, for federal income tax purposes, of the "adjusted basis" of such Premium Bonds upon any sale or disposition and with respect to any state or local tax consequences of owning a Premium Bond.

UNDERWRITING

Pursuant and subject to the terms and conditions set forth in the Bond Purchase Agreement (the "Purchase Contract"), among Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), the Issuer and the Borrower, the Underwriter has agreed to purchase the Bonds at the price set forth on the cover page hereof. For its services relating to the transaction, the Underwriter will receive a fee of \$ _____ plus \$ _____, payable in immediately available funds on the Closing Date, from which the Underwriter shall pay certain fees and expenses relating to the issuance of the Bonds[, plus an additional amount of \$ _____ (the "Underwriter's Advance") for initial deposits established under the Indenture]. The Underwriter's fee shall not include the fee of its counsel. [The Borrower will reimburse the Underwriter for the Underwriter's Advance on or before the Closing Date.]

The Underwriter's obligations are subject to certain conditions precedent, and the Underwriter will purchase all the Bonds, if any are purchased. Pursuant to the Purchase Contract, the Borrower has agreed to indemnify the Underwriter and the Issuer against certain civil liabilities, including liabilities under federal securities laws. It is intended that the Bonds will be offered to the public initially at the offering prices set forth on the cover page hereof and that such offering prices subsequently may change without any requirement of prior notice. The Underwriter may offer the Bonds to other dealers at prices lower than those offered to the public.

The Underwriter does not guarantee a secondary market for the Bonds and is not obligated to make any such market in the Bonds. No assurance can be made that such a market will develop or continue. Consequently, investors may not be able to resell Bonds should they need or wish to do so for emergency or other purposes.

The Underwriter and its affiliates comprise a full-service financial institution engaged in activities which may include securities sales and trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates may have provided, and may in the future provide, a variety of these services to the Issuer and/or the Borrower and to persons and entities with relationships with the Issuer and/or the Borrower, for which they received or will receive customary fees and expenses. The Underwriter is not acting as financial advisor to the Issuer or the Borrower in connection with the offer and sale of the Bonds.

In the ordinary course of these business activities, the Underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Issuer and/or the Borrower (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Issuer and/or the Borrower.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer.

In addition to serving as Underwriter, Stifel, Nicolaus & Company, Incorporated has been designated to serve as Remarketing Agent and will receive a fee for its remarketing services in connection with the remarketing, if any, of the Bonds on the Initial Mandatory Tender Date; conflicts of interest could arise.

RATING

Moody's Investors Service, Inc. (the "Rating Agency") has assigned to the Bonds the rating set forth on the cover page hereof. An explanation of the significance of such rating may be obtained from the Rating Agency. The rating of the Bonds reflect only the views of the Rating Agency at the time such rating was given, and neither the Issuer nor the Borrower nor the Underwriter makes any representation as to the appropriateness of the rating. The rating is not a recommendation to buy, sell, or hold the Bonds. There is no assurance that such rating will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the Rating Agency, if in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

CERTAIN LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the Bonds will be subject to the approval of legality by Parker Poe Adams & Bernstein LLP, Columbia, South Carolina, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix E hereto. Certain legal matters will be passed upon for the Underwriter by its counsel, Tiber Hudson LLC, Washington, D.C., and for the Borrower by its counsel, Bass, Berry, Sims PLC, Knoxville, Tennessee. Compensation for certain of such counsel is contingent upon the issuance of the Bonds.

ABSENCE OF LITIGATION

The Issuer

It is a condition to the Underwriter's acceptance of the Bonds on the date of delivery that the Issuer deliver a certificate to the effect that there is no litigation pending or, to the knowledge of the Issuer, threatened, against the Issuer wherein an unfavorable decision would materially adversely affect the validity of the Bonds or any proceedings or transactions relating to their issuance.

The Borrower

It is a condition to the Underwriter's acceptance of the Bonds on the date of delivery that the Borrower deliver a certificate to the effect that there are no legal proceedings pending or, to the Borrower's knowledge threatened, to restrain or enjoin the issuance, sale or delivery of the Bonds or the payment, collection or application of the proceeds thereof or of the revenues and other money and securities pledged or to be pledged under the Indenture or in any way contesting or affecting any authority for or the validity of the Bonds or the Indenture.

CONTINUING DISCLOSURE

The Borrower, as the only "obligated person" with respect to the Bonds, will enter into a Continuing Disclosure Agreement, dated as of April 1, 2026 (the "Continuing Disclosure Agreement"), with U.S. Bank Trust Company, National Association, acting as Dissemination Agent, pursuant to which the Borrower will agree to provide ongoing disclosure pursuant to the applicable requirements of Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule"). Financial statements will be provided at least annually to the Municipal Securities Rulemaking Board (the "MSRB") and notices of certain events will be issued pursuant to the Rule. Information will be filed with the MSRB through its Electronic Municipal Market Access ("EMMA") system, unless otherwise directed by the MSRB. A form of the Continuing Disclosure Agreement is attached hereto as Appendix F.

For certain projects, certain affiliates of the Borrower have failed to comply with certain undertakings under the Rule during the five-year period prior to the date of this Official Statement, including instances of failure to timely file financial and/or operating data without notice of late filing.

A failure by the Borrower to comply with the provisions of the Continuing Disclosure Agreement will not constitute a default under the Loan Agreement (although Bondholders will have any available remedy at law or in equity for obtaining necessary disclosures). Nevertheless, such a failure to comply is required to be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds.

The Borrower has not previously been subject to the continuing disclosure requirements of the Rule.

MISCELLANEOUS

The foregoing summaries and explanations do not purport to be comprehensive, and are expressly made subject to the exact provisions of documents referred to herein. Copies of the Indenture and the Loan Agreement may be obtained from the Trustee or, during the initial marketing of the Bonds, the Underwriter. Any statements in this Official Statement involving matters of opinion or forecast, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement among the Issuer, the Borrower, or the Underwriter and the purchasers or Holders of any Bonds.

[Signature pages to follow]

The execution and delivery of this Official Statement have been duly authorized by the undersigned.

**SOUTH CAROLINA STATE HOUSING FINANCE
AND DEVELOPMENT AUTHORITY**

By: _____
Robert MacDonald
Executive Director

[Borrower signature page to Official Statement]

DGA PICKENS 2 LP,
a Tennessee limited partnership

By: DGA Pickens 2, LLC,
a Tennessee limited liability company

Its: General Partner

By: _____
Craig Cobb
Vice President

APPENDIX A

DEFINITIONS OF CERTAIN TERMS

Certain capitalized terms used in this Official Statement are defined below. The following is subject to all the terms and provisions of the Indenture, to which reference is hereby made and copies of which are available from the Issuer or the Trustee.

“**Act**” means the South Carolina State Housing Finance and Development Authority Act of 1977 (Title 31, Chapter 13 of the Code of Laws of South Carolina 1976, as amended).

“**Act of Bankruptcy**” means notice to the Trustee that the Borrower has become insolvent or has failed to pay its debts generally as such debts become due or has admitted in writing its inability to pay any of its indebtedness or has consented to or has petitioned or applied to any court or other legal authority for the appointment of a receiver, liquidator, trustee or similar official for itself or for all or any substantial part of its properties or assets or that any such trustee, receiver, liquidator or similar official has been appointed or that a petition in bankruptcy, insolvency, reorganization or liquidation proceedings (or similar proceedings) have been instituted by or against the Borrower; provided that, if in the case of an involuntary proceeding, such proceeding is not dismissed within 90 days after commencement thereof.

“**Administrative Expenses**” means the Ordinary Trustee Fees and Expenses, the Dissemination Agent Fee and the Issuer Fees and Expenses.

“**Affiliate**” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control” when used with respect to any specified Person means the power to direct the policies of such Person, directly or indirectly, whether through the power to appoint and remove its directors, the ownership of voting securities, by contract, or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“**Authorized Borrower Representative**” means any person who, at any time and from time to time, is designated as the Borrower’s authorized representative by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by or on behalf of any authorized general partner of the Borrower if the Borrower is a general or limited partnership, by any authorized managing member of the Borrower if the Borrower is a limited liability company, or by any authorized officer of the Borrower if the Borrower is a corporation, which certificate may designate an alternate or alternates. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Borrower Representative is an Authorized Borrower Representative until such time as the Borrower files with it (with a copy to the Issuer) a written certificate revoking such person’s authority to act in such capacity.

“**Authorized Denomination**” means \$5,000, and any integral multiple of \$1,000 in excess thereof.

“**Authorized Official**” means the Executive Director of the Issuer and any other officer or employee of the Issuer designated by certificate of any of the foregoing as authorized by the Issuer to perform a specified act, sign a specified document or otherwise take action with respect to the Bonds. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Official is an Authorized Official until such time as such provider files with it a written certificate identifying a different person or persons to act in such capacity.

“**Bankruptcy Code**” means Title 11 of the United States Code entitled “Bankruptcy” as in effect now and in the future, or any successor statute.

“**Beneficial Owner**” means, with respect to the Bonds, the Person owning the Beneficial Ownership Interest therein, as evidenced to the satisfaction of the Trustee.

“**Beneficial Ownership Interest**” means the right to receive payments and notices with respect to the Bonds held in a Book-Entry System.

“**Bond Counsel**” means Parker Poe Adams & Bernstein LLP or other counsel nationally recognized as having an expertise in connection with the exclusion of interest on obligations of states and local governmental units from the gross income of holders thereof for federal income tax purposes.

“**Bond Fund**” means the Bond Fund created in the Indenture.

“**Bond Mortgage**” means the Mortgage and Security Agreement, dated of even date with the Indenture, from the Borrower and FAH Holdings – Pickens Gardens, LLC, as owner of the Project, to the Issuer and assigned to the Trustee, as amended or supplemented from time to time.

“**Bond Resolution**” means the certain resolution relating to the issuance and sale of the Bonds, adopted by the Issuer on October 15, 2025.

“**Bond Service Charges**” means, for any period or payable at any time, the principal of, premium, if any, and interest on the Bonds for that period or payable at that time whether due at maturity or upon redemption, Mandatory Tender or acceleration.

“**Bonds**” means the Issuer’s Multifamily Housing Revenue Bonds (Pickens Gardens Apartments Project) Series 2026 authorized in the Bond Resolution and the Indenture in the original aggregate principal amount of \$8,697,000*.

“**Book-Entry Form**” or “**Book-Entry System**” means, with respect to the Bonds, a form or system, as applicable, under which (a) physical Bond certificates in fully registered form are issued only to a Depository or its nominee, with the physical Bond certificates “immobilized” in the custody of the Depository and (b) the ownership of book entry interests in Bonds and Bond Service Charges thereon may be transferred only through a book entry made by others than the Issuer or the Trustee. The records maintained by others than the Issuer or the Trustee constitute the written record that identifies the owners, and records the transfer, of book entry interests in those Bonds and Bond Service Charges thereon.

“**Borrower**” means DGA Pickens 2 LP, a limited partnership duly organized under the laws of the State of Tennessee, and its lawful successors and assigns to the extent permitted by the Loan Agreement.

“**Borrower Documents**” means the Financing Documents and the Mortgage Loan Documents to which the Borrower is a party.

“**Bridge Lender**” means Pickens Gardens SPV, LLC, a Florida limited liability company, in its capacity as maker of the Bridge Loan, and its successors and assigns, and any other lender providing a bridge loan to the Borrower for the Project.

“**Bridge Loan**” means the loan made from the Bridge Lender to the Borrower in the original principal amount of \$5,200,000*.

* Preliminary; subject to change.

“Bridge Loan Documents” means the documents executed and delivered in connection with the Bridge Loan, including, without limitation, the promissory note evidencing the Bridge Loan.

“Business Day” means a day that is not a Saturday or a Sunday, or a day on which (a) banking institutions in the City of New York or in the city in which the Designated Office of the Trustee, Tender Agent or Remarketing Agent is located are authorized or obligated by law or executive order to be closed, or (b) The New York Stock Exchange is closed, and on which the United States Government makes payments of principal and interest on its Treasury obligations.

“Cash Flow Projection” means a cash flow projection prepared by an independent firm of certified public accountants, a financial advisory firm, a law firm or other independent third party qualified and experienced in the preparation of cash flow projections for structured finance transactions similar to the Bonds, designated by the Borrower and acceptable to the Rating Agency, establishing the sufficiency of (a) the amount on deposit in the Special Funds, (b) projected investment income to accrue on amounts on deposit in the Special Funds during the applicable period and (c) any additional Eligible Funds delivered to the Trustee by or on behalf of the Borrower to pay Bond Service Charges and the Administrative Expenses, in each instance, when due and payable, including, but not limited to, any cash flow projection prepared in connection with (i) the initial issuance and delivery of the Bonds, (ii) a proposed remarketing of the Bonds, as provided in the Indenture, (iii) the release of Eligible Funds from the Negative Arbitrage Account of the Bond Fund, as provided in the Indenture, (iv) the purchase, sale or exchange of Eligible Investments as provided in the Indenture, and (v) the optional redemption of the Bonds as provided in the Indenture, including in the event that the Trustee intends to sell or otherwise dispose of Eligible Investments prior to maturity at a price below par.

“Closing Date” means April ___, 2026.

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

“Collateral Fund” means the Collateral Fund created in the Indenture.

“Completion Certificate” means the certificate attached as an exhibit to the Loan Agreement.

“Completion Date” means the date the Project is substantially completed and available and suitable for use as multifamily housing, as set forth in the Completion Certificate.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement dated as of the date hereof between the Borrower and the Dissemination Agent, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Controlling HUD and GNMA Requirements” means the National Housing Act and any applicable HUD or GNMA regulations, and related HUD or GNMA administrative requirements and prohibitions including “Program Obligations” as defined in the HUD Regulatory Agreement.

“Costs of Issuance” means costs to the extent incurred in connection with, and allocable to, the issuance of the Bonds within the meaning of Section 147(g) of the Code. For example, Costs of Issuance include the following costs, but only to the extent incurred in connection with, and allocable to, the borrowing: underwriters’ spread; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; trustee fees; paying agent fees; bond registrar, certification and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than qualified guarantees; the Ordinary Issuer Fees and Expenses; and similar costs.

“Costs of Issuance Fund” means the Costs of Issuance Fund created in the Indenture.

“Depository” means, with respect to the Bonds, DTC, until a successor Depository shall have become such pursuant to the applicable provisions of the Indenture, and thereafter, Depository shall mean the successor Depository. Any Depository shall be a securities depository that is a clearing agency under a federal law operating and maintaining, with its participants or otherwise, a Book-Entry System to record ownership of book entry interests in Bonds or Bond Service Charges thereon, and to effect transfers of book entry interests in Bonds.

“Designated Office” of the Trustee or the Remarketing Agent means, respectively, the office of the Trustee or the Remarketing Agent at the respective Notice Address set forth in the Indenture or at such other address as may be specified in writing by the Trustee or the Remarketing Agent, as applicable, as provided in the Indenture.

“Determination of Taxability” means the occurrence of any of the following:

(a) The entry of a final decree or judgment of any federal court, not subject to appeal, or a final action of the Internal Revenue Service, not subject to appeal, that determines that interest paid or payable on any Bond is or was includable in the gross income of a Beneficial Owner for federal income tax purposes;

(b) The receipt by any present or former Beneficial Owner of a Bond, the Trustee or the Issuer of a written “notice of deficiency” issued by the Internal Revenue Service or any similar written notice assessing a tax in respect of any interest on Bonds on the basis that such interest was includable in gross income, if no longer subject to any contest or appeal; or

(c) The execution of a settlement agreement between the Internal Revenue Service and any present or former Beneficial Owner, the Trustee, or the Issuer under which a tax, penalty or interest in respect of any interest on the Bonds is to be assessed on the basis that such interest was includable in gross income; provided, however, that no such decree, action, agreement or written notice will be considered a “Determination of Taxability” for any purpose hereunder unless the Borrower has been given written notice and, if it is so desired and is permitted by law, has been afforded the opportunity to contest the same, either directly or in the name of any present or former Beneficial Owner of a Bond, and until conclusion of any appellate reviews, including judicial decisions and appeals therefrom as may be sought and legally available.

“Disbursement Agreement” means the Disbursement Agreement, dated as of April 1, 2026, among the Lender, the Borrower, the Trustee and the Bridge Lender, as amended or supplemented from time to time.

“Disbursement Request” means a request for disbursement of Bond proceeds in the form attached as an exhibit to the Loan Agreement.

“Dissemination Agent” means the Trustee, or any successor, as Dissemination Agent under the Continuing Disclosure Agreement.

“Dissemination Agent Fee” means the fee payable to the Dissemination Agent as compensation for its services and expenses in performing its obligations under the Continuing Disclosure Agreement; payable annually in advance on each December 1, beginning December 1, 2026 initially in an amount equal to \$500; provided that, on the Closing Date, the Borrower will pay the Dissemination Agent Fee in advance to the Dissemination Agent for the period from the Closing Date to December 1, 2026; and provided further

that, the amount of the Dissemination Agent Fee payable under the Indenture is limited to money withdrawn from the Expense Fund and the Borrower will be responsible to pay the remaining amount of the Dissemination Agent Fee pursuant to the Loan Agreement.

“**DTC**” means The Depository Trust Company (a limited purpose trust company), a New York banking corporation, and its successors or assigns.

“**DTC Participant**” means any participant contracting with DTC under its book entry system and includes securities brokers and dealers, banks and trust companies and clearing corporations.

“**Eligible Funds**” means, as of any date of determination, any of:

(a) the proceeds of the Bonds (including any additional amount paid by the Underwriter to the Trustee as the purchase price of the Bonds);

(b) money received by the Trustee representing advances to the Borrower of Lender Funds and Bridge Loan proceeds;

(c) remarketing proceeds of the Bonds (including any additional amount paid to the Trustee as the purchase or remarketing price thereof by the Underwriter or the Remarketing Agent) received from the Remarketing Agent or any purchaser of Bonds (other than funds provided by the Borrower, the Issuer, and any Affiliate of either the Borrower or the Issuer);

(d) any other amounts, including the proceeds of refunding bonds, for which, the Trustee has received an Opinion of Counsel (which opinion may assume that no Holder or Beneficial Owner of Bonds is an “insider” within the meaning of the Bankruptcy Code) to the effect that (A) the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court and (B) payments of such amounts to Holders would not be avoidable as preferential payments under Section 547 or 550 of the Bankruptcy Code should the Issuer or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;

(e) the proceeds of draws by the Trustee on any letter of credit provided to the Trustee for the benefit of the Borrower;

(f) any payments made by the Borrower and held by the Trustee for a continuous period of 123 days, provided that no Act of Bankruptcy has occurred during such period; and

(g) investment income derived from the investment of the money described in (a) through (f).

“**Eligible Investments**” means, subject to the provisions of the Indenture, any of the following investments, to the extent authorized under State law, which mature (or are redeemable at the option of the Trustee without penalty) at such time or times as to enable timely disbursements to be made from the fund in which such investment is held or allocated in accordance with the terms of the Indenture:

(a) Government Obligations; and

(b) Shares or units in any money market mutual fund rated “Aaa-mf” by Moody’s (or the equivalent Highest Rating Category given by the Rating Agency for that general category of security) including mutual funds of the Trustee or its affiliates or for which the Trustee or an

affiliate thereof serves as investment advisor or provides other services to such mutual fund and receives reasonable compensation therefor registered under the Investment Company Act of 1940, as amended, whose investment portfolio consists solely of direct obligations of the government of the United States of America.

“Event of Default” means any of the events described as an Event of Default in the Indenture or the Loan Agreement.

“Expense Fund” means the Expense Fund created in the Indenture.

“Extension Payment” means the amount due, if any, in connection with the remarketing of the Bonds in accordance with the Indenture which shall be determined by a Cash Flow Projection.

“Extraordinary Issuer Fees and Expenses” means the expenses and disbursements payable to the Issuer under the Indenture for Extraordinary Services and Extraordinary Expenses, including extraordinary fees, costs and expenses incurred by the Issuer, Bond Counsel and counsel to the Issuer which are to be paid by the Borrower pursuant to the Indenture.

“Extraordinary Services” and **“Extraordinary Expenses”** mean all services rendered and all reasonable expenses properly incurred by the Issuer or the Trustee under the Indenture or the other Financing Documents, other than Ordinary Services and Ordinary Expenses. Extraordinary Services and Extraordinary Expenses shall specifically include but are not limited to Extraordinary Issuer Fees and Expenses, and services rendered or expenses incurred by the Trustee in connection with, or in contemplation of, an Event of Default.

“Federal Tax Status” means, as to the Bonds, the status of the interest on the Bonds as excludable from gross income for federal income tax purposes (except on any Bond during any period while it is held by a “substantial user” or “related person” to a “substantial user” within the meaning of Section 147(a) of the Code).

“FHA” means the Federal Housing Administration of HUD or any successor entity and any authorized representatives or agents thereof, including the Secretary of HUD, the Federal Housing Commissioner and their representatives or agents.

“FHA Commitment” means the Commitment for Insurance of Advances issued by FHA with respect to FHA Insurance on the Mortgage Loan, as the same may be amended.

“FHA Insurance” means the insurance of the Mortgage Loan by FHA pursuant to Section 221(d)(4) of the National Housing Act.

“Financing Documents” means the Indenture, the Bonds, the Loan Agreement, the Note, the Bond Mortgage, the Tax Certificate, the Regulatory Agreement, the Purchase Contract, the Continuing Disclosure Agreement, the Disbursement Agreement, the Remarketing Agreement and any other instrument or document executed in connection with the Bonds, together with all modifications, extensions, renewals and replacements thereof, but excluding the GNMA Documents and the Mortgage Loan Documents.

“Force Majeure” means any of the causes, circumstances or events described as constituting Force Majeure in the Loan Agreement.

“General Partner” means DGA Pickens 2, LLC, a Tennessee limited liability company authorized to do business in the State.

“**GNMA**” means the Government National Mortgage Association, an organizational unit within HUD, or any successor entity and any authorized representatives or agents thereof, including the Secretary of HUD and his representatives or agents.

“**GNMA Certificate**” means a mortgage backed security issued by the Lender, guaranteed as to timely payment of principal and interest by GNMA pursuant to the National Housing Act, and issued with respect to and backed by the Mortgage Loan.

“**GNMA Documents**” means any GNMA Certificate, the commitment issued by GNMA to the Lender to guarantee the GNMA Certificate and all other documents, certifications and assurances executed and delivered by the Lender, GNMA or the Borrower in connection with the GNMA Certificate.

“**Government**” shall mean the government of the United States of America, the government of any other nation, any political subdivision of the United States of America or any other nation (including, without limitation, any state, territory, federal district, municipality or possession) and any department, agency or instrumentality thereof; and “**Governmental**” shall mean of, by, or pertaining to any Government.

“**Government Obligations**” means (i) noncallable, non-redeemable direct obligations of the United States of America for the full and timely payment of which the full faith and credit of the United States of America is pledged and (ii) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the full and timely payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (i) or (ii) issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), which obligations, in either case, are not subject to redemption prior to maturity at less than par at the option of anyone other than the holder thereof.

“**Highest Rating Category**” means, with respect to an Eligible Investment, that the Eligible Investment is rated by a Rating Agency in the highest rating given by that Rating Agency for that Rating Category, provided that such rating shall include but not be below “Aa1” or “Aa1/VMIG 1” if rated by Moody’s or “A-1+” or “AA+” if rated by S&P.

“**Holder**” or “**Holder of a Bond**” means the Person in whose name a Bond is registered on the Register.

“**HUD**” means the United States Department of Housing and Urban Development.

“**HUD Regulatory Agreement**” means the United States Department of Housing and Urban Development Regulatory Agreement for Multifamily Housing Projects between the Borrower and HUD with respect to the Project, as the same may be supplemented, amended or modified from time to time.

“**Indenture**” means the Trust Indenture, dated as of April 1, 2026, by and between the Issuer and the Trustee, as amended or supplemented from time to time.

“**Initial Interest Rate**” means ____%.

“**Initial Mandatory Tender Date**” means November 1, 2027*.

* Preliminary; subject to change.

“Interest Payment Date” means (a) May 1 and November 1 of each year beginning November 1, 2026*, (b) each Redemption Date, (c) each Mandatory Tender Date, (d) the Maturity Date and (e) the date, if any, of acceleration of the Bonds. In the case of payment of defaulted interest, “Interest Payment Date” also means the date of such payment established pursuant to the Indenture.

“Interest Rate” means the Initial Interest Rate through the Initial Mandatory Tender Date, and thereafter the applicable Remarketing Rate.

“Investor Limited Partner” means RBC Community Investments, LLC, an Illinois limited liability company, its permitted successors and assigns.

“Issuer” means the South Carolina State Housing Finance and Development Authority, a public body corporate and politic and an agency of the State, and its successors and assigns.

“Issuer Documents” means the Financing Documents to which the Issuer is a party.

“Issuer Fees and Expenses” means, collectively, the Ordinary Issuer Fees and Expenses and the Extraordinary Issuer Fees and Expenses. The Issuer Fees and Expenses shall be payable by the Borrower, and not from funds pledged to the benefit of the Trust Estate.

“Lender” means Berkadia Commercial Mortgage LLC, a Delaware limited liability company.

“Lender Funds” means warehouse funds or other funds of the Lender to be advanced by the Lender to the Trustee and/or proceeds, if any, received from the sale by the Lender of GNMA Certificates.

“Loan” means the mortgage loan secured by the Bond Mortgage by the Issuer to the Borrower of the proceeds received from the sale of the Bonds.

“Loan Agreement” means the Loan Agreement dated as of even date with the Indenture, between the Issuer and the Borrower and assigned by the Issuer, except for Reserved Rights, to the Trustee, as amended or supplemented from time to time.

“Loan Payments” means the amounts required to be paid by the Borrower in repayment of the Loan pursuant to the provisions of the Loan Agreement, the Note and the Bond Mortgage.

“Local Time” means Eastern time (daylight or standard, as applicable) in Columbia, South Carolina.

“Mandatory Tender” means a tender of Bonds required by the Indenture.

“Mandatory Tender Date” means the Initial Mandatory Tender Date and, if the Bonds Outstanding on such date or on any subsequent Mandatory Tender Date are remarketed pursuant to the Indenture for a Remarketing Period that does not extend to the final maturity of the Bonds, the day after the last day of the Remarketing Period.

“Maturity Date” means November 1, 2028*.

“Maximum Interest Rate” means the interest rate equal to the lesser of (a) 12% per annum, or (b) the maximum interest rate per annum permitted by applicable State law.

* Preliminary; subject to change.

“**Moody’s**” means Moody’s Investors Service, a Delaware corporation, and its successors and assigns, or if it shall for any reason no longer perform the functions of a securities rating agency, then any other nationally recognized rating agency designated by the Borrower and acceptable to the Trustee and the Remarketing Agent.

“**Mortgage Loan**” means the mortgage loan to be made from the Lender to the Borrower in the principal amount of \$9,190,300* with respect to the Project, as described and provided for in the FHA Commitment.

“**Mortgage Loan Documents**” means the mortgage, the mortgage note, the HUD Regulatory Agreement and all other documents required by the Lender and/or FHA in connection with the Mortgage Loan.

“**National Housing Act**” means the National Housing Act of 1937, as amended, and the applicable regulations thereunder.

“**Negative Arbitrage Account**” means the Negative Arbitrage Account of the Bond Fund created in the Indenture.

“**Nonpurpose Investment**” means any “investment property,” within the meaning of Section 148(b) of the Code, that is not a purpose investment acquired to carry out the governmental purpose of the Bonds.

“**Note**” means the promissory note of the Borrower, dated as of even date with the Bonds, in the form attached to the Loan Agreement as an exhibit and in the principal amount of \$8,697,000*, evidencing the obligation of the Borrower to make Loan Payments.

“**Opinion of Bond Counsel**” means an opinion of Bond Counsel.

“**Opinion of Counsel**” means an opinion from an attorney or firm of attorneys, acceptable to the Trustee, with experience in the matters to be covered in the opinion.

“**Optional Call Date**” means any date on or after May 1, 2027*.

“**Ordinary Issuer Fees and Expenses**” means 0.75% of par due upon issuance of the Bonds, and the ongoing annual fee payable annually in advance on the date the Project is placed in service and on each anniversary thereof for the Qualified Project Period, as defined in the Regulatory Agreement, in the amount of \$50.00 per unit in the Project; provided, however, the amount of Ordinary Issuer Fees and Expenses payable under the Indenture is limited to money withdrawn from the Costs of Issuance Fund and the Borrower will be responsible to pay the remaining amount of the Ordinary Issuer Fees and Expenses. In addition, all amounts due to the Issuer for Extraordinary Services and all Extraordinary Expenses of the Issuer will be paid directly by the Borrower pursuant to the Loan Agreement.

“**Ordinary Services**” and “**Ordinary Expenses**” mean those services normally rendered, and those expenses normally incurred, by a trustee under instruments similar to the Indenture.

“**Ordinary Trustee Fees and Expenses**” means amounts due to the Trustee for the Ordinary Services and the Ordinary Expenses of the Trustee incurred in connection with its duties under the Indenture, payable annually in advance on each April 1, beginning April 1, 2026 initially in an annual

* Preliminary; subject to change.

amount equal to \$4,500; provided that, the amount of Ordinary Trustee Fees and Expenses payable under the Indenture is limited to money withdrawn from the Expense Fund, and the Borrower will be responsible to pay the remaining amount of the Ordinary Trustee Fees and Expenses pursuant to the Loan Agreement. The Trustee's first annual fee and its acceptance fee of \$2,500 shall be paid on the Closing Date. In addition, all amounts due to the Trustee for Extraordinary Services and all Extraordinary Expenses of the Trustee will be paid as provided in the Indenture or directly by the Borrower pursuant to the Loan Agreement.

“Organizational Documents” means the Amended and Restated Agreement of Limited Partnership of the Borrower dated as of the Closing Date and all exhibits attached thereto, as each may be amended from time to time.

“Outstanding Bonds,” “Bonds outstanding” or “outstanding” as applied to Bonds mean, as of the applicable date, all Bonds which have been authenticated and delivered, or which are being delivered by the Trustee under the Indenture, except:

(a) Bonds cancelled upon surrender, exchange or transfer, or cancelled because of payment on or prior to that date;

(b) Bonds, or the portion thereof, for the payment or purchase for cancellation of which sufficient money has been deposited and credited with the Trustee on or prior to that date for that purpose (whether upon or prior to the maturity of those Bonds);

(c) Bonds, or the portion thereof, which are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of the Indenture; and

(d) Bonds in lieu of which others have been authenticated under the Indenture.

“Person” or words importing persons mean firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, corporations, limited liability companies, public or governmental bodies, other legal entities and natural persons.

“Plans and Specifications” means the plans and specifications describing the Project as now prepared and as they may be changed as provided in the Loan Agreement.

“Project” means the 76-unit residential rental housing development known as Pickens Gardens Apartments, located at 102 Garden Drive in Pickens, Pickens County, SC 29671.

“Project Fund” means the Project Fund created in the Indenture.

“Purchase Contract” means the Bond Purchase Agreement, dated April __, 2026, among the Underwriter, the Issuer and the Borrower.

“Qualifying Costs” means costs to provide a “qualified residential rental project” as defined in Section 142(d) of the Code and Section 1.103-8(b) of the Regulations that are costs that are (a) chargeable to the capital accounts of, and will constitute the federal income tax basis of, the land and depreciable property included in the Project (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such amounts) and (b) interest on the Bonds that would properly be chargeable to the capital account for the property included in the Project in accordance with Section 263A of the Code for the period commencing on the date the interest commenced to accrue with respect to the costs of a particular item of property and ending on (1) in the case of real property, the date on which the development or construction work on such property was completed and (2) in the case of

personal property, the later of the date on which such item of property was installed or first put in use, whichever occurred later.

“**Rating Agency**” means Moody’s, S&P or any other nationally recognized securities rating agency rating the Bonds, or such rating agency’s successors or assigns, and initially means Moody’s so long as Moody’s is rating the Bonds.

“**Rating Category**” means one of the rating categories of the Rating Agency for the specific type and duration of the applicable Eligible Investment.

“**Rebate Amount**” has the meaning ascribed in the Regulations and generally means the excess as of any date of the future value of all receipts on Nonpurpose Investments over the future value of all payments on Nonpurpose Investments, all as determined in accordance with the Regulations.

“**Rebate Analyst**” means a Person that is (i) qualified and experienced in the calculation of rebate payments under Section 148 of the Code and in compliance with the arbitrage rebate Regulations promulgated under the Code, (ii) chosen by the Borrower and (iii) engaged for the purpose of determining the amount of required deposits, if any to the Rebate Fund. Initially, the Rebate Analyst will be Tiber Hudson LLC.

“**Rebate Fund**” means the Rebate Fund created in the Indenture.

“**Redemption Date**” means any date upon which Bonds are to be redeemed pursuant to the Indenture.

“**Register**” means the books kept and maintained by the Trustee for registration and transfer of Bonds pursuant to the Indenture.

“**Regulations**” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“**Regulatory Agreement**” means the Agreement as to Restrictive Covenants, dated as of the Closing Date, by and among the Issuer, the Borrower and FAH Holdings – Pickens Gardens, LLC, a South Carolina limited liability company, as owner, as amended or supplemented from time to time.

“**Remarketing Agent**” means Stifel, Nicolaus & Company, Incorporated, or any successor as Remarketing Agent designated in accordance with the Indenture.

“**Remarketing Agreement**” means the Remarketing Agreement, dated as of the date hereof, by and between the Borrower and the Remarketing Agent, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

“**Remarketing Expenses**” means the costs and expenses incurred by the Trustee and its counsel, the Remarketing Agent and its counsel, the Issuer and its counsel, and Bond Counsel in connection with the remarketing of the Bonds, including bond printing and registration costs, costs of funds advanced by the Remarketing Agent, registration and filing fees, the costs of any verification report, Cash Flow Projections, rating agency fees and other costs and expenses incurred in connection with or properly attributable to the remarketing of Bonds as certified to the Trustee by the Remarketing Agent in writing.

“Remarketing Period” means the period beginning on a Mandatory Tender Date and ending on the last day of the term for which Bonds are remarketed pursuant to the Indenture or the final Maturity Date of the Bonds, as applicable.

“Remarketing Proceeds Account” means the Remarketing Proceeds Account of the Bond Fund created in the Indenture.

“Remarketing Rate” means the interest rate or rates established pursuant to the Indenture and borne by the Bonds then Outstanding from and including each Mandatory Tender Date to, but not including, the next succeeding Mandatory Tender Date or the final Maturity Date of the Bonds, as applicable.

“Reserved Rights” of the Issuer means (a) all of the Issuer’s right, title and interest in and to all reimbursement, costs, expenses and indemnification; (b) the right of the Issuer to amounts payable to it pursuant to the Loan Agreement, including the Issuer Fees and Expenses; (c) all rights of the Issuer to receive any Rebate Amount; (d) all rights of the Issuer to receive notices, reports or other information, and to make determinations and grant approvals or consent hereunder and under the other Financing Documents; (e) all rights of the Issuer of access to the Project and documents related thereto and to specifically enforce the representations, warranties, covenants and agreements of the Borrower set forth in the Borrower’s Tax Certificate and in the Regulatory Agreement; (f) any and all rights, remedies and limitations of liability of the Issuer set forth in the Indenture, the Loan Agreement, the Regulatory Agreement, the Bond Mortgage or the Note, as applicable, regarding (1) the negotiability, registration and transfer of the Bonds, (2) the loss or destruction of the Bonds, (3) the limited liability of the Issuer as provided in the Act, the Indenture, the Loan Agreement, the Regulatory Agreement, the Bond Mortgage or the Note, (4) the maintenance of insurance by the Borrower, (5) no liability of the Issuer to third parties, and (6) no warranties of suitability or merchantability by the Issuer; (g) all rights of the Issuer in connection with any amendment to or modification of the Indenture, the Loan Agreement, the Regulatory Agreement, the Bond Mortgage and the Note (but, as to the Bond Mortgage, only to the extent of the Issuer’s Unassigned Rights, as defined therein), and (h) any and all limitations of the Issuer’s liability and the Issuer’s disclaimers of warranties set forth in the Indenture, the Regulatory Agreement or the Loan Agreement, and the Issuer’s right to inspect and audit the books, records and permits of the Borrower and the Project.

“Revenues” means (a) the Loan Payments, (b) all other money received or to be received by the Trustee in respect of repayment of the Loan, including without limitation, all money and investments in the Bond Fund, (c) any money and investments in the Special Funds, and (d) all income and profit from the investment of the foregoing money. The term “Revenues” does not include any money or investments in the Rebate Fund.

“S&P” means S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC, and its successors and assigns, or if it shall for any reason no longer perform the functions of a securities rating agency, then any other nationally recognized rating agency designated by the Borrower and acceptable to the Trustee and the Remarketing Agent.

“Special Funds” means, collectively, the Bond Fund, the Project Fund and the Collateral Fund, and any accounts therein, all as created in the Indenture.

“Special Limited Partner” means RBC Community Investments Manager II, Inc., a Delaware corporation, its permitted successors and assigns.

“Special Record Date” means, with respect to any Bond, the date established by the Trustee in connection with the payment of overdue interest or principal on that Bond.

“**State**” means the State of South Carolina.

“**State Limited Partner**” means ATEP-Pickens Gardens-SC, LLC, a South Carolina limited liability company, and its successors and/or assigns.

“**Supplemental Indenture**” means any indenture supplemental to the Indenture entered into between the Issuer and the Trustee in accordance with the Indenture.

“**Surplus Cash**” has the meaning specified in the HUD Regulatory Agreement.

“**Tax Certificate**” means the Tax Certificate among the Issuer, the Borrower and the Trustee.

“**Trust Estate**” means the property rights, money, securities and other amounts pledged and assigned to the Trustee hereunder pursuant to the Granting Clauses hereof.

“**Trustee**” means U.S. Bank Trust Company, National Association, a national banking association organized under the laws of the United States of America, until a successor Trustee shall have become such pursuant to the applicable provisions of the Indenture, and thereafter, “Trustee” shall mean the successor Trustee.

“**Undelivered Bond**” means any Bond that is required under the Indenture to be delivered to the Remarketing Agent or the Trustee for purchase or redemption on a Mandatory Tender Date or Redemption Date but that has not been received on the date such Bond is required to be so delivered.

“**Underwriter**” means Stifel, Nicolaus & Company, Incorporated.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE

The following is a brief summary of certain provisions of the Indenture. The following summary does not purport to be complete or definitive and is subject to all the terms and provisions of the Indenture, to which reference is hereby made and copies of which are available from the Issuer or the Trustee.

Creation of Funds

The following funds and accounts to be held in trust will be established with the Trustee and maintained by the Trustee under the Indenture:

- (a) the Bond Fund, and therein the Negative Arbitrage Account and the Remarketing Proceeds Account (but only at such times as money is to be deposited or held in such Accounts as provided in the Indenture);
- (b) the Project Fund;
- (c) the Costs of Issuance Fund;
- (d) the Collateral Fund;
- (e) the Rebate Fund; and
- (f) the Expense Fund.

Each fund and account therein shall be maintained by the Trustee as a separate and distinct trust fund or account to be held, managed, invested, disbursed and administered as provided in the Indenture. All money deposited in the funds and accounts created under the Indenture shall be used solely for the purposes set forth in the Indenture. The Trustee shall keep and maintain adequate records pertaining to each fund and account, and all disbursements therefrom, in accordance with its general practices and procedures in effect from time to time. The Trustee may also terminate funds and accounts that are no longer needed.

The Trustee shall, at the written direction of an Authorized Borrower Representative, and may, in its discretion, establish such additional accounts within any fund, and subaccounts within any of the accounts, as the Issuer or the Trustee may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that fund and its accounts, or for the purpose of complying with the requirements of the Code, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of the Indenture with respect to a deposit or use of money in the Special Funds or the Rebate Fund, or result in commingling of funds not permitted under the Indenture.

Bond Fund

On the Closing Date, there shall be deposited in the Negative Arbitrage Account of the Bond Fund the amount set forth in the Indenture, which is an amount equal to the amount of interest payments on the Bonds from the Closing Date to the Initial Mandatory Tender Date. Any Extension Payment received by the Trustee in connection with a remarketing in accordance with the Indenture shall also be deposited in the Negative Arbitrage Account.

So long as there are any Outstanding Bonds, to the extent the Borrower has not received a credit against Loan Payments, all Loan Payments under the Loan Agreement shall be paid on or before each Bond Payment Date directly to the Trustee, and deposited in the Bond Fund, in at least the amount necessary to pay the Bond Service Charges due on the Bonds on such Bond Payment Date.

The Bond Fund (and accounts therein for which provision is made in the Indenture) and the money and Eligible Investments therein shall be used solely and exclusively for the payment of Bond Service Charges as they become due.

Bond Service Charges shall be payable, as they become due, in the following order (1) from money on deposit in the Bond Fund (excluding the Negative Arbitrage Account of the Bond Fund) (2) from the money on deposit in the Negative Arbitrage Account of the Bond Fund, (3) from money on deposit in the Collateral Fund and transferred as necessary to the Bond Fund and (4) thereafter, from money on deposit in the Project Fund and transferred as necessary to the Bond Fund.

Upon receipt by the Trustee of a Cash Flow Projection provided on behalf of the Borrower, the Trustee is hereby authorized to release from the Negative Arbitrage Account the amount set forth in the Cash Flow Projection to be released to or at the written direction of the Borrower from such account.

Project Fund

Money in the Project Fund shall be disbursed in accordance with the provisions of the Loan Agreement and the Indenture.

Upon the deposit of Eligible Funds in the Collateral Fund as provided in the Indenture, and subject to the provisions of the Indenture, the Trustee may disburse the Bond proceeds on deposit in the Project Fund to or at the direction of the Lender, for use by the Borrower to pay costs of the Project in accordance with the Loan Agreement. The Trustee shall disburse the applicable bond proceeds from the Project Fund on the same Business Day that it receives the Eligible Funds if the Trustee receives such funds and an executed disbursement request prior to 12:30 PM Local Time on such Business Day. Otherwise the disbursement shall be made as soon as practicable on the next succeeding Business Day.

To the extent money is not otherwise available to the Trustee, including money on deposit in the Bond Fund or the Collateral Fund, the Trustee shall transfer from the Project Fund to the Bond Fund sufficient money to pay Bond Service Charges, if any, on each Bond Payment Date without further written direction.

Notwithstanding any provision of the Loan Agreement or the Disbursement Agreement or any other provision of the Indenture to the contrary, the Trustee shall not disburse money from the Project Fund, other than to pay Bond Service Charges on the Bonds, unless and until Eligible Funds in an amount equal to or greater than the requested disbursement amount have been deposited in the Collateral Fund. Prior to making any disbursement (except to pay Bond Service Charges), the Trustee shall determine that the aggregate amount that will be held in (a) the Collateral Fund and (b) the Project Fund, after the anticipated disbursement, is at least equal to the then-Outstanding principal amount of the Bonds.

On the earlier of the Maturity Date or any Mandatory Tender Date with respect to which the Bonds are not remarketed, the Trustee shall transfer any amounts then on deposit in the Project Fund into the Bond Fund to pay Bond Service Charges on the Bonds. The Trustee shall have no liability for any losses incurred in connection with Eligible Investments.

Upon the occurrence and continuance of an Event of Default hereunder because of which the principal amount of the Bonds has been declared to be due and immediately payable pursuant to the Indenture, any money remaining in the Project Fund shall be promptly transferred by the Trustee to the Bond Fund.

Any money in the Project Fund remaining after the Completion Date and payment, or provision for payment, in full of the costs of the Project set forth in the Loan Agreement, at the direction of the Authorized Borrower Representative, promptly shall be paid into the Bond Fund and used to redeem Bonds on the earliest date on which such Bonds are subject to optional redemption, as set forth in the Indenture.

Collateral Fund

The Trustee shall deposit in the Collateral Fund all Eligible Funds received pursuant to the Disbursement Agreement and the Loan Agreement and any other Eligible Funds directed by the Borrower to be received by the Trustee for deposit into the Collateral Fund. The Loan Agreement requires the Borrower to direct the Lender and the Bridge Lender, as applicable, pursuant to the terms of the Disbursement Agreement, to transfer Eligible Funds to the Trustee for deposit into the Collateral Fund in a principal amount equal to, and as a prerequisite to the disbursement of, an equal amount of Bond proceeds on deposit in the Project Fund to be disbursed by the Trustee for the costs of the Project described in the Loan Agreement.

Each deposit of Eligible Funds into the Collateral Fund shall be promptly invested in its entirety by the Trustee, solely and exclusively, in Eligible Investments, as directed by an Authorized Borrower Representative pursuant to the Indenture. Each deposit into the Collateral Fund shall constitute an irrevocable deposit solely for the benefit of the Holders, subject to the provisions in the Indenture.

The Trustee shall transfer money in the Collateral Fund as follows: (i) on each Bond Payment Date, to the Bond Fund, the amount necessary to pay Bond Service Charges due on such Bond Payment Date (to the extent money is not otherwise available to the Trustee, including money on deposit in the Bond Fund); (ii) on the Mandatory Tender Date, to the Bond Fund, the amount necessary to pay the redemption price, to the extent the Bonds are not remarketed on any Mandatory Tender Date; and (iii) on the Maturity Date of the Bonds, to the Bond Fund the amount necessary to pay all amounts due on the Bonds on such date.

On the earlier of the Maturity Date or any Mandatory Tender Date with respect to which the Bonds are not remarketed, the Trustee shall transfer all amounts then on deposit in the Collateral Fund into the Bond Fund to pay Bond Service Charges on the Bonds.

Amounts on deposit in the Collateral Fund in excess of the amount required to pay Bond Service Charges after payment in full of the Bonds may be transferred to the Project Fund and used to pay costs of the Project as provided in the Loan Agreement.

The Bonds shall not be, and shall not be deemed to be, paid or prepaid by reason of any deposit into the Collateral Fund unless and until the amount on deposit in the Collateral Fund is transferred to the Bond Fund and applied to the payment of the principal of any of the Bonds or the principal component of the redemption price of any of the Bonds, all as provided in the Indenture.

Notwithstanding any provision to the contrary contained herein or in the other Financing Documents, upon receipt of Eligible Funds from the Lender for deposit in the Collateral Fund, Trustee shall be unconditionally and irrevocably obligated to promptly disburse funds from the Project Fund in accordance with the applicable requisition, but the Trustee shall only be obligated to make such a

disbursement to the extent of the amount of proceeds of the Bonds remaining in the Project Fund, and if the Trustee receives Eligible Funds from the Lender for deposit in the Collateral Fund in excess of the available amount, the Trustee shall promptly return the excess to the Lender.

Rebate Fund

The Trustee shall deposit or transfer to the credit of the Rebate Fund each amount delivered to the Trustee by the Borrower for deposit thereto and each amount directed by the Borrower to be transferred thereto.

Within five days after each receipt or transfer of funds to the Rebate Fund in accordance with the Loan Agreement, the Trustee shall withdraw such funds from the Rebate Fund and pay such funds to the United States of America.

All payments to the United States of America pursuant to this section shall be made by the Trustee for the account and in the name of the Issuer and shall be paid by check posted by registered United States mail (return receipt requested), addressed to the appropriate Internal Revenue Service Center (accompanied by the relevant Internal Revenue Service Form 8038-T described in the Loan Agreement, if such payment is described in the Indenture, and by the relevant Internal Revenue Service Form 8038-T, if such payment is described in the Indenture, such form to be provided to the Trustee by the Borrower concurrently with the deposit of funds.

The Trustee shall preserve all statements, forms, and explanations received from the Borrower pursuant to the Loan Agreement and all records of transactions in the Rebate Fund until three years after the retirement of all of the Bonds.

The Trustee may conclusively rely on the instructions of the Borrower with regard to any actions to be taken by it pursuant to this section and shall have no liability for any consequences of any failure of the Borrower to perform its duties or obligations or to supply accurate or sufficient instructions. Except as specifically provided in the Indenture, the Trustee shall have no duty or responsibility with respect to the Rebate Fund or the Borrower's duties and responsibilities with respect thereto except to follow the Borrower's specific written instructions related thereto.

If at any time during the term of the Indenture the Issuer, the Trustee or the Borrower desires to take any action which would otherwise be prohibited by the terms of this section, such Person shall be permitted to take such action if it shall first obtain and provide at the expense of the Borrower to the other Persons named in the Indenture, a Favorable Opinion of Bond Counsel and an Opinion of Bond Counsel that such action is in compliance with the laws of the State and the terms of the Indenture.

Moneys and securities held by the Trustee in the Rebate Fund shall not be deemed funds of the Issuer and are not pledged or otherwise subject to any security interest in favor of the Holders to secure the Bonds or any other obligations.

Moneys in the Rebate Fund may be separately invested and reinvested by the Trustee, at the request of and as directed in writing by the Borrower, in Eligible Investments, subject to the Code. The Trustee shall sell and reduce to cash a sufficient amount of such Eligible Investments whenever the cash balance in the Rebate Fund is insufficient for its purposes.

Notwithstanding anything to the contrary in the Indenture, no payment shall be made by the Trustee to the United States if the Borrower shall furnish to the Issuer and the Trustee, an opinion of Bond Counsel to the effect that such payment is not required under Sections 148(d) and (f) of the Code in order to maintain

the exclusion from gross income for federal income tax purposes of interest on the Bonds. In such event the Borrower shall be entitled to withdraw funds from the Rebate Fund to the extent the Borrower provides to the Issuer and the Trustee a Favorable Opinion of Bond Counsel with respect to such withdrawal.

The Borrower shall provide to the Trustee and the Trustee shall keep such records of the results of the computations made pursuant to the Loan Agreement as are required under Section 148(f) of the Code as instructed by the Borrower for a period of three years after the last Bond is retired. The Trustee shall keep and make available to the Issuer and the Borrower such records concerning the investments of Gross Proceeds of the Bonds and the investments of earnings from those investments as may be requested by the Issuer or the Borrower in order to enable the Borrower to make the computations required under Section 148(f) of the Code.

Notwithstanding the foregoing, the computations and payments of rebate amounts referred to in this section need not be made to the extent that neither the Issuer nor the Borrower will thereby fail to comply with any requirements of Section 148(f) of the Code based on a Favorable Opinion of Bond Counsel, a copy of which shall be provided to the Issuer and the Trustee.

Without limiting the generality of the foregoing, the Trustee shall furnish to the Borrower and Investor Limited Partner all information reasonably requested by the Borrower or Investor Limited Partner with respect to the Bonds and investments of the Funds and accounts maintained by the Trustee under the Indenture. The Trustee shall make deposits to and disbursements from the Rebate Fund, as well as investments of the amounts therein, in accordance with the written directions received from the Borrower.

Investment of Special Funds and Rebate Fund

Except as otherwise set forth in the Indenture, monies in the Special Funds and the Rebate Fund shall be invested and reinvested by the Trustee at the written direction of the Authorized Borrower Representative. In the absence of instructions from the Authorized Borrower Representative, the Trustee shall invest moneys in the Special Funds and Rebate Fund in clause (b) of the definition of Eligible Investments. At no time shall the Borrower direct that any funds constituting gross proceeds of the Bonds be used in any manner as would constitute failure of compliance with Section 148 of the Code.

Investments of money in the Special Funds shall be made as directed by the Authorized Borrower Representative only in investments which are Eligible Investments that mature or are redeemable at the option of the Trustee at the times and in the amounts necessary to provide money to pay Bond Service Charges on the Bonds as they become due on each Bond Payment Date.

Any investments may be purchased from or sold to the Trustee, or any bank, trust company or savings and loan association which is an Affiliate of the Trustee. The Trustee shall sell or redeem investments credited to the Special Funds to produce sufficient money applicable hereunder to and at the times required for the purposes of paying Bond Service Charges when due as aforesaid, and shall do so without necessity for any order on behalf of the Issuer and without restriction by reason of any order. If the Trustee is permitted to invest in Eligible Investments that mature on or before the Initial Mandatory Tender Date but is now permitted to sell or otherwise dispose of such Eligible Investments prior to maturity at a price below par without first receiving from the Borrower, at the Borrower's Expense, (i) a Cash Flow Projection and (ii) Eligible Funds (excluding, however, proceeds of the Bonds), if any, as set forth in the Cash Flow Projection.

An investment made from moneys credited to the Special Funds shall constitute part of that respective Fund. All investment earnings from amounts on deposit in the Special Fund shall be credited to the Bond Fund. All gains resulting from the sale of, or income from, any investment made from moneys

credited to the Special Funds shall be credited to and become part of the Special Fund from which the investment was made. In the absence of written directions of the Authorized Borrower Representative as provided above, the Trustee shall be required to invest such funds in the investments described in clause (b) of the definition of Eligible Investments. Following the Closing Date, at the direction of the Borrower, the Trustee is permitted to purchase, sell or exchange Eligible Investments with a Cash Flow Projection. Notwithstanding anything herein to the contrary, (i) earnings received by the Trustee with respect to Eligible Investments purchased for the purpose of paying Bond Service Charges shall be held uninvested and (ii) Bond proceeds and the Negative Arbitrage Deposit shall be held uninvested until the Trustee has purchased, sold or exchanged Eligible Investments.

Defaults; Events of Default

The occurrence of any of the following events is defined as and declared to be and to constitute an “Event of Default” hereunder:

(a) Payment of any interest on any Bond shall not be made when and as that interest shall become due and payable;

(b) Payment of the principal of any Bond shall not be made when and as that principal shall become due and payable, whether at stated maturity, upon mandatory redemption, upon acceleration or otherwise;

(c) Failure by the Issuer to observe or perform any other covenant, agreement or obligation on its part required to be observed or performed as set forth in the Indenture or in the Bonds, which failure shall have continued for a period of 30 days after written notice, by registered or certified mail, to the Issuer, the Borrower, the Investor Limited Partner and the State Limited Partner specifying the failure and requiring that it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Holders of not less than 25% in aggregate principal amount of Bonds then Outstanding; and

(d) The occurrence and continuance of an Event of Default as defined in the Loan Agreement.

The term “default” or “failure” as used in the Indenture means (i) a default or failure by the Issuer in the observance or performance of any of the covenants, agreements or obligations on its part to be observed or performed contained in the Indenture or in the Bonds, or (ii) a default or failure by the Borrower under the Loan Agreement, exclusive of any period of grace or notice required to constitute an Event of Default, as provided above or in the Loan Agreement.

Acceleration

Upon the occurrence of an Event of Default described in the Indenture, the Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding shall declare, by written notice delivered to the Borrower, the Investor Limited Partner, the State Limited Partner and the Issuer, the principal of all Bonds then Outstanding (if not then due and payable), and the interest accrued thereon, to be due and payable immediately. Upon such declaration, that principal and interest shall become and be due and payable immediately. If the Trustee is unable to determine that sufficient funds will be available to pay (not out of the Trustee’s own funds) the full amount of the principal and accrued but unpaid interest to the Holders of Bonds as of the date of acceleration, the Trustee shall declare the principal of the Bonds immediately due and payable, but only upon the written direction of the Controlling Holders of the Bonds Outstanding.

Upon the occurrence of any Event of Default other than those described in the Indenture, the Trustee may, and upon the written request of all Holders of Bonds then Outstanding shall, declare by a notice in writing delivered to the Borrower, the Investor Limited Partner, the State Limited Partner and the Issuer, the principal of all Bonds then Outstanding (if not then due and payable), and the interest thereon, to be due and payable immediately. Upon such declaration, principal and interest on the Bonds shall become and be due and payable immediately. Interest on the Bonds shall accrue to the date determined by the Trustee for the tender of payment to the Holders pursuant to that declaration; provided that interest on any unpaid principal of Bonds Outstanding shall continue to accrue from the date determined by the Trustee for the tender of payment to the Holders of those Bonds.

The provisions of the preceding paragraph are subject, however, to the condition that if, at any time after declaration of acceleration and prior to the entry of a judgment in a court for enforcement hereunder (after an opportunity for hearing by the Issuer and the Borrower), (i) all sums payable hereunder (except the principal of and interest on Bonds which have not reached their stated maturity dates but which are due and payable solely by reason of that declaration of acceleration), plus interest to the extent permitted by law on any overdue installments of interest at the rate borne by the Bonds in respect of which the default shall have occurred, shall have been duly paid or provision shall have been duly made therefor by deposit with the Trustee, and (ii) all existing Events of Default shall have been cured, then and in every case, the Trustee shall waive the Event of Default and its consequences and shall rescind and annul that declaration. No waiver or rescission and annulment shall extend to or affect any subsequent Event of Default or shall impair any rights consequent thereon.

The Investor Limited Partner and the State Limited Partner shall be entitled to cure any Event of Default hereunder within the time frame provided to the Borrower hereunder. The Issuer and the Trustee agree that cure of any default or Event of Default made or tendered by the Investor Limited Partner and/or the State Limited Partner shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Other Remedies; Rights of Holders

With or without taking action under the Indenture, upon the occurrence and continuance of an Event of Default, the Trustee may pursue any available remedy, including without limitation actions at law or equity to enforce the payment of Bond Service Charges or the observance and performance of any other covenant, agreement or obligation under the Indenture, the Loan Agreement, the Regulatory Agreement or the Note or any other instrument providing security, directly or indirectly, for the Bonds.

If, upon the occurrence and continuance of an Event of Default, the Trustee is requested so to do by the Holders of at least a majority in aggregate principal amount of Bonds Outstanding, the Trustee (subject to the provisions of the Indenture), shall exercise any rights and powers conferred by the Indenture.

No remedy conferred upon or reserved to the Trustee (or to the Holders) by the Indenture is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to every other remedy given hereunder or otherwise to the Trustee or to the Holders now or hereafter existing.

No delay in exercising or omission to exercise any remedy, right or power accruing upon any default or Event of Default shall impair that remedy, right or power or shall be construed to be a waiver of any default or Event of Default or acquiescence therein. Every remedy, right and power may be exercised from time to time and as often as may be deemed to be expedient.

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any remedy, right or power consequent thereon.

As the assignee of all right, title and interest of the Issuer in and to the Loan Agreement (except for the Reserved Rights), the Trustee is empowered to enforce each remedy, right and power granted to the Issuer under the Loan Agreement. In exercising any remedy, right or power thereunder or hereunder, the Trustee shall take any action which would best serve the interests of the Holders in the judgment of the Trustee, applying the standards described in the Indenture.

Right of Holders to Direct Proceedings

The Holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right at any time to direct, by an instrument or document in writing executed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or any other proceedings under the Indenture; provided, that (a) any direction shall not be other than in accordance with the provisions of law and of the Indenture, (b) the Trustee shall be indemnified as provided in the Indenture, and (c) the Trustee may take any other action which it deems to be proper and which is not inconsistent with the direction.

Application of Money

If at any time after the occurrence of an Event of Default the moneys held by the Trustee under the Indenture (other than amounts in the Rebate Fund) shall not be sufficient to pay the principal of and interest on the Bonds as the same become due and payable, such moneys, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of remedies in the Indenture or otherwise, shall be applied by the Trustee as set forth in the Indenture. After payment of any costs, expenses, liabilities and Advances paid, incurred or made by the Trustee in the collection of money and to all Ordinary Trustee Fees and Expenses and fees of the Trustee for Extraordinary Services and Extraordinary Expenses (including without limitation, reasonable attorneys' fees and expenses, except as limited by law or judicial order or decision entered in any action taken under the Indenture), all money received by the Trustee on deposit in the Special Funds shall be applied as follows, subject to the Indenture and any provision made pursuant to the Indenture:

(a) Unless the principal of all of the Bonds shall have become, or shall have been declared to be, due and payable, all of such money shall be deposited in the Bond Fund and shall be applied:

First -- To the payment to the Holders entitled thereto of all installments of interest then due on the Bonds, in the order of the dates of maturity of the installments of that interest, beginning with the earliest date of maturity and, if the amount available is not sufficient to pay in full any particular installment, then to the payment thereof ratably, according to the amounts due on that installment, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds; and

Second -- To the payment to the Holders entitled thereto of the unpaid installments of principal of any of the Bonds which shall have become due, in the order of their due dates, beginning with the earliest due date, with interest on those Bonds from the respective dates upon which they became due at the rates specified in those Bonds, and if the amount available is not sufficient to pay in full all Bonds due on any particular date, together with

that interest, then to the payment thereof ratably, according to the amounts of principal due on that date, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

(b) If the principal of all of the Bonds shall have become due or shall have been declared to be due and payable pursuant to the Indenture, all of such money shall be deposited into the Bond Fund and shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest, of interest over principal, of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

(c) If the principal of all of the Bonds shall have been declared to be due and payable pursuant to the Indenture, and if that declaration thereafter shall have been rescinded and annulled under the provisions of the Indenture, subject to the provisions of paragraph (b) above in the event that the principal of all of the Bonds shall become due and payable later, the money on deposit in the Special Funds shall remain in such funds and accounts and shall be applied in accordance with the provisions of the Indenture.

(d) Whenever money on deposit in the Special Funds is to be applied pursuant to the provisions of the Indenture, such money shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of money available for application and the likelihood of additional money becoming available for application in the future. Whenever the Trustee shall direct the application of such money, it shall fix the date upon which the application is to be made, and upon that date, interest shall cease to accrue on the amounts of principal, if any, to be paid on that date, provided the money is available therefor. The Trustee shall give notice of the deposit with it of any money and of the fixing of that date, all consistent with the requirements of the Indenture for the establishment of, and for giving notice with respect to, a Special Record Date for the payment of overdue interest. The Trustee shall not be required to make payment of principal of a Bond to the Holder thereof, until the Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if it is paid fully.

Remedies Vested in Trustee

All rights of action (including without limitation, the right to file proof of claims) under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto. Any suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining any Holders as plaintiffs or defendants. Any recovery of judgment shall be for the benefit of the Holders of the Outstanding Bonds, subject to the provisions of the Indenture.

Rights and Remedies of Holders

A Holder shall not have any right to institute any suit, action or proceeding for the enforcement of the Indenture, for the execution of any trust of the Indenture, or for the exercise of any other remedy under the Indenture, unless:

(a) there has occurred and is continuing an Event of Default of which the Trustee has been notified as provided in the Indenture, or of which it is deemed to have notice under that paragraph,

(b) the Holders of at least a majority in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and shall have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers granted in the Indenture or to institute the suit, action or proceeding in its own name, and shall have offered indemnity to the Trustee as provided in the Indenture, and

(c) the Trustee thereafter shall have failed or refused to exercise the remedies, rights and powers granted in the Indenture or to institute the suit, action or proceeding in its own name.

At the option of the Trustee, that notification (or notice), request, opportunity and offer of indemnity are conditions precedent in every case, to the institution of any suit, action or proceeding described above.

No one or more Holders of the Bonds shall have any right to affect, disturb or prejudice in any manner whatsoever the security or benefit of the Indenture by its or their action, or to enforce, except in the manner provided in the Indenture, any remedy, right or power under the Indenture. Any suit, action or proceedings shall be instituted, had and maintained in the manner provided in the Indenture for the benefit of the Holders of all Bonds then Outstanding. Nothing in the Indenture shall affect or impair, however, the right of any Holder to enforce the payment of the Bond Service Charges on any Bond owned by that Holder at and after the maturity thereof, at the place, from the sources and in the manner expressed in that Bond.

Termination of Proceedings

In case the Trustee shall have proceeded to enforce any remedy, right or power under the Indenture in any suit, action or proceedings, and the suit, action or proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, the Issuer, the Trustee, and the Holders shall be restored to their former positions and rights under the Indenture, respectively, and all rights, remedies and powers of the Trustee shall continue as if no suit, action or proceedings had been taken.

Waivers of Events of Default

Except for those Events of Default described, at any time, in its discretion, the Trustee may waive any Event of Default hereunder and its consequences and may rescind and annul any declaration of maturity of principal or interest on, the Bonds, and the Trustee shall do so upon the written request of the Holders of at least a majority in aggregate principal amount of all Bonds then Outstanding.

There shall not be so waived any Event of Default described in the Indenture or any declaration of acceleration in connection therewith rescinded or annulled, unless at the time of that waiver or rescission and annulment payments of the amounts provided in the Indenture for waiver and rescission and annulment in connection with acceleration of maturity have been made or provision has been made therefor. In the case of the waiver or rescission and annulment, or in case any suit, action or proceedings taken by the Trustee on account of any Event of Default shall have been discontinued, abandoned or determined adversely to it, the Issuer, the Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively. No waiver or rescission shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

Supplemental Indentures Not Requiring Consent of Holders

Without the consent of, or notice to, any of the Holders, the Issuer and the Trustee may enter into indentures supplemental to the Indenture which shall not, in the opinion of the Issuer, be inconsistent with the terms and provisions in the Indenture for any one or more of the following purposes:

- (a) To cure any ambiguity, inconsistency or formal defect or omission in the Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that lawfully may be granted to or conferred upon the Holders or the Trustee;
- (c) To assign additional revenues under the Indenture;
- (d) To accept additional security and instruments and documents of further assurance with respect to the Project;
- (e) To add to the covenants, agreements and obligations of the Issuer under the Indenture, other covenants, agreements and obligations to be observed or rights to be exercised for the protection of the Holders, or to surrender or limit any right, power or authority reserved to or conferred upon the Issuer in the Indenture;
- (f) To evidence any succession to the Issuer and the assumption by its successor of the covenants, agreements and obligations of the Issuer under the Indenture, the Loan Agreement and the Bonds;
- (g) To facilitate (i) the transfer of Bonds issued by the Issuer under the Indenture and held in Book Entry Form from one Depository to another and the succession of Depositories, or (ii) the withdrawal of Bonds issued by the Issuer under the Indenture and delivered to a Depository for use in a Book Entry System and the issuance of replacement Bonds in fully registered form and in the form of physical certificates to others than a Depository;
- (h) To permit the Trustee to comply with any obligations imposed upon it by law;
- (i) To specify further the duties and responsibilities of the Trustee;
- (j) To achieve compliance of the Indenture with any applicable federal securities or tax law; and
- (k) To make amendments to the provisions in the Indenture relating to arbitrage matters under Section 148 of the Code, if, in the opinion of Bond Counsel, those amendments would not adversely affect the Federal Tax Status of the Bonds, which amendments may, among other things, change the responsibility for making the relevant calculations, provided that in no event shall such amendment delegate to the Trustee, without its consent, in its sole discretion, the obligation to make or perform the calculations required under Section 148 of the Code.

The provisions of subsections (h) and (j) above shall not be deemed to constitute a waiver by the Trustee, the Issuer or any Holder of any right which it may have in the absence of those provisions to contest the application of any change in law to the Indenture or the Bonds.

Supplemental Indentures Requiring Consent of Holders

Exclusive of Supplemental Indentures to which reference is made in the Indenture and subject to the terms, provisions and limitations contained in the Indenture, and not otherwise, with the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, evidenced as provided in the Indenture, and with the consent of the Borrower if required by the Indenture, the Issuer and the Trustee may execute and deliver Supplemental Indentures adding any provisions to, changing in any manner or eliminating any of the provisions of the Indenture or any Supplemental Indenture or restricting in any manner the rights of the Holders. Nothing in the Indenture shall permit, however, or be construed as permitting:

(a) without the consent of the Holder of each Bond so affected, (i) an extension of the maturity of the principal of or the interest on any Bond or (ii) a reduction in the principal amount of any Bond or the rate of interest thereon, or

(b) without the consent of the Holders of all Bonds then Outstanding, (i) the creation of a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (ii) a reduction in the aggregate principal amount of the Bonds required for consent to a Supplemental Indenture.

If the Issuer shall request that the Trustee execute and deliver any Supplemental Indenture for any of the purposes of the Indenture, upon (i) being satisfactorily indemnified with respect to its expenses in connection therewith, and (ii) if required by the Indenture, receipt of the Borrower's consent to the proposed execution and delivery of the Supplemental Indenture, the Trustee shall cause notice of the proposed execution and delivery of the Supplemental Indenture to be mailed by first-class mail, postage prepaid, to all Holders of Bonds then Outstanding at their addresses as they appear on the Register at the close of business on the fifteenth (15th) day preceding that mailing.

The Trustee shall not be subject to any liability to any Holder by reason of the Trustee's failure to mail, or the failure of any Holder to receive, the notice required by the Indenture. Any failure of that nature shall not affect the validity of the Supplemental Indenture when there has been consent thereto as provided in the Indenture. The notice shall set forth briefly the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Designated Office of the Trustee for inspection by all Holders.

If the Trustee shall receive, within a period prescribed by the Borrower, of not less than 60 days, but not exceeding one year, following the mailing of the notice, an instrument or document or instruments or documents, in form to which the Trustee does not reasonably object, purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding (which instrument or document or instruments or documents shall refer to the proposed Supplemental Indenture in the form described in the notice and specifically shall consent to the Supplemental Indenture in substantially that form), the Trustee shall, but shall not otherwise, execute and deliver the Supplemental Indenture in substantially the form to which reference is made in the notice as being on file with the Trustee, without liability or responsibility to any Holder, regardless of whether that Holder shall have consented thereto.

Any consent shall be binding upon the Holder of the Bond giving the consent and, anything herein to the contrary notwithstanding, upon any subsequent Holder of that Bond and of any Bond issued in exchange therefor (regardless of whether the subsequent Holder has notice of the consent to the Supplemental Indenture). A consent may be revoked in writing, however, by the Holder who gave the consent or by a subsequent Holder of the Bond by a revocation of such consent received by the Trustee prior to the execution and delivery by the Trustee of the Supplemental Indenture. At any time after the Holders of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the Issuer a written statement that the Holders of the required percentage

of Bonds have filed those consents. That written statement shall be conclusive evidence that the consents have been so filed.

If the Holders of the required percentage in aggregate principal amount of Bonds Outstanding shall have consented to the Supplemental Indenture, as provided in the Indenture, no Holder shall have any right (a) to object to (i) the execution or delivery of the Supplemental Indenture, (ii) any of the terms and provisions contained therein or (iii) the operation thereof, (b) to question the propriety of the execution and delivery thereof or (c) to enjoin or restrain the Trustee or the Issuer from that execution or delivery or from taking any action pursuant to the provisions thereof.

Consent of Borrower

Anything contained in the Indenture to the contrary notwithstanding, a Supplemental Indenture executed and delivered in accordance with the Indenture which affects in any material respect any rights or obligations of the Borrower shall not become effective unless and until the Borrower, the Investor Limited Partner and the State Limited Partner shall have consented in writing to the execution and delivery of that Supplemental Indenture. The Trustee shall cause notice of the proposed execution and delivery of any Supplemental Indenture and a copy of the proposed Supplemental Indenture to be mailed to the Borrower, the Investor Limited Partner and the State Limited Partner, as provided in the Indenture, (a) at least 30 days (unless waived by the Borrower, the Investor Limited Partner and the State Limited Partner) before the date of the proposed execution and delivery in the case of a Supplemental Indenture to which reference is made in the Indenture and (b) at least 30 days (unless waived by the Borrower and Investor Limited Partner) before the giving of the notice of the proposed execution and delivery in the case of a Supplemental Indenture for which provision is made in the Indenture.

Release of Indenture

If (a) the Issuer shall pay all of the Outstanding Bonds, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Holders of the Outstanding Bonds, all Bond Service Charges due or to become due thereon, and (b) provision also shall be made for the payment of all other sums payable hereunder or under the Loan Agreement, the Regulatory Agreement and the Note, then the Indenture shall cease, determine and become null and void (except for those provisions surviving by reason of the Indenture in the event the Bonds are deemed paid and discharged pursuant to the Indenture), and the covenants, agreements and obligations of the Issuer hereunder shall be released, discharged and satisfied.

Thereupon, and subject to the provisions of the Indenture, if applicable:

(a) the Trustee shall release the Indenture (except for those provisions surviving by reason of the Indenture in the event the Bonds are deemed paid and discharged pursuant to the Indenture), and shall execute and deliver to the Issuer any instruments or documents in writing as shall be requisite to evidence that release and discharge or as reasonably may be requested by the Issuer, and

(b) the Trustee shall assign and deliver to the Issuer any property subject at the time to the lien of the Indenture which then may be in its possession, except amounts in the Bond Fund required (i) to be paid to the Borrower under the Indenture or (ii) to be held by the Trustee under the Indenture or otherwise for the payment of Bond Service Charges.

Payment and Discharge of Bonds

All or any part of the Bonds shall be deemed to have been paid and discharged within the meaning of the Indenture, including without limitation, the Indenture, if the Trustee as paying agent shall have received, in trust for and irrevocably committed thereto (i) sufficient money or (ii) noncallable Government Obligations which are certified by an Independent public accounting firm of national reputation to be of such maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient, together with any money described in (i) hereof, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so committed, except as provided herein), for the payment of all Bond Service Charges on those Bonds to their maturity.

Any money held by the Trustee in accordance with the provisions of the Indenture may be invested by the Trustee only in noncallable Government Obligations having maturity dates, or having redemption dates which, at the option of the holder of those obligations, shall be not later than the date or dates at which money will be required for the purposes described above. To the extent that any income or interest earned by, or increment to, the investments held under the Indenture is determined from time to time by the Trustee to be in excess of the amount required to be held by the Trustee for the purposes of the Indenture, that income, interest or increment shall be transferred at the time of that determination in the manner provided in the Indenture for transfers of amounts remaining in the Bond Fund.

If any Bonds shall be deemed paid and discharged pursuant to the Indenture, then within 15 days after such Bonds are so deemed paid and discharged the Trustee shall cause a written notice to be given to each Holder as shown on the Register on the date on which such Bonds are deemed paid and discharged. Such notice shall state the numbers of the Bonds deemed paid and discharged or state that all Bonds are deemed paid and discharged and set forth a description of any obligations held pursuant to the Indenture.

Survival of Certain Provisions

Notwithstanding the foregoing, any provisions of the Bond Resolution and the Indenture which relate to the maturity of Bonds, interest payments and dates thereof, exchange, transfer and registration of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non presentment of Bonds, the holding of money in trust, and repayments to the Borrower from the Bond Fund, the rebate of money to the United States in accordance with the Indenture, payment of Issuer Fees and Expenses and the rights and duties of the Trustee in connection with all of the foregoing, shall remain in effect and be binding upon the Trustee and the Holders notwithstanding the release and discharge of the Indenture. The provisions of the Indenture shall survive the release, discharge and satisfaction of the Indenture. The obligations of the Borrower to pay the Trustee its fees and expenses hereunder shall survive the release, discharge and satisfaction of the Indenture.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Loan Agreement, a copy of which is on file with the Trustee.

The Loan

The Issuer agrees, upon the terms and conditions herein, to make the Loan to the Borrower with the proceeds received by the Issuer from the sale of the Bonds by causing such proceeds to be deposited with the Trustee for disposition as provided in the Indenture. The obligation of the Issuer to finance the Loan shall be deemed fully discharged, and the principal amount of the Bonds shall be deemed fully advanced to the Borrower under the Note, upon the deposit of the proceeds of the Bonds with the Trustee. The Loan shall be evidenced by the Note payable to the Trustee.

Mortgage Loan to Borrower

The Borrower shall have obtained the Mortgage Loan from the Lender prior to the execution and delivery hereof, and the Borrower shall enter into the Disbursement Agreement simultaneously with the execution and delivery hereof to provide for the delivery of the Eligible Funds.

The Borrower represents that the Mortgage Loan is insured by FHA pursuant to and in accordance with the provisions of Section 221(d)(4) of the National Housing Act, as amended, and applicable regulations thereunder, and that the Mortgage Loan is in the maximum original principal amount specified in the Loan Agreement. The Mortgage Loan is secured on a non-recourse basis pursuant to the Mortgage Loan Documents.

In connection with the Mortgage Loan, the Borrower shall execute and deliver such documents as may be customarily utilized for insured mortgage loans under the provisions of Section 221(d)(4) of the National Housing Act, as amended, and applicable regulations thereunder, with such omissions, insertions and variations as may be permitted by such regulations and as may be consistent with the terms and provisions of the Loan Agreement.

The Lender will make available certain Lender funds, which Lender funds shall be paid by the Lender to the Trustee, from time to time, as required, for deposit into the Collateral Fund, and, upon each such deposit into the Collateral Fund, an equal amount of Bond proceeds will be disbursed from the Project Fund to or at the direction of the Lender to pay the costs set forth in an approved Disbursement Request.

Disbursements from the Project Fund

Subject to the provisions below and so long as no Event of Default hereunder has occurred and is continuing for which the principal amount of the Bonds has been declared to be immediately due and payable pursuant to the Loan Agreement and the Indenture, and no Determination of Taxability has occurred, disbursements from the Project Fund shall be made only to pay any of the following costs:

- (a) Costs incurred directly or indirectly for or in connection with the acquisition, rehabilitation, improvement and equipping of the Project, including costs incurred in respect of the Project for preliminary planning and studies; architectural, legal, engineering, accounting,

consulting, supervisory and other services; labor, services and materials; and recording of documents and title work.

(b) Premiums attributable to any surety bonds and insurance required to be taken out and maintained during the construction period with respect to the Project.

(c) Taxes, assessments and other Governmental charges in respect of the Project that may become due and payable during the construction period.

(d) Costs incurred directly or indirectly in seeking to enforce any remedy against any contractor or subcontractor in respect of any actual or claimed default under any contract relating to the Project.

(e) Subject to the limitations set forth in the Loan Agreement, Costs of Issuance of the Bonds.

(f) Any other costs, expenses, fees and charges properly chargeable to the cost of acquisition, rehabilitation, improvement and equipping of the Project.

(g) Payment of interest on the Bonds during the construction period.

(h) Payments to the Rebate Fund.

In no event shall amounts be disbursed from the Project Fund for any of the purposes listed above if such disbursement would cause over 5% of the Net Proceeds of the Bonds to have been used for costs that are not Qualifying Costs.

Any disbursements from the Project Fund for the payment of costs set forth in the Loan Agreement shall be made by the Trustee only to or at the direction of the Lender upon the receipt by the Trustee of: (a) a Disbursement Request approved by the Lender in the form attached hereto as Exhibit B and (b) Eligible Funds in an amount equal to the amount of any such Disbursement Request for deposit in the Collateral Fund as provided in the Loan Agreement. The Borrower hereby acknowledges and agrees that it shall submit Disbursement Requests to the Trustee no more frequently than once each calendar month. Each such Disbursement Request shall be consecutively numbered.

The Borrower's right to request disbursements from the Project Fund is limited to the principal amount of the Loan.

After the Completion Date and payment, or provision for payment, in full of the costs of the Project set forth in the Loan Agreement, the Authorized Borrower Representative promptly shall direct the Trustee to transfer any money remaining in the Project Fund to the Bond Fund, which money shall be used to redeem Bonds in accordance with the Indenture on the earliest date on which such Bonds are subject to optional redemption, as set forth in the Indenture.

Notwithstanding any provision of the Loan Agreement or any provision of the Indenture to the contrary, the Trustee shall not disburse funds from the Project Fund unless and until the Trustee confirms that amounts on deposit in the Collateral Fund plus amounts on deposit in the Project Fund, less the amount of the requested disbursement from the Project Fund, is at least equal to the then-Outstanding principal amount of the Bonds.

Borrower Required to Pay Costs in Event Project Fund Insufficient

If money in the Project Fund is not sufficient to pay all costs of the Project, the Borrower will complete the Project in accordance with the Plans and Specifications and shall pay all such additional costs from its own funds. The Borrower shall pay all Costs of Issuance of the Bonds in excess of the amount permitted by the Loan Agreement. The Borrower shall not be entitled to any reimbursement for any such additional costs or payment of Costs of Issuance from the Issuer, the Trustee or any Holder; nor shall it be entitled to any abatement, diminution or postponement of any Loan Payments or other amounts to be paid under the Loan Agreement.

Completion Date

The Borrower shall notify the Issuer and the Trustee of the Completion Date by the delivery of a Completion Certificate signed by the Authorized Borrower Representative substantially in the form of an exhibit C attached to the Loan Agreement. The Completion Certificate shall be delivered as promptly as practicable, but no more than 30 days after the occurrence of the events and conditions referred to in paragraphs (a), (b) and (d) of the Completion Certificate and an accountant's determination has been made that the representation in the Loan Agreement is true and correct.

Loan Repayment; Delivery of Note

In consideration of and in repayment of the Loan, the Borrower shall deliver or cause to be delivered to the Trustee at least one Business Day before each Bond Payment Date, Loan Payments equal to the amount necessary to pay Bond Service Charges due on the next Bond Payment Date. All such Loan Payments shall be paid to the Trustee in accordance with the terms of the Note for the account of the Issuer and shall be held and disbursed in accordance with the provisions of the Indenture and the Loan Agreement.

The Borrower shall be entitled to a credit against the Loan Payments required to be made with respect to the Bonds on any date equal to the available money in the Bond Fund for the payment of Bond Service Charges on that date.

To secure the Borrower's performance of its obligations under the Loan Agreement, the Borrower shall execute and deliver, concurrently with the issuance and delivery of the Bonds, the Note, the Bond Mortgage and the Regulatory Agreement. The Borrower has, concurrently with or before the execution and delivery of the Bonds, executed and delivered and will cause to be recorded in the official records of Sumter County, South Carolina, the Regulatory Agreement and the Bond Mortgage.

The Note shall secure equally and ratably all Outstanding Bonds, except that, so long as no Event of Default has occurred and is continuing hereunder, payments by the Borrower on the Note shall be used by the Trustee to make a like payment of Bond Service Charges and shall constitute Loan Payments.

Upon payment in full, in accordance with the Indenture, of the Bond Service Charges on the Bonds, whether at maturity or otherwise, or upon provision for the payment thereof having been made in accordance with the provisions of the Indenture, (a) the Note shall be deemed fully paid, the obligations of the Borrower thereunder shall be terminated, and the Note shall be surrendered by the Trustee to the Borrower, and shall be cancelled by the Borrower or (b) an appropriate notation shall be endorsed thereon evidencing the date and amount of the principal payment (or prepayment) equal to the Bonds so paid, or with respect to which provision for payment has been made, and that Note shall be surrendered by the Trustee to the Borrower for cancellation if all Bonds shall have been paid (or provision made therefor) and cancelled as aforesaid. Unless the Borrower is entitled to a credit under express terms of the Loan Agreement or the Note, all payments on the Note shall be in the full amount required thereunder.

Borrower's Obligations Upon Tender of Bonds

If the Bonds are not remarketed on any Mandatory Tender Date and a sufficient amount is not available in the Special Funds for the purpose of paying the redemption price of such Bonds as provided in the Indenture, the Borrower will cause to be paid to the Trustee by the applicable Mandatory Tender Date, an amount equal to the amount by which the redemption price of the Bonds exceeds the amount otherwise available pursuant to the Indenture.

Option to Terminate

The Borrower shall have the option to cancel or terminate the Loan Agreement at any time when (a) the Indenture shall have been released in accordance with its provisions, and (b) sufficient money or security acceptable to the Issuer and the Trustee are on deposit with the Trustee or the Issuer, or both, to meet all Loan Payments and Additional Payments due or to become due through the date on which the last of the Bonds is then scheduled to be retired or redeemed, or, with respect to Additional Payments to become due, provisions satisfactory to the Trustee and the Issuer are made for paying such amounts as they come due. Such option shall be exercised by the Authorized Borrower Representative, on behalf of the Borrower, giving the Issuer and the Trustee five days' notice in writing of such cancellation or termination and such cancellation or termination shall become effective at the end of such notice period. The provisions of the Loan Agreement shall not be deemed to permit a prepayment of the Note other than in accordance with its terms.

Events of Default

Each of the following shall be an Event of Default under the Loan Agreement:

(a) The Borrower shall fail to pay any Loan Payment on or prior to the date on which that Loan Payment is due and payable to the extent Borrower receives ten (10) days prior written notice that amounts on deposit in the Bond Fund, including amounts transferred from the Collateral Fund and the Project Fund, are insufficient to pay the Bond Service Charges due on the next Bond Payment Date;

(b) The Borrower shall fail to observe and perform any other agreement, term or condition contained in the Loan Agreement or any other Financing Document and the continuation of such failure for a period of 30 days after written notice thereof shall have been given to the Borrower, the State Limited Partner and the Investor Limited Partner by the Issuer or the Trustee, or for such longer period as the Issuer and the Trustee may agree to in writing; provided, that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, that failure shall not constitute an Event of Default so long as the Borrower institutes curative action within the applicable period and diligently pursues that action to completion, which must be resolved within 180 days after the aforementioned notice;

(c) The Borrower shall: (i) admit in writing its inability to pay its debts generally as they become due; (ii) have an order for relief entered in any case commenced by or against it under the federal bankruptcy laws, as now or hereafter in effect, which is not dismissed within 90 days; (iii) commence a proceeding under any other federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for 90 days; (iv) make an assignment for the benefit of creditors; or (v) have a receiver or trustee appointed for it or for the whole or any substantial part of its property which appointment is not vacated within a period of 90 days;

(d) Any representation or warranty made by the Borrower herein or any statement in any report, certificate, financial statement or other instrument furnished in connection with the Loan Agreement or with the purchase of the Bonds shall at any time prove to have been false or misleading in any adverse material respect when made or given; and

(e) There shall occur an “Event of Default” (as defined in the Indenture) by the Borrower or an event of default beyond applicable notice and cure periods under the Regulatory Agreement.

Notwithstanding the foregoing, if, by reason of Force Majeure, the Borrower is unable to perform or observe any agreement, term or condition hereof which would give rise to an Event of Default under subsection (b) hereof, the Borrower shall not be deemed in default during the continuance of such inability. However, the Borrower shall promptly give notice to the Trustee and the Issuer of the existence of an event of Force Majeure and shall use commercially reasonable efforts to remove the effects thereof; provided that the settlement of strikes or other industrial disturbances shall be entirely within its discretion.

The term “Force Majeure” shall mean, without limitation, the following:

(i) acts of God; strikes, lockouts or other industrial disturbances; acts of terrorism or of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornados; storms; droughts; floods; arrests; restraint of Government and people; explosions; breakage, malfunction or accident to facilities, machinery, transmission pipes or canals; partial or entire failure of utilities; shortages of labor, materials, supplies or transportation; or

(ii) any cause, circumstance or event not reasonably within the control of the Borrower.

The declaration of an Event of Default under subsection (c) above, and the exercise of remedies upon any such declaration, shall be subject to any applicable limitations of federal bankruptcy law affecting or precluding that declaration or exercise during the pendency of or immediately following any bankruptcy, liquidation or reorganization proceedings.

Remedies on Default

Whenever an Event of Default shall have happened and be subsisting, any one or more of the following remedial steps may be taken:

(a) If acceleration of the principal amount of the Bonds has been declared pursuant to the Indenture, the Trustee shall declare all Loan Payments to be due and payable together with any other amounts payable by the Borrower under the Loan Agreement and the Note, whereupon the same shall become immediately due and payable;

(b) The Trustee may exercise any or all or any combination of the remedies specified in the Loan Agreement or any other Financing Document; provided, however, that no remedy may be exercised under the Bond Mortgage unless the funds constituting the Trust Estate are insufficient to pay the principal and interest due on the Bonds;

(c) The Issuer or the Trustee may have access to, inspect, examine and make copies of the books, records, accounts and financial data of the Borrower pertaining to the Project; or

(d) The Issuer or the Trustee may pursue all remedies now or hereafter existing at law or in equity to collect all amounts then due and thereafter to become due under the Loan Agreement and the Regulatory Agreement and the Note or to enforce the performance and observance of any other obligation or agreement of the Borrower under those instruments.

Notwithstanding the foregoing, neither the Issuer nor the Trustee shall be obligated to take any step which in its opinion will or might cause it to expend time or money or otherwise incur liability unless and until a satisfactory indemnity bond has been furnished to the Issuer or the Trustee at no cost or expense to the Issuer or the Trustee. Any amounts collected as Loan Payments or applicable to Loan Payments and any other amounts which would be applicable to payment of Bond Service Charges collected pursuant to action taken under the Loan Agreement shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if the Outstanding Bonds have been paid and discharged in accordance with the provisions of the Indenture, shall be paid as provided in the Indenture for transfers of remaining amounts in the Bond Fund.

The provisions of the Loan Agreement are subject to the further limitation that the rescission by the Trustee of its declaration that all of the Bonds are immediately due and payable also shall constitute an annulment of any corresponding declaration made pursuant to the Loan Agreement and a waiver and rescission of the consequences of that declaration and of the Event of Default with respect to which that declaration has been made, provided that no such waiver or rescission shall extend to or affect any subsequent or other default or impair any right consequent thereon.

No Remedy Exclusive

No remedy conferred upon or reserved to the Issuer or the Trustee by the Loan Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Loan Agreement, the Regulatory Agreement or the Note, or now or hereafter existing at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair that right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in the Indenture, it shall not be necessary to give any notice, other than any notice required by law or for which express provision is made herein.

No Waiver

No failure by the Issuer or the Trustee to insist upon the strict performance by the Borrower of any provision hereof shall constitute a waiver of their right to strict performance and no express waiver shall be deemed to apply to any other existing or subsequent right to remedy the failure by the Borrower to observe or comply with any provision of the Loan Agreement.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT

The following is a summary of certain provisions of the Agreement as to Restrictive Covenants (the “Regulatory Agreement”). The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Regulatory Agreement, a copy of which is on file with the Trustee. Capitalized terms used herein but not otherwise defined shall have those meanings set forth in the Regulatory Agreement.

Provision of Rental Housing

The Borrower agrees to provide and operate the Project for the purpose of providing housing for rental to members of the general public. This provision does not apply to any unit designated for occupancy by a resident manager or maintenance personnel employed by the Borrower.

The Borrower and the Owner hereby declare that the Project, including the Land, and every part thereof is and shall be owned (legally and beneficially), leased, or otherwise conveyed, transferred, developed, constructed, improved, built upon, occupied, or otherwise used, subject to the covenants and restrictions set forth herein (collectively, the “Covenants”).

Binding Upon the Project

The Borrower and the Owner acknowledge that the Regulatory Agreement is for the benefit of the Project and is in the nature of a covenant that runs with the Land and every part thereof so as to be binding upon it and all property owners, tenants, licensees, occupants, and their successors in interests with respect to the Land throughout the term specified in the Regulatory Agreement. The Borrower agrees to take such steps as are requested of it by the Authority to assure the intent of the Loan Agreement, including, without limitation, the execution and recording of any instruments requested of it by the Authority and the inclusion of references hereto in any contract of sale or conveyance of the Project or any interest therein or management thereof.

Survival

Subject to the Regulatory Agreement, the Covenants of the Borrower and the Owner set forth herein shall survive a sale, transfer, or other disposition of the Project, including the Land, by the Borrower or the Owner or the repayment of the Loan given by the Authority to the Borrower from any portion of the proceeds of the Bonds, but shall cease to apply to the Project, including the Land, in the event of involuntary noncompliance caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in federal law, or an action of a federal agency which prevents the Authority from enforcing the requirements herein, even though compensated by insurance, provided that the portion of the Bonds providing financing for the Project are retired within a reasonable period after such involuntary loss or substantial destruction. The Covenants of the Borrower and the Owner, however, shall survive a foreclosure, transfer of title by deed in lieu of foreclosure, or similar event if (as provided in Section 142(d)(2)(A) of the Code), at any time during the period beginning on the first day on which ten percent (10%) of the residential units in the Project are occupied and ending on the latest of (i) the date which is 15 years after the date on which fifty percent (50%) of the residential units in the Project are occupied; or (ii) the first day on which no tax-exempt private activity bond 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 (the “Housing Act of 1937”) terminates (the “Qualified Project Period”), the

Borrower or a “related person” (within the meaning of Section 147(a)(2) of the Code) obtains an ownership interest in the Project.

The Project

The Project shall consist of the Land and all improvements thereon and the rehabilitation to the facilities described in the initial recital of the Regulatory Agreement.

(a) Components of the Project. The Project will consist of an apartment complex, consisting of a building or structure or several proximate and interrelated buildings or structures and facilities functionally related and subordinated thereto and:

(i) each containing one or more similarly constructed units, having separate and complete facilities for living, sleeping, eating, cooking, and sanitation for a single person or a family, and facilities which are functionally related and subordinate to such units; and

(ii) all of the units of which will, on a continuous basis, be rented or available on a non-transient basis for rental to members of the general public.

(b) Rehabilitation and Completion. The Borrower will use the proceeds of the Loan related to the Project to rehabilitate and equip the Project. The proceeds of the Loan are expected to be expended for the cost of rehabilitation of and equipping the Project not later than January 1, 2029.

(c) Change of Project. The Borrower will make no material change in the nature, size (including number of units), or location of the Project from that which was described in a Notice of Public Hearing published on June 30, 2025, without the consent of the Authority.

Rental Procedures

(a) Applications. The Borrower shall require all applicants for rental of any unit in the Project to provide information on forms approved by the Authority as to the aggregate gross income of all of the occupants of such unit. The Borrower shall adopt procedures specified or approved by the Authority to verify the accuracy of the information contained on such applications. Applications shall be required of any occupant upon the conclusion of the maximum lease term permitted hereunder, as if such occupant were a new tenant.

(b) Rental to Members of the Beneficiary Class; Suitability for Occupancy.

(i) So long as any of the Bonds are unpaid, one hundred percent (100%) of the units within the Project shall be leased and rented to persons or families within the Beneficiary Class (“Qualified Tenants”). From time to time the Authority shall advise the Borrower in writing of the qualifications for such Beneficiary Class. In the event a unit is rented to a Qualified Tenant, such person shall be deemed to remain a Qualified Tenant throughout the maximum term of lease provided herein notwithstanding any changes in qualifications or income of such person. This provision does not apply to any unit designated for occupancy by a resident manager, or maintenance personnel employed by the Borrower.

(ii) The Borrower covenants and agrees that during the term of these Covenants each unit within the Project will remain suitable for occupancy and will be used other than on a transient basis.

(c) Low or Moderate Income Occupancy Requirement.

(i) At least forty percent (40%) of the completed dwelling units in the Project shall be occupied continuously during the longer of (A) the remaining term of any Bonds or (B) the Qualified Project Period by individuals or families (“Federal Low Income Tenants”) whose total aggregate income at the time of initial occupancy does not exceed sixty percent (60%) of the Area Median Gross Income (“Federal Income Test”), and the Borrower and the Authority hereby elect to apply the provisions of Section 142(d)(1)(B) of the Code to the Project. “Area Median Gross Income” means the median income in the geographic area in which the Project is located, as determined annually by the Secretary of the Treasury of the United States of America in a manner consistent with the Housing Act of 1937 (or, if programs under Section 8 of the Housing Act of 1937 are terminated, under such program in effect immediately before such termination) (1) with appropriate adjustments to income level made for family size, all as provided in Section 142(d)(2)(B) of the Code and (2) as otherwise determined in accordance with Section 142(d)(2)(E) of the Code.

(ii) A residential unit will not fail to be treated as occupied by a Federal Low Income Tenant merely because it is occupied (1) by an individual who is (A) a student receiving assistance under Title IV of the Social Security Act, or (B) enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar federal, state, or local laws, or (2) entirely by full-time students if such students are (A) single parents and their children and such parents and children are not dependents (as defined in Section 152 of the Code, determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof) of another individual, or (B) married and file a joint return.

(iii) A unit occupied by an individual or family who, at the commencement of the occupancy, was a Federal Low Income Tenant shall be treated as occupied by Federal Low Income Tenants during such individual’s or family’s tenancy in such unit, even though the individual or family subsequently ceases to meet the Federal Income Test. The preceding sentence shall cease to apply to any tenant(s) whose income as of the most recent annual determination under Section 142(d)(3)(A) of the Code exceeds 140% of the Federal Income Test if, after such determination, but before the next determination, any residential unit of comparable or smaller size in the Project or, in the case that the Project is allowed the credit under Section 42 of the Code, in the same building (within the meaning of such Section 42 of the Code) is occupied by a new resident whose income exceeds the Federal Income Test. In addition, a vacant unit shall be treated as occupied by a Federal Low Income Tenant until re-occupied, other than for a temporary period, by another occupant, at which time the character of the unit shall be re-determined by the new occupant’s income. In no event shall a temporary period exceed 31 days. In order to comply with the provisions in the Loan Agreement, it is understood that it may become necessary to hold a unit vacant until it can be re-occupied by a Federal Low Income Tenant.

(iv) Notwithstanding the forgoing, at the conclusion of the maximum term provided for in paragraph (e) of the Regulatory Agreement, a person who continues to qualify as a Federal Low Income Tenant but who is not a member of the Beneficiary Class will not be a Qualified Tenant entitled to rent a unit in the Project.

(d) Provisions in Leases.

(i) Every agreement pursuant to which any unit is leased or is to be occupied shall contain a requirement that the tenant notify the Borrower of any change in the number of persons occupying such unit.

(ii) Every agreement pursuant to which any unit is leased to or occupied by a person or family of low to moderate income shall contain additional provisions substantially as follows:

(1) The unit covered hereby shall not be subleased nor shall the lease be assigned. This lease shall be subject to termination in accordance with applicable laws of the State of South Carolina (the "State").

(2) The tenant acknowledges that occupancy of the unit is restricted to persons or families who at the time of initial occupancy are of low or moderate income. In the event the tenant is discovered not to have met such limitation at the date of initial occupancy, the lease shall be terminated by the landlord or the Authority in accordance with applicable State law. The Tenant agrees to provide the landlord and, upon written request, the Authority with a statement of current income at least annually and to provide such evidence as may be deemed necessary and appropriate to document such statement of income.

(e) Term of Leases. The Borrower agrees that no unit shall be rented or leased for a term in excess of three years from the date of initial occupancy by a tenant who is a member of the Beneficiary Class or one year from the date of initial occupancy by any Non-Qualified Tenant (as hereinafter defined).

(f) Rental to Non-Qualified Tenants. In the event a unit is vacant, has remained so for a period of 30 days, and no Qualified Tenant has applied to lease such unit at the prices established by the Borrower, the Borrower may lease such unit to a person who is not in either Beneficiary Class or a Federal Low Income Tenant ("Non-Qualified Tenant"); provided that the term of such lease shall be for the one-year term specified in paragraph (e) of the Regulatory Agreement or, if less, the minimum term then being offered by the Borrower to other tenants; and provided further that at the conclusion of such term the Non-Qualified Tenant agrees to vacate the unit if there are any members of the Beneficiary Class on the Project's waiting list who are able, within a reasonable time, to occupy the unit. This provision shall be applicable only to units held for rental by members of the Beneficiary Class who are not Federal Low Income Tenants and shall not be construed so as to excuse the Borrower from meeting the requirement of paragraph (c) of the Regulatory Agreement with respect to Federal Low Income Tenants at all times.

(g) Certification of Income. As a condition of occupancy, each Federal Low Income Tenant shall be required to sign and deliver to the Borrower a Certification of Adjusted Income, in the form provided by the Authority, and the Borrower shall, promptly upon receipt (or within five business days thereafter), file a copy of such certification with the Authority. Such tenant shall also be required to provide whatever other information, documents, or certifications are deemed necessary by the Borrower or the Authority to substantiate the certification. All certifications of adjusted income with respect to each Federal Low Income Tenant in the Project during the immediately preceding calendar year shall be maintained on file at the main business office of the Project.

(h) Marketing - Waiting Lists. The Borrower agrees to take reasonable steps to notify the public that units in the Project are available for Qualified Tenants and to maintain a waiting list of applicants who are Qualified Tenants for the purpose of ensuring maximum occupancy of the Project by Qualified Tenants.

(i) No Partial Disposition. The Borrower and the Owner covenant that each will not dispose of any portion of any Project building to any person unless all of such Project building is disposed of to the same person at the same time.

(j) Certain Fees. In and by the terms of the Loan Agreement, the Borrower is obligated to pay to the Authority an Issuer's Annual Fee. The obligation to pay such Issuer's Annual Fee shall remain in effect as long as these Covenants remain in effect notwithstanding a discharge of the Bonds or termination of the Loan Agreement.

Record Keeping, Reporting and Inspection

(a) The Borrower covenants that it will maintain records at the Project regarding compliance with these Covenants and will file or cause to be filed all reports required to be filed by the owner and operator of the Project under the Code and the Regulations, including, without limitation, Section 142(d)(7) of the Code. Such records shall be maintained in the format prescribed by the Authority and shall contain such information as to the occupants of the units designated for Federal Low Income Tenants as may be necessary to determine compliance with the provisions of the Code as well as compliance with the Act. The Borrower acknowledges that failure to file such certification with the Secretary of the Treasury shall subject the Borrower to penalty, as provided by the Code.

(b) The Authority shall be permitted to inspect such records and the Project at all reasonable times. Such inspection shall be for the purpose of verifying the accuracy of such records and the reports made to the Authority and for compliance herewith.

(c) The Borrower shall report to the Authority monthly with the information about the Project, its occupants, and the income of its occupants, as necessary, to enable the Authority to monitor compliance with these Covenants, including without limitation, compliance with Section 142(d) of the Code, as well as compliance with the Act. Such reports shall be in such form as is prescribed by the Authority. The Borrower agrees that the Authority may contact any tenant in the Project for the purpose of verifying the accuracy of such records.

(d) At the time of any proposed rent increase pursuant to the Regulatory Agreement, the Borrower shall furnish financial records to the Authority containing information on revenues and expenditures of the Project, including information relating to the effect of such increase, in such form as the Authority may reasonably require. The Borrower shall provide the Authority an annual financial report as to the Borrower containing a balance sheet and a statement of income and expenses, all prepared in conformity with generally accepted accounting principles.

Default; Corrective Action

In the event the Authority detects noncompliance with the Regulatory Agreement and the Borrower or the manager of the Project does not immediately upon notification by the Authority take steps to correct such noncompliance, the Authority may terminate, in accordance with applicable State law, any lease resulting in such noncompliance and require the Borrower or its manager to relet or arrange for the releasing of any dwelling unit necessary to re-establish compliance herewith.

Rents and Other Charges

(a) The maximum monthly rental payable by a Qualified Tenant (taking into consideration rental assistance, if any, for such Qualified Tenant) for any unit required to be occupied by Federal Low Income Tenants shall not exceed the maximum monthly rent permitted to be charged pursuant to Section 42 of the Code for a rental unit containing the same number of bedrooms.

(b) At or before the execution hereof, the Borrower shall provide the Authority with a schedule of the rents expected to be charged for each unit in the Project to be occupied by the Federal Low Income Tenants. The Borrower may thereafter change the schedule of rents from time to time only upon giving not less than 30 days written notice to the Authority accompanied by a certification that rents per unit under the proposed rent schedule will not exceed the maximum amounts provided for in these Covenants and that all statements contained in the notification are true and correct.

(c) The rental charged to any particular tenant or the occupants of any unit shall not be changed during the term of any lease thereof (treating each extension as a separate lease) unless the unit covered by any particular lease is vacated during the term thereof.

Management Agreements

(a) In the event that the Borrower enters into any agreement for the management of the Project (the "Manager"), such agreement shall contain provisions authorizing the termination thereof and removal of the Manager at the direction of the Authority solely for cause; cause shall be deemed to exist upon the Authority's determination in writing of the failure of such Manager to comply with any material provision hereof. The Authority shall provide the Borrower written notice of its intention to remove the Manager and its reasons for removing the Manager at least 30 days prior to exercising its removal rights under the Regulatory Agreement. Upon receipt of such notification and subsequent removal of the Manager, the Borrower shall make arrangements satisfactory to the Authority in its discretion, for the continuing proper management of the Project.

(b) The Borrower shall give the Authority at least 10 days' advance notice of the identity of any proposed replacement Manager and shall obtain the Authority's prior written consent to the new Manager, which consent shall not unreasonably be withheld, conditioned, or delayed. If the Borrower fails to hire an approved replacement Manager within 30 days of the termination, the Authority shall have the right to contract with a replacement Manager on behalf of the Borrower and shall notify the Borrower of the identity of the replacement manager. The Authority shall have no liability for the selection or failure to select a replacement Manager under the Regulatory Agreement.

(c) Within 10 business days after the termination of the Manager's right to manage the Project, the Manager shall account to the Borrower with respect to all matters outstanding as of the date of termination and shall turn over to the Borrower or a successor Manager approved by the Authority all records, documents, or other instruments, waiting lists, and all other files and papers in its possession pertaining to the Manager's management of the Project.

(d) Any subsequent Manager shall be subject to the terms of the Regulatory Agreement.

Duration and Modification

(a) **Duration.** Unless terminated sooner pursuant to the Regulatory Agreement, these Covenants shall continue and remain in full force and effect at all times with respect to the Project, including the Land and each part hereof, during the longer of (i) the remaining term of the Bonds or (ii) the Qualified Project Period.

(b) **Early Termination.** The requirements of these Covenants shall cease to apply to the Project in the event of involuntary noncompliance caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law, or an action of a federal agency after the date of issue of the Bonds which prevents the Authority from enforcing the Regulations or these Covenants, or condemnation or similar event but only if, within a reasonable period, the Bonds issued with respect to the Project are retired or the amounts received as a consequence of such event are used to provide a project which meets the requirements of Section 1.103-8(b)(6)(iii)(a) of the Regulations. The termination provision of the first sentence of the Regulatory Agreement shall cease to apply in the event of foreclosure, transfer of title by deed in lieu of foreclosure, or similar event, if, at any time during that part of the Qualified Project Period subsequent to such event, the Borrower or other “obligor on the acquired purpose obligation” (within the meaning of Section 1.103-13(b)(iv)(4)(A) of the Regulations) or a “related person” (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for tax purposes.

(c) **Modification or Release.** Upon payment in full of the Bonds issued with respect to the Project and upon expiration of the Qualified Project Period, and expiration of the term of these covenants under the Regulatory Agreement, the Authority shall execute an instrument in recordable form to such effect, as evidence of termination of the Regulatory Agreement. Otherwise, these Covenants may only be waived, modified, amended, altered, or released by an instrument in writing executed by the Authority.

Special Tax Covenants

(a) It is the intention of the Borrower and the Authority that interest on the Bonds shall be and remain excluded from gross income for federal income tax purposes, and to that end the covenants and agreements of the Borrower in the Regulatory Agreement are for the benefit of each and every owner of a Bond. The Borrower and the Authority each covenants that it will comply with its respective requirements contained in the Tax Certificate (as defined in the Indenture). Without limiting the foregoing and notwithstanding anything to the contrary in the Regulatory Agreement, the Borrower will not take, or permit to be taken on its behalf, any action which would cause interest on the Bonds to be included in gross income for federal income tax purposes and will take such reasonable action as may be necessary to continue such exclusion from gross income, including:

(i) the Borrower will not use the proceeds of the Bonds, or any other funds which may be deemed to be proceeds of the Bonds pursuant to Section 148 of the Code, which will cause the Bonds to be “arbitrage bonds” within the meaning of such section, and will comply with the requirements of such section throughout the term of the Bonds; and

(ii) the Borrower will pay to the United States any amount required to be paid by the Authority or the Borrower pursuant to Section 148(f) of the Code, at the times, in

the amounts and at the places required in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

(b) The Borrower agrees to and will prepare and file, at the Borrower's expense, any statements required to be filed by it in order to maintain such exclusion and upon Borrower's written request, the Authority will cooperate with the Borrower as required by law (in Bond Counsel's opinion) in the preparation of, execution of, or filing of, as applicable, any statements required to be so prepared, executed, or filed by the Authority in order to maintain such exclusion, all at the Borrower's expense. The Authority shall be entitled to indemnification and reimbursement from the Borrower with respect to performance of any of its obligations or discretionary actions under the Regulatory Agreement.

(c) In the event the Borrower fails to take any action necessary to continue the exclusion from gross income on the Bonds (including any actions described above) or takes and refuses to timely remedy any action which may trigger such inclusion (all in Bond Counsel's opinion), the Authority shall have the right, in its sole and absolute discretion, but shall be under no duty whatsoever, to take and direct any actions necessary or desirable to continue such exclusion from gross income, all at the Borrower's expense.

(d) The Borrower agrees it will file or record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Authority, the Borrower, and the Trustee, in order to ensure that the requirements and restrictions of the Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of the Regulatory Agreement in the real property records of the county in which the Project is located.

(e) The Borrower shall notify the Trustee and the Authority of the occurrence of any event of which the Borrower has notice and which event, to the knowledge of the Borrower, would cause the interest on the Bonds to become subject to federal income taxation.

Legal Action Upon Violation

Violation of any of these Covenants may be enjoined, abated, restrained, or otherwise remedied by appropriate legal or equitable proceedings. Any individual who qualifies as a Federal Low Income Tenant (or otherwise qualify for the occupancy of low income units) (whether prospective, present, or former occupant) shall be entitled, for the breach of the provisions in the Regulatory Agreement, and in addition to all other remedies provided by law or equity, to enforce specific performance by the Borrower of its obligations under the Regulatory Agreement in a court of competent jurisdiction. In the event of proceedings brought by any party or parties to enforce or restrain violation of any of these Covenants, or to determine the rights or duties of any person hereunder, the prevailing party in such proceedings may recover reasonable attorney's fees to be fixed by the court, in addition to court costs and any other relief awarded by the court in such proceedings. However, enforcement of these Covenants shall not result in any claim against the mortgaged property, the proceeds of the Loan, any reserve or deposit made with the Trustee or any other person or entity in connection with the Loan, or against the rents or other income or revenues from the Project, the Project, or any assets, income, or other property of the Borrower or any of its members.

Enforceability

The Covenants shall bind the Borrower and the Owner and their successors and assigns, and shall inure to the benefit of and be enforceable by the Authority and its successors and assigns. The failure of the Authority to enforce any of the Covenants shall not be deemed a waiver of the right to enforce the same

thereafter. There shall be no waiver, modification, amendment, alteration, or release of any of the Covenants except in accordance with the Regulatory Agreement. The Borrower, the Owner, and the Authority each acknowledge that a primary purpose for requiring compliance by the Borrower with the Regulatory Agreement is to preserve the excludability from gross income for federal income tax purposes of interest on the Bonds, and that the Trustee, on behalf of the holders of the Bonds, who are declared to be third party beneficiaries of the Regulatory Agreement, shall upon any breach of the provisions in the Regulatory Agreement, be entitled to exercise the remedies available in the Regulatory Agreement.

Grantee's Covenants

Each grantee accepting a deed, lease, or other instrument conveying any interest in the Project, including the Land, whether or not the same incorporates or refers to the Regulatory Agreement, covenants for himself, his heirs, successors, and assigns to observe, perform, and be bound by the Covenants and to incorporate the same by reference in any instrument of conveyance; provided, however, that the covenant shall not bind a grantee upon involuntary conveyance (including, but not limited to, a deed in lieu of foreclosure) of the Land or Project.

Certain Transferees Not Bound

Any person who acquires the Project, including the Land, or any part thereof as a consequence of a foreclosure of the Loan or after a deed in lieu of foreclosure, or after an early termination as described in the Regulatory Agreement shall take free and clear of the Covenants, all as provided therein.

Change in Regulations

The Borrower acknowledges that the Regulatory Agreement is based upon the Code and Regulations as they exist on the date hereof and that the Code or Regulations may be subsequently modified or interpreted by the federal government in a manner which is inconsistent with the Covenants set forth herein. The Borrower and the Owner agree to comply with any additional covenant and restriction which the Authority believes upon the written advice of counsel furnished to the Borrower, the Owner, and the Authority is necessary to maintain the tax-exempt status of the interest on the Bonds and which is communicated in writing to the Borrower, even though such covenant or restriction is not a part of the Regulatory Agreement as originally executed; provided, however, that if counsel for the Borrower or the Owner disagrees with the advice of counsel for the Authority, the Borrower and the Owner shall each have the right at its own expense to proceed with obtaining a favorable ruling from the Internal Revenue Service or such court interpretation which the Borrower or the Owner deem advisable and in its best interest and the Authority agrees to cooperate with the Borrower and the Owner in this regard, so long as the Borrower bears the Authority's expense in obtaining such ruling or interpretation. In such event, such additional covenant or restriction shall be considered a material part of the Regulatory Agreement as if it had been originally included herein.

Recording of Agreement

The Borrower shall cause the Regulatory Agreement, and all amendments and supplements hereto, to be recorded and filed in the conveyance and real property records of the county in which the Project is located and in such other place as the Authority may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording.

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

Upon the issuance of the Bonds, Parker Poe Adams & Bernstein LLP, Bond Counsel for the Issuer, proposes to issue an opinion in substantially the following form:

April __, 2026

Board of Commissioners
South Carolina State Housing
Finance and Development Authority
Columbia, South Carolina

U.S. Bank Trust Company, National Association
Nashville, Tennessee

Berkadia Commercial Mortgage LLC
Amber, Pennsylvania

Re:

\$8,697,000*

***South Carolina State Housing Finance and Development Authority
Multifamily Housing Revenue Bonds
(Pickens Gardens Apartments Project) Series 2026***

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the South Carolina State Housing Finance and Development Authority, as issuer and governmental lender (“Issuer”), of its \$8,697,000* Multifamily Housing Revenue Bonds (Pickens Gardens Apartments Project) Series 2026 (“Bond”).

The Bond is issued under and pursuant to Title 31, Chapter 13 of the Code of Laws of South Carolina 1976, as amended (“Act”) and Act 369 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina 1986. The Bond is being issued under Trust Indenture, dated as of April 1, 2026 (“Trust Indenture”), among the Issuer, and U.S. Bank Trust Company, National Association, a national banking corporation, as trustee (“Trustee”). Capitalized terms not defined herein shall have the same meaning as set forth in the Trust Indenture.

The Bond is issued as a single certificate registered in the name of the initial purchaser thereof, in the aggregate principal amount of \$8,697,000* and is dated April __, 2026. The Bond bears interest from the date thereof payable in accordance with terms provided therein. The Bond matures on October 1, 2028*. The Bond is subject to redemption upon the terms and conditions and at the price set forth therein. The Bond is also subject to mandatory tender upon the terms and conditions set forth therein.

The Bond is being issued for the primary purpose of providing funds for the making of a mortgage loan (“Loan”) from the Issuer to DGA Pickens 2 LP (“Borrower”), pursuant to that certain Loan Agreement, dated as of April 1, 2026 (“Loan Agreement”), between the Issuer and the Borrower, for the acquisition and rehabilitation of a residential rental apartment development and installation of related fixtures, equipment, furnishings and site improvements known as the Pickens Gardens Apartments located in the City of Pickens, Pickens County, South Carolina.

* Preliminary; subject to change.

In connection with the foregoing, we have examined (i) the Constitution, the Act and other relevant statutes of the State of South Carolina (“State”); (ii) certified copies of the proceedings of the Board of Commissioners of the Issuer authorizing the issuance of the Bond on October 15, 2025 (“Resolution”); (iii) certified copies of the proceedings of the State Fiscal Accountability Authority (“Authority”) relating to the Bond, including a resolution adopted by the Authority on _____, 20___; (iv) the Loan Agreement; (v) the Trust Indenture; (vi) a form of an Agreement as to Restrictive Covenants, dated April ___, 2026 (“Regulatory Agreement”), among the Issuer, FAH Holdings – Pickens Gardens, LLC, as owner, and the Borrower; (vii) the Tax Certificate, dated April ___, 2026 (“Tax Agreement”), among the Issuer, the Borrower and the Trustee (collectively, the Resolution, the Trust Indenture, the Loan Agreement, the Regulatory Agreement and the Tax Agreement are referred to herein as “Bond Documents”); and (viii) such other records and documents as we have considered necessary or appropriate in rendering the following opinions. We have also examined the fully executed Bond.

As to questions of fact material to the opinions hereinafter expressed, we have relied upon representations of the Issuer and the Borrower contained in the Bond Documents, the certified proceedings and other certifications of representatives of the Issuer and others furnished to us, including certifications furnished to us by or on behalf of the Issuer and the Borrower, without undertaking to verify the same by independent investigation. We have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing upon such public records, certifications, and documents and proceedings.

In giving the opinions hereinafter expressed, we do not purport to be experts in or generally familiar with or qualified to express legal opinions based on the laws of any jurisdiction other than the federal laws of the United States of America and the laws of the State, and such opinions are limited to the federal laws of the United States of America and the laws of the State.

Based upon the foregoing, it is our opinion under existing law that:

1. The Issuer is a duly created and validly existing public body corporate and politic and an agency of the State with full power and authority to issue the Bond, to make the Loan with the proceeds of the Bond, and to perform all of its obligations under the Bond Documents.

2. The Issuer has the right, power and authority under the Act to adopt the Resolution and execute the Bond Documents and each has been duly and lawfully executed and delivered by the Issuer, is in full force and effect, and is a valid agreement of the Issuer and enforceable in accordance with its terms. The Trust Indenture and Loan Agreement each recite that to the extent there is any inconsistency or ambiguity between the provisions of the Trust Indenture or the Loan Agreement and the provisions of the Controlling HUD Requirements or the Mortgage Loan Documents, the Controlling HUD Requirements and Mortgage Loan Documents will be deemed to control and any such ambiguity or inconsistency will be resolved in favor of, and pursuant to the terms of the Controlling HUD Requirements and Mortgage Loan Documents.

3. The Trust Indenture creates a valid pledge of the Trust Estate for payment of the Bond pursuant to the terms of the Trust Indenture.

4. The Bond has been duly authorized, executed and delivered and constitutes a legal valid and binding special obligation of the Issuer enforceable in accordance with its terms and the terms of the Trust Indenture. The Bond is secured in the manner and the extent prescribed by the Trust Indenture.

5. The Bond is not a debt or grant or loan of credit of the State or any political subdivision thereof and neither the State nor any political subdivision thereof is liable thereon, nor shall the Bond be payable out of any funds other than those of the Issuer pledged therefor under the Trust Indenture.

6. Interest on the Bond is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (“Code”), and is not an item of tax preference for purposes of the federal individual alternative minimum tax; provided, however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer and the Borrower comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bond in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. The Issuer and the Borrower have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bond to be includable in gross income retroactively to the date of the issuance of the Bond. We express no opinion regarding other federal tax consequences related to the ownership, or the amount, accrual or receipt of interest with respect to the Bond.

7. The Bond and the interest thereon are presently exempt from all State of South Carolina, county, municipal, school district, and all other taxes or assessments, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except for inheritance, estate and transfer taxes, but the interest on the Bond may be includable for certain franchise fees or taxes.

8. The Bond is exempt from registration under the Securities Act of 1933, as amended, and the Trust Indenture is not required to be qualified under the Trust Indenture Act of 1939, as amended.

It is understood that the enforceability of the Trust Indenture and the Bond may be subject to judicial discretion, the exercise of the sovereign police powers of the State or the constitutional powers of the United States of America and valid bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors’ rights generally.

This opinion letter is delivered solely for your benefit in connection with the issuance of the Bond and consummation of the transaction contemplated thereby and may not be used or relied on by any other person or for any other purpose without our prior written consent in each instance. Our opinions expressed herein are given as of the date hereof, and we undertake no obligation to advise you of any changes of applicable law or any other matters that may come to our attention after the date hereof that may affect our opinions expressed herein.

Very truly yours,

PARKER POE ADAMS & BERNSTEIN LLP

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

\$8,697,000*

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
MULTIFAMILY HOUSING REVENUE BONDS
(PICKENS GARDENS APARTMENTS PROJECT)
SERIES 2026**

This Continuing Disclosure Agreement, dated as of April 1, 2026 (this “Continuing Disclosure Agreement”), is executed and delivered by DGA Pickens 2 LP, a Tennessee limited partnership (the “Borrower”), and U.S. Bank Trust Company, National Association, as dissemination agent (the “Dissemination Agent”). The above-captioned bonds (the “Bonds”) are being issued pursuant to a Trust Indenture, dated as of April 1, 2026 (the “Indenture”), between the South Carolina State Housing Finance and Development Authority (the “Issuer”) and U.S. Bank Trust Company, National Association (the “Trustee”). Pursuant to the Indenture and Loan Agreement, dated as of April 1, 2026, between the Issuer and the Borrower (the “Loan Agreement”), the Dissemination Agent and the Borrower covenant and agree as follows:

Section 1. Purpose of this Continuing Disclosure Agreement. This Continuing Disclosure Agreement is being executed and delivered by the Borrower and the Dissemination Agent for the benefit of the holders of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (defined below). The Borrower and the Dissemination Agent acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Continuing Disclosure Agreement, and has no liability to any person, including any holder of the Bonds or Beneficial Owner, with respect to any such reports, notices or disclosures.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3 and 4 of this Continuing Disclosure Agreement and Exhibit A attached hereto.

“*Audited Financial Statements*” means, in the case of the Borrower, the annual audited financial statements prepared in accordance with generally accepted accounting principles, if any.

“*Beneficial Owner*” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*Disclosure Representative*” shall mean the administrator of the Project or his or her designee, or such other person as the Borrower shall designate in writing to the Dissemination Agent from time to time.

* Preliminary; subject to change.

“*Dissemination Agent*” shall mean U.S. Bank Trust Company, National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Borrower and which has filed with the Trustee a written acceptance of such designation.

“*Listed Events*” shall mean any of the events listed in Section 5(a) of this Continuing Disclosure Agreement.

“*MSRB*” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934. All documents provided to the MSRB shall be in an electronic format and accompanied by identifying information, as prescribed by the MSRB. Initially, all document submissions to the MSRB pursuant to this Continuing Disclosure Agreement shall use the MSRB’s Electronic Municipal Market Access (EMMA) system at www.emma.msrb.org.

“*Participating Underwriter*” means Stifel, Nicolaus & Company, Incorporated, and its successors and assigns.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Borrower will, or will cause the Dissemination Agent to, not later than 180 days following the end of the Borrower’s fiscal year, commencing with the fiscal year ending on December 31, 2026, provide to the MSRB an Annual Report which is consistent with the requirements described below. No later than fifteen (15) Business Days prior to said date, the Borrower will provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross reference other information, provided that the audited financial statements for the prior calendar year of the Borrower may be submitted separately from the balance of the Annual Report.

(b) If by fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent will contact the Disclosure Representative to determine if the Borrower is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent will send in a timely manner a notice to the MSRB in substantially the form attached as Exhibit B to this Continuing Disclosure Agreement.

(d) The Dissemination Agent will file a report with the Borrower and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided.

Section 4. Content of Annual Reports. The Borrower’s Annual Report will contain or incorporate by reference the financial information with respect to the Project, provided at least annually, of the type included in Exhibit A hereto. If the Borrower’s Audited Financial Statements are not available by the time the Annual Report is required to be filed, the Annual Report will contain unaudited financial statements, and the Audited Financial Statements will be filed in the same manner as the Annual Report when and if they become available.

Any or all of the items described in Exhibit A may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Borrower is an “Obligated Person” (as defined by the Rule), which have been filed with the MSRB. The Borrower will clearly identify each such other document so incorporated by reference.

Each annual report submitted hereunder shall be in readable portable document format (“PDF”) or other acceptable electronic form.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events (each, a “Listed Event”):

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulty;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulty;
- (v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) Modifications to rights of holders of the Bonds, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution or sale of property securing repayment of the Bonds, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the Borrower. For purposes of this clause (xii), any such event shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower;

(xiii) The consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an

action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or paying agent or the change of the name of a trustee or paying agent, if material;

(xv) Incurrence of a financial obligation of the Borrower, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Borrower, any of which affect security holders, if material;

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Borrower, any of which reflect financial difficulties; and

(xvii) The Project's being placed in service for purposes of qualifying the property for low-income housing tax credits. Notice of the Project's being placed in service from the Borrower to the Dissemination Agent shall be in the form attached as Exhibit D hereto. Notice of the Project being placed in service from the Dissemination Agent to the Municipal Securities Rulemaking Board shall be in the form attached as Exhibit C hereto.

For purposes of clauses (xv) and (xvi) of this Section 5(a), "financial obligation" is as contemplated by Exchange Act Release No. 34-83885; File No. S7-01-17 (the "Adopting Release").

(b) The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any potential Listed Event, pursuant to subsection (c) of this Section 5 or otherwise, provide the Disclosure Representative with notice (by email). While the Dissemination Agent is also the Trustee, the Dissemination Agent shall be deemed to have actual knowledge of those items listed in clauses (i), (iii) (solely with respect to funds held by the Trustee), (iv), (v), (vii), (viii), (ix), (x) and (xiv) above without the Dissemination Agent's having received notice of such event. While the Dissemination Agent is not also the Trustee, the Dissemination Agent shall not be deemed to have actual knowledge of any items listed in clauses (i) - (xvii) above without the Dissemination Agent having received written notice of such event. For purposes of providing notice to the Disclosure Representative, the Dissemination Agent shall assume that the unscheduled draws described in clauses (iii) and (iv) reflect financial difficulty.

(c) Whenever the Borrower obtains knowledge of the occurrence of a potential Listed Event, the Borrower shall, within five (5) Business Days of obtaining such knowledge and in any event no more than eight (8) Business Days after the occurrence of such event, determine if such event is in fact a Listed Event that is required by the Rule to be disclosed and provide the Dissemination Agent with notice and instructions pursuant to subsections (d) below.

(d) If the Borrower has determined that a Listed Event is required to be disclosed then the Borrower shall prepare a written notice describing the Listed Event and provide the same to the Dissemination Agent along with instructions to file the same pursuant to subsection (e) below.

(e) If the Dissemination Agent has been provided with a written notice describing a Listed Event pursuant to subsection (c) of this Section 5 or otherwise, and is instructed by the Borrower to report the occurrence of such Listed Event, the Dissemination Agent shall, within two (2) Business Days of its receipt of such written notice and in any event no more than ten (10)

Business Days after the occurrence of the Listed Event, file the notice with the MSRB and send a copy to the Borrower.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Continuing Disclosure Agreement (and the Dissemination Agent will agree to any amendment so requested by the Borrower unless such amendment adversely affects its rights, duties, protections, immunities, indemnities or standard of care, as determined by the Dissemination Agent) and any provision of this Continuing Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions described under paragraph (a) under “Provision of Annual Reports,” “Contents of Annual Reports” or paragraph (a) under “Reporting of Listed Events,” it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of an Obligated Person (as defined in the Rule) with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the Borrower will describe such amendment in the next Annual Report and will include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information being presented by the Borrower. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change will be given in the same manner as for a Listed Event under Section 5(f) hereof and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Default. In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Continuing Disclosure Agreement, and such failure to comply continues beyond a period of thirty (30) days following written notice to the Borrower, the Borrower or any Holder or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking, or specific performance by court order, to cause the Borrower or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement will not be deemed an Event of Default under the Indenture or the Loan Agreement, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Continuing Disclosure Agreement will be an action to compel performance.

Section 8. Beneficiaries. This Continuing Disclosure Agreement will inure solely to the benefit of the Borrower, the Dissemination Agent, the Participating Underwriter and Holders from time to time of the Bonds and will create no rights in any other person or entity.

Section 9. Reserved.

Section 10. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the Borrower shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Borrower has provided such information to the Dissemination Agent as required by this Continuing Disclosure Agreement. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify any information, disclosures or notices provided to it by the Borrower and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Dissemination Agent shall have no responsibility for the Borrower's failure to report to the Dissemination Agent a Listed Event or a duty to determine the materiality thereof. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Borrower has complied with this Continuing Disclosure Agreement. The Dissemination Agent may conclusively rely upon Certifications of the Borrower at all times.

The obligations of the Borrower under this Section 11 shall survive resignation or removal of the Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Borrower.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

Section 12. Notices. All notices, requests, demands or other communications to or upon the respective parties hereto shall be deemed to have been duly given or made when delivered personally or by mail (including electronic mail) to the party to which such notice, request, demand or other communication is required or permitted to be given or made under this Continuing Disclosure Agreement and addressed as set forth below:

If to the Borrower:

DGA Pickens 2 LP
6305 Kingston Pike
Knoxville, TN 37919
Attention: Craig Cobb
Email: CraigC@DominionDG.com

If to the Dissemination Agent:

U.S. Bank Trust Company, National Association
Atlanta Concourse 2
2 Concourse Parkway NE, Suite 800
Atlanta, GA 30328-5588
Attention: Zacchaeus Buckner
Email: zacchaeus.buckner@usbank.com

Section 13. Governing Law. This Continuing Disclosure Agreement shall be governed by the laws of the State of South Carolina.

Section 14. Termination of this Continuing Disclosure Agreement. The Borrower or the Dissemination Agent may terminate this Continuing Disclosure Agreement by giving written notice to the other party at least 30 days prior to such termination. The Dissemination Agent shall be fully discharged at the time any such termination is effective. The Borrower's and the Dissemination Agent's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Borrower shall give notice of such termination in a filing with the MSRB.

Section 15. Counterparts. This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature pages to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Continuing Disclosure Agreement to be executed by their duly authorized representatives as of the date set forth above.

DGA PICKENS 2 LP,
a Tennessee limited partnership

By: DGA Pickens 2, LLC,
a Tennessee limited liability company
Its: General Partner

By: _____
Craig Cobb
Vice President

[Signatures continue on following page]

[Dissemination Agent's Signature Page to Continuing Disclosure Agreement]

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION,**
as Dissemination Agent

By: _____
Authorized Officer

EXHIBIT A

ANNUAL REPORT

\$8,697,000*

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
MULTIFAMILY HOUSING REVENUE BONDS
(PICKENS GARDENS APARTMENTS PROJECT)
SERIES 2026**

Annual report for the period ending December 31, _____

THE PROJECT

Name of the Project:	Pickens Gardens Apartments
Address:	102 Garden Drive, Pickens, SC 29671
Number of Units:	76

INFORMATION ON THE BONDS

Original principal amount of Bonds:	
Outstanding principal amount of Bonds:	

OPERATING HISTORY OF THE PROJECT

The tables set forth below offer a summary of the operating results of the Project for fiscal year ended December 31, _____, as derived from the Borrower's audited financial statements [or unaudited financial statements].

Financial Results for Fiscal Year Ending December 31, _____	
Revenues	
Operating Expenses ¹	
Net Operating Income	
Debt Service on the Series 2026 Bonds	
Net Income (Loss)	
Debt Service Coverage Ratio	

¹ Excludes depreciation and other non-cash expenses.

Occupancy Results for Fiscal Year Ending December 31, _____	
Physical Occupancy	%
Economic Occupancy ¹	%

¹ The physical occupancy rate is the proportion of units that are occupied or leased by tenants. The economic occupancy rate is the proportion of the gross potential rent that is actually collected. As such, the economic occupancy takes into consideration items such as model units, employee units, discounted units, rent incentives, loss to lease and bad debt expense.

* Preliminary; subject to change.

AUDITED FINANCIAL STATEMENTS

_____ Attached

_____ Audited financial statements of the Borrower for the period ending December 31, 20__ are not yet completed; therefore, no audited financial statements of the Borrower are being filed herewith. Unaudited financial statements for such period are attached in lieu of audited financial statements. Audited financial statements will be filed when available.

_____ No audited financial statements of the Borrower were prepared for the period ending December 31, 20__; therefore, no audited financial statements of the Borrower are being filed herewith. Unaudited financial statements for such period are attached in lieu of audited financial statements.

EXHIBIT B

**NOTICE OF FAILURE TO
FILE ANNUAL DISCLOSURE REPORT**

Name of Issuer: South Carolina State Housing Finance and Development Authority
Name of Issue: Multifamily Housing Revenue Bonds (Pickens Gardens Apartments Project)
Series 2026
Name of Borrower: DGA Pickens 2 LP
CUSIP: _____
Date of Issuance: April __, 2026

NOTICE IS HEREBY GIVEN that the above-referenced borrower (the “Borrower”) has not provided an Annual Report with respect to the above-named Bonds as required by its Continuing Disclosure Agreement. The undersigned has been informed by the Borrower that it anticipates that Annual Report will be filed by _____.

DATED: _____

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION,**
as Dissemination Agent

By: _____
Authorized Officer

cc: Borrower

EXHIBIT C

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF
PROJECT PLACED IN SERVICE**

Name of Issuer: South Carolina State Housing Finance and Development Authority
Name of Bond Issue: Multifamily Housing Revenue Bonds (Pickens Gardens Apartments Project)
Series 2026
Name of Borrower: DGA Pickens 2 LP
Name of Project: Pickens Garden Apartments
Address of Project: 102 Garden Drive, Pickens, SC 29671
Date of Issuance: April __, 2026

NOTICE IS HEREBY GIVEN as per the requirements of the Continuing Disclosure Agreement, dated as of April 1, 2026, between the above-referenced borrower (the “Borrower”) and U.S. Bank Trust Company, National Association, as Dissemination Agent, that the Borrower has certified that the above-referenced project (the “Project”) is complete and placed in service by the Borrower as evidenced by a certificate from the Borrower confirming that the Project is placed in service for purposes of Section 42 of the Code.

Dated: _____

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION,**
as Dissemination Agent

By: _____
Authorized Officer

cc: Borrower

EXHIBIT D

FORM OF NOTICE OF PLACED IN SERVICE

\$8,697,000*

**South Carolina State Housing Finance and Development Authority
Multifamily Housing Revenue Bonds
(Pickens Gardens Apartments Project)
Series 2026**

The undersigned hereby provides notice to U.S. Bank Trust Company, National Association, a national banking association, as dissemination agent (the “Dissemination Agent”) that the multifamily rental housing facility known as Pickens Gardens Apartments (the “Project”) has been placed in service in accordance with the Trust Indenture, dated as of April 1, 2026, between the South Carolina State Housing Finance and Development Authority (the “Issuer”) and U.S. Bank Trust Company, National Association, a national banking association, as trustee (the “Trustee”), pursuant to which the above-captioned bonds were issued, as further evidenced by the attached Certificate of Occupancy.

DGA PICKENS 2 LP,
a Tennessee limited partnership

By: DGA Pickens 2, LLC,
a Tennessee limited liability company
Its: General Partner

By: _____
Craig Cobb
Vice President

* Preliminary; subject to change.

ATTACHMENT

Certificate of Occupancy