This Preliminary Official Statement and certain of the information contained herein is in a form deemed final 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 the 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.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 13, 2026

NEW ISSUE – Book-Entry Only

RATING: Moody's "Aa1/VMIG 1"
SEE "RATING" herein.

In the opinion of Maynard Nexsen PC, Bond Counsel to the Issuer (the proposed form of which is attached hereto as Appendix F), and subject to the caveats below, under existing statutes, regulations, rulings and judicial decisions, and assuming compliance with certain covenants intended to assure compliance with the applicable provisions of the Code and the regulations thereunder, interest on the Bonds is excludable from the gross income of the holders thereof for federal income tax purposes, except that such exclusion does not apply with respect to interest on any Bond for any period during which such Bond is held by a person who is a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code and the regulations thereunder. Bond Counsel is further of the opinion that interest on the Bonds is not an item of tax preference for purposes of calculating the alternative minimum tax. See "TAX MATTERS" herein for a more complete discussion of the tax status of interest on the Bonds.

$24,000,000*
Alabama Housing Finance Authority
Multifamily Housing Revenue Bonds
(Magnolia Court Apartments)
2026 Series F

Dated: Date of Delivery
Initial Interest Rate: ___%
Initial Offering Price: 100%

Mandatory Tender in connection with Conversion Date: no earlier than December 1, 2028*
Optional Call Date: December 1, 2028*
Initial Mandatory Tender Date: June 1, 2029*
Maturity Date: June 1, 2044*
CUSIP: _____

The Alabama Housing Finance Authority (the "Issuer") is issuing its Multifamily Housing Revenue Bonds (Magnolia Court Apartments) 2026 Series F (the "Bonds") pursuant to a Trust Indenture dated as of November 1, 2026 (the "Indenture"), by and between the Issuer and Pinnacle Bank, a Tennessee banking corporation, as trustee (the "Trustee"). The Bonds shall bear interest on the outstanding principal amount thereof at the Initial Interest Rate set forth above (the "Initial Interest Rate") from the Date of Delivery (as hereinafter defined) to, but not including, the Initial Mandatory Tender Date set forth above (the "Initial Mandatory Tender Date"), payable on each June 1 and December 1, commencing June 1, 2027*. See "THE BONDS" herein.

The Bonds are being issued to purchase a loan (the "Loan") to be made by United Bank, an Alabama banking corporation (the "Originating Lender"), to TWG Magnolia, LP, an Indiana limited partnership (the "Borrower") to enable the Borrower to pay a portion of the costs of acquiring, constructing and equipping an approximately 240-unit multifamily residential rental housing facility to be known as Magnolia Court Apartments, located in Birmingham, Alabama (the "Project"). The Loan will be made to the Borrower pursuant to a Loan Agreement, dated as of November 1, 2026 (the "Loan Agreement"), by and between the Originating Lender and the Borrower. The Originating Lender will assign the Loan Agreement to the Issuer which will assign it (except for Reserved Rights) to the Trustee. Pursuant to the Loan Agreement, the Borrower has agreed to cause deposits to be made, over time, to the Collateral Fund established under the Indenture in exchange for the disbursement of Bond proceeds in equal amounts from the Project Fund established under the Indenture. It is anticipated that the principal of, and interest on, the Bonds will be paid from amounts on deposit in the Bond Fund, Collateral Fund and Project Fund established under the Indenture. The Loan will be evidenced by a promissory note in the principal amount of $24,000,000* (the "Note") from the Borrower to the Issuer and endorsed to the Trustee.

The Bonds are subject to mandatory tender for purchase, subject to satisfaction of the applicable terms and conditions set forth in the Indenture, on (i) the Conversion Date (as hereinafter defined), (ii) the Initial Mandatory Tender Date or (iii) any other Mandatory Tender Date. All Bondholders must tender their Bonds for purchase on (i) the Conversion Date (as hereinafter defined), (ii) the Initial Mandatory Tender Date or (iii) any other Mandatory Tender Date. The Bonds may be remarketed and a new interest rate for the Bonds may be determined on a Mandatory Tender Date in accordance with the terms of the Indenture. If the Bonds are remarketed on a 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 a Mandatory Tender Date cannot rely on this Official Statement, but rather must rely upon any disclosure documents prepared in connection with such remarketing.

The Bonds are subject to redemption prior to maturity as set forth herein. See "THE BONDS – Redemption of Bonds" herein.

Under the terms of the Indenture, on the Date of Delivery, an amount equal to the principal amount of the Bonds plus premium thereon, if any, is to be deposited into the Project Fund established under the Indenture and invested pursuant to the Indenture. At all times, the Bonds will be secured by amounts on deposit under the Indenture, which amounts shall constitute Eligible Funds and shall be invested in Eligible Investments, and such amounts will be sufficient, along with investment earnings thereon, without the need for reinvestment, to pay all of the interest on the Bonds when due and to pay the principal of the Bonds on the earlier of any Mandatory Tender Date or any Redemption Date, as further described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER PAYABLE, AS TO PRINCIPAL, PREMIUM AND INTEREST, SOLELY FROM THE TRUST ESTATE. THE BONDS SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE OWNERS THEREOF AGAINST THE TRUST ESTATE, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS, AND WHICH SHALL BE USED FOR NO OTHER PURPOSE EXCEPT AS EXPRESSLY AUTHORIZED IN THE INDENTURE. THE BONDS SHALL NOT BE A DEBT OR INDEBTEDNESS OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER), AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON, NOR IN ANY EVENT SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE ISSUER PLEDGED UNDER THE INDENTURE. THE BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS OR A MULTIPLE FISCAL-YEAR FINANCIAL OBLIGATION WITHIN THE MEANING OF ANY

* Preliminary; subject to change.

CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER FROM THE SOURCES IDENTIFIED IN THE INDENTURE) SHALL BE LIABLE FOR PAYMENT OF THE BONDS NOR IN ANY EVENT SHALL PRINCIPAL OF, PREMIUM ON AND INTEREST ON THE BONDS BE PAYABLE OUT OF ANY FUNDS OR ASSETS OTHER THAN THOSE PLEDGED TO THAT PURPOSE BY THE ISSUER IN THE INDENTURE. THE ISSUER HAS NO TAXING POWER.

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 Maynard Nexsen PC, Birmingham, Alabama, Bond Counsel and counsel to the Issuer, and certain other conditions. 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 counsels, Ice Miller LLP, Indianapolis, Indiana and Parker Poe Adams & Bernstein LLP, Columbia, South Carolina. It is expected that the Bonds will be available in book-entry form through the facilities of DTC in Brooklyn, New York on or about November __, 2026.

This cover page contains limited information for ease of reference only. It is not a summary of the Bonds or the security therefor. This entire Official Statement, including the Appendices, must be read to obtain information essential to make an informed investment decision, paying particular attention to the matters discussed in "CERTAIN BONDHOLDERS' RISKS" herein.

STIFEL

Date: November __, 2026

No broker, dealer, salesman or other person has been authorized by the Issuer to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall 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 prior to the registration or qualification under the securities laws of any such jurisdiction.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or owners of any of the Bonds. All statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The cover page hereof and the appendices attached hereto are part of this Official Statement. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds shall under any circumstances create any implication that there has been no change in the affairs of the Issuer since the date hereof.

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

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.

The order and placement of information in this Official Statement, including the Appendices, are not an indication of relevance, materiality or relative importance, and this Official Statement, including the Appendices, must be read in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit, or describe the scope and intent, or affect the meaning or construction, of any provision or section of this Official Statement.

CUSIP data herein are provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of the holders of the Bonds. The Issuer is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions.

Pinnacle Bank, a Tennessee banking corporation, as Trustee, has not reviewed, provided or undertaken to determine the accuracy of any of the information contained in this Official Statement and makes no representation or warranty, express or implied, as to any matters contained in this Official Statement, including, but not limited to, (i) the accuracy or completeness of such information, (ii) the validity of the Bonds, or (iii) the tax-exempt status of the Bonds.

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OFFICIAL STATEMENT

$24,000,000*
Alabama Housing Finance Authority
Multifamily Housing Revenue Bonds
(Magnolia Court Apartments)
2026 Series F

INTRODUCTION

This Official Statement (this "Official Statement") has been prepared in connection with the issuance of the above-captioned Bonds (the "Bonds") by Alabama Housing Finance Authority (the "Issuer"), a public corporation and instrumentality of the State of Alabama (the "State"). The Board of Directors of the Issuer has authorized the issuance of the Bonds by its duly adopted Resolution dated September 15, 2026 (the "Resolution"), and the Bonds are issued pursuant to a Trust Indenture dated as of November 1, 2026 (the "Indenture"), by and between the Issuer and Pinnacle Bank, a Tennessee banking corporation, as trustee (the "Trustee"). Certain capitalized terms that are used in this Official Statement and not otherwise defined shall have the definitions ascribed to them in "APPENDIX A – DEFINITIONS OF CERTAIN TERMS" hereto.

The Bonds are to be issued pursuant to the provisions of Chapter 1A of Title 24 of the Code of Alabama 1975, as amended (the "Act") for the purpose of purchasing a loan (the "Loan") to be made by United Bank, an Alabama banking corporation (the "Originating Lender"), to TWG Magnolia, LP, an Indiana limited partnership (the "Borrower") to enable the Borrower to pay a portion of the costs of acquiring, constructing and equipping an approximately 240-unit multifamily residential rental housing facility to be known as Magnolia Court Apartments, located in Birmingham, Alabama (the "Project"). See "PRIVATE PARTICIPANTS" and "THE PROJECT" herein.

The Loan will be made to the Borrower under a Loan Agreement dated as of November 1, 2026 (the "Loan Agreement"), by and between the Originating Lender and the Borrower. The Originating Lender will assign the Loan Agreement to the Issuer which will assign it (except for Reserved Rights) to the Trustee as security for the Bonds. Pursuant to the Loan Agreement, the Borrower has agreed to make payments to the Originating Lender in amounts sufficient to pay the principal of and interest on the Bonds when due (the "Bond Service Charges") to the extent that amounts otherwise available for such payment are insufficient therefor. The Loan will be evidenced by a promissory note in the principal amount of $24,000,000* (the "Note") from the Borrower to the Originating Lender and endorsed to the Issuer and then to the Trustee.

The Borrower will cause Eligible Funds (in an amount equal to each Requisition from the Project Fund and up to $24,000,000*) to be delivered to the Trustee for deposit into the Collateral Fund under the Indenture, such that aggregate Eligible Funds and Eligible Investments on deposit in the Project Fund and the Collateral Fund will, at all times, be at least equal to the principal amount of Bonds Outstanding. Prior to the disbursement of amounts from the Project Fund to pay Qualified Project Costs, a like amount of Eligible Funds is required to be deposited into the Collateral Fund. See "THE CONSTRUCTION LOAN, ELIGIBLE FUNDS AND DISBURSEMENT OF BOND PROCEEDS" herein.

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 (as defined below). **At all times, the Bonds will be secured by amounts on deposit under the Indenture, which shall constitute Eligible Funds and shall be invested in Eligible Investments and such amounts will be sufficient, along with investment earnings thereon, without the need for reinvestment, to pay all of the interest on the Bonds when due and to pay the principal of the Bonds on the earlier of any Redemption Date and any Mandatory Tender Date, as further described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.**

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* Preliminary; subject to change.

The Bonds shall bear interest on the outstanding principal amount thereof at a rate equal to the Initial Interest Rate set forth on the cover page hereof from their date of issuance (the "Date of Delivery"), to, but not including, June 1, 2029* (the "Initial Mandatory Tender Date"), payable on each June 1 and December 1, commencing June 1, 2027* (each an "Interest Payment Date"), on each Redemption Date and on each Mandatory Tender Date.

The Bonds are subject to mandatory tender for purchase, subject to satisfaction of the applicable terms and conditions set forth in the Indenture, on (i) the Conversion Date, (ii) the Initial Mandatory Tender Date or (iii) any other Mandatory Tender Date. All Bondholders must tender their Bonds for purchase on (i) the Conversion Date, (ii) the Initial Mandatory Tender Date or (iii) any other Mandatory Tender Date. A new interest rate for the Bonds may be determined on a Mandatory Tender Date in accordance with the terms of the Indenture. If the Bonds are remarketed on a 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 a Mandatory Tender Date cannot rely on this Official Statement, but rather must rely upon any disclosure documents prepared in connection with such remarketing.

The Bonds are subject to redemption prior to maturity as set forth herein under "THE BONDS."

Brief descriptions of the Issuer, the Borrower, the Construction Lender (as defined herein), the Construction Loan (as defined herein), the Project, the Bonds, the security for the Bonds, the Indenture, the Loan Agreement and the Regulatory Agreement and Declaration of Restrictive Covenants dated as of November 1, 2026 (the "Regulatory Agreement"), by and among the Issuer, the Borrower and the Trustee, are included in this Official Statement. The summaries herein do not purport to be complete and are qualified in their entireties by reference to such documents, agreements and programs as may be referred to herein, and the summaries herein of the Bonds are further qualified in their entireties by reference to the form of the Bonds included in the Indenture and the provisions with respect thereto included in the aforesaid documents.

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.

General

The Issuer is a public corporation and instrumentality of the State, created on August 25, 1980, pursuant to the Act. One of the Issuer's purposes is to issue bonds and use the proceeds therefrom to finance the acquisition, rehabilitation or construction of multi-family residential rental housing for occupancy by persons and families of low and moderate income. The principal office of the Issuer is located at 7460 Halcyon Pointe Drive, Suite 200, Montgomery, Alabama 36117, telephone (334) 244-9200. The Issuer's website may be accessed at www.ahfa.com.

Pursuant to the Act, the Issuer has the power to purchase mortgage loans from mortgage lenders and to contract with mortgage lenders with regard to the origination and servicing of mortgage loans. The Issuer is also empowered to issue bonds in order to provide funds for any of its corporate purposes, to grant security interests in any or all of its mortgage loans and mortgages and to pledge revenues from which its bonds are payable. In addition, the Issuer may take such other action as may be necessary or desirable to accomplish any purpose for which the Issuer is organized or to exercise any power granted under the Act. There are no debt ceilings imposed by State law on the Issuer.

Directors of the Issuer

The powers of the Issuer are vested in its Board of Directors (the "Board"). The Board has fifteen membership positions, one member from each of the seven congressional districts of the State being appointed by the Governor for staggered terms of office, one member being appointed by the Governor from the State at large, two

* Preliminary; subject to change.

members being appointed by the Speaker of the House of Representatives, two members being appointed by the Lieutenant Governor, and three State officials (i.e., the Director of Finance, the Superintendent of Banks and the State Treasurer) serving as ex-officio members. The Act requires that at the time of their initial appointment, two members be engaged in the business of home building, two members be licensed real estate brokers who are not in the business of home building, one member be engaged in the business of lending money on the security of residential mortgages or be an officer or employee of a mortgage lender, one member be an elected commissioner of a county and one member be an elected mayor of a municipality. The Act provides that each member (other than ex-officio members) shall hold office for a term of seven years and until his successor shall have been appointed and qualified. The Board members serve without salary. The Issuer has a staff of approximately 156 persons, including Robert Strickland, who serves as the Executive Director of the Issuer.

The present members of the Board, their occupations, residences and the expiration date of the terms for which they were appointed, are as follows:

Name	Occupation	Residence (all cities are in Alabama)	Expiration of Term
Robert L. Smith *Chairman*	Vice President Auburn Bank	Auburn	05/30/30
James W. Rutland, IV *Vice Chairman*	President Lowder New Homes	Montgomery	01/01/27
Thomas “Blake” Corder *Secretary*	President Crimson Properties, LLC	Tuscaloosa	01/01/30
Carolyn Norman *Treasurer*	Broker/Owner Norman Realty, Inc.	Mobile	05/30/31
Craigory Kelley	President Lurleen B. Wallace Community College	Andalusia	05/31/32
Jeff Mims	Former Mayor, retired City of Clanton, Alabama	Clanton	05/31/32
Benjamin A. Byrd	President Byrd Builders, LLC	Prattville	12/31/29
Guirreck Walton	Owner, President Legacy Builders Construction	Dothan	05/31/29
Joshua Dean	President Precision HomeCrafters, LLC	Birmingham	05/30/28
Annie Furrer	Banker Citizens Bank & Trust	Guntersville	01/01/28
Glenn Horton	Broker Southern Properties Agency, Inc.	Fort Payne	05/30/27
Ray Long	Commissioner Morgan County, Alabama	Somerville	05/30/33

Name	Occupation	Residence (all cities are in Alabama)	Expiration of Term
Young Boozer	State Treasurer State of Alabama	Montgomery	Ex officio
Doryan H. Carlton	Director of Finance State of Alabama	Montgomery	Ex officio
Mike Hill	Superintendent of Banks State of Alabama	Montgomery	Ex officio

Legislative Oversight Committee

The Act provides for a Legislative Oversight Committee, the function of which is to provide recommendations to the Board of Directors concerning the efficient operation of the Issuer. The Committee consists of seven members of the House of Representatives, one from each of the congressional districts, appointed by the Speaker of the House, and seven members of the Senate, one from each of the congressional districts, appointed by the Lieutenant Governor. The Governor, Lieutenant Governor and Speaker of the House or their designated representatives are ex-officio members of the Legislative Oversight Committee.

Multi-Family Financings of the Issuer

The Issuer has established several programs to finance the construction of multi-family housing for persons and families of low and moderate income within the State. As of December 31, 2025, the Issuer had issued approximately $1,408,000,000 in aggregate principal amount of bonds (the "Multi-Family Bonds") pursuant to such programs. Each such issue of Multi-Family Bonds was issued pursuant to, and secured by, a separate indenture of trust. The revenues, moneys and assets pledged to the Bonds secure only the Bonds, and none of the revenues, moneys and assets pledged to any other series of Multi-Family Bonds secure the Bonds.

Multi-Family Low Income Housing Tax Credits

The Tax Reform Act of 1986 provides for (among other things) tax credits for the development of low-income rental housing. Under an Executive Order promulgated by the Governor of the State in April 1987, the Issuer was given the responsibility of allocating tax credits for developers of residential rental projects in the State. A minimum of 20% of these units is designated for occupancy by low-income tenants. As of December 31, 2025, there were 42,586 low-income rental units in the Issuer's tax credit program, representing $442,847,462 in such tax credits.

Single Family Financings of the Issuer

Through its single-family mortgage programs, the Issuer has from time to time issued single-family mortgage revenue bonds ("Single-Family Bonds") to purchase single-family mortgage loans (or Ginnie Mae, Freddie Mac, or Fannie Mae Certificates representing such mortgage loans) to finance single-family residences in the State. As of September 30, 2026, the Issuer has expended the proceeds of Single-Family Bonds to purchase approximately $3.4 billion in aggregate principal amount of such single-family mortgage loans or the Ginnie Mae, Freddie Mac, or Fannie Mae Certificates representing them. In the fourth quarter of 2026, the Issuer expects to issue approximately $70 million of its Collateralized Single Family Mortgage Revenue Bonds, 2026 Series D for the purpose of purchasing additional single-family mortgage loans in the State (or Ginnie Mae or Freddie Mac Certificates representing such mortgage loans). The revenues, moneys and assets separately pledged to such Single-Family Bonds are not available as security for payment of debt service on the Bonds.

Future Financings of the Issuer

Consistent with State and federal law, the Issuer may from time to time in the future issue additional single family mortgage revenue bonds and additional multifamily residential development revenue bonds.

The Issuer has not participated in the preparation of this Official Statement and makes no representation with respect to the accuracy or completeness of any of the material contained in this Official Statement, except for the information relating to the Issuer under the heading "THE ISSUER." The Issuer is not responsible for providing any purchaser of the Bonds with any information relating to the Bonds or any of the parties or transactions referred to in this Official Statement or for the accuracy or completeness of any such information obtained by any purchaser.

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.

EXCEPT FOR INFORMATION CONCERNING THE ISSUER IN THIS SECTION AND "ABSENCE OF LITIGATION" (WITH RESPECT TO THE ISSUER), 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 CONSTRUCTION LOAN, ELIGIBLE FUNDS AND DISBURSEMENT OF BOND PROCEEDS

Contemporaneously with the issuance of the Bonds, the Borrower will obtain a construction loan (the "Construction Loan") from United Bank, an Alabama banking corporation (the "Construction Lender") and other subordinate sources of financing from other parties. Over time, the Borrower will cause Eligible Funds, including proceeds of the Construction Loan, to be delivered to the Trustee for deposit into the Collateral Fund established by the Trustee under the Indenture. Upon the deposit of Eligible Funds into the Collateral Fund, and subject to the other applicable provisions set forth in the Indenture and the Loan Agreement, the Trustee shall disburse a like amount of Bond proceeds from the Project Fund to or at the direction of the Construction Lender and any other provider of Eligible Funds, as applicable, for purposes of paying costs of the Project, all in accordance with the Indenture and the Loan Agreement. Pursuant to the Loan Agreement, with respect to each Requisition made on the Project Fund, the Borrower shall cause to be delivered to the Trustee Eligible Funds for deposit into the Collateral Fund in an aggregate amount equal to the amount to be funded under such Requisition, which shall be a prerequisite to the disbursement by the Trustee of any moneys from the Project Fund to pay Qualified Project Costs. The maximum aggregate amount of Eligible Funds to be delivered to the Trustee for deposit into the Collateral Fund will be $24,000,000*.

Prior to the Conversion Date, Bond Service Charges, when due and payable, shall be paid, (i) in the first instance, from money on deposit in the Bond Fund (but not including the Negative Arbitrage Account thereof), (ii) next, from money on deposit in the Negative Arbitrage Account, (iii) next, from money on deposit in the Collateral

* Preliminary; subject to change.

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. The Indenture provides that the amount of funds disbursed from the Project Fund on any given date for payment of Project Costs shall at all times prior to the Initial Mandatory Tender Date equal the amount of Eligible Funds deposited into the Collateral Fund in connection with such disbursement. Accordingly, the aggregate amount in the Collateral Fund and the Project Fund shall at all times prior to the Initial Mandatory Tender Date equal at least 100% of the principal amount of the Bonds outstanding.

Notwithstanding any provision of the Loan Agreement, the Regulatory Agreement or the Indenture to the contrary, the Trustee will not act upon the delivery of a certified copy of the disbursement request of funds (not related to the necessary payment of principal or interest) from the Project Fund, unless and until (i) an amount equal to or greater than the requested disbursement amount has been deposited in the Collateral Fund in accordance with the provisions of the Indenture and (ii) the Trustee has verified that the sum of the amount then held in the Collateral Fund and the amount then on deposit in the Project Fund, less the anticipated amount of the disbursement from the Project Fund is at least equal to the then outstanding principal amount of the Bonds. Upon receipt of Eligible Funds, the Trustee shall disburse the funds in accordance with the directions of the Borrower's requisition, which requisition shall have been previously approved by the Construction Lender and other entity making such collateral deposit, as applicable. If for any reason the Trustee is not able to disburse a corresponding amount of Bond proceeds promptly following receipt of funds from the entity making such collateral deposit into the Collateral Fund, the Trustee shall promptly transfer such funds back to the Construction Lender and not deposit the same into the Collateral Fund.

Simultaneously with the Closing Date, and at the written direction of the Borrower, the Trustee is permitted to invest the amounts on deposit in the Project Fund, the Bond Fund and the Collateral Fund (together, the "Special Funds") in Eligible Investments. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Investment of Special Funds; Eligible Investments" herein. The amount by which the aggregate interest payments on the Bonds exceed the expected investment earnings on Eligible Investments is required, pursuant to the Indenture and the Loan Agreement, to be deposited on the Closing Date into the Negative Arbitrage Account by or on behalf of the Borrower.

THE BONDS

Terms of Bonds Generally

The Bonds shall be issued in Authorized Denominations and shall mature on June 1, 2044* (the "Maturity Date"). The Bonds are dated the Date of Delivery and shall bear interest at the Initial Interest Rate from the Date of Delivery to, but not including, the Initial Mandatory Tender Date, payable on each Interest Payment Date, commencing June 1, 2027*, and on each Mandatory Tender Date.

Interest on the Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

The principal of and interest on any of the Bonds shall be payable in lawful money of the United States of America. Except as described below under the subcaption "Book-Entry Only System," (a) the principal of any Bond shall be payable when due to a Holder upon presentation and surrender of such Bond at the Designated Office of the Trustee or at the office, designated by the Trustee, of any Paying Agent and (b) interest on any Bond shall be paid on each Interest Payment Date by check or draft which the Trustee shall cause to be mailed on that date to the Person in whose name the Bond (or one or more Predecessor Bonds) is registered at the close of business of the Regular Record Date applicable to that Interest Payment Date on the Register at the address appearing therein.

* Preliminary; subject to change.

Redemption of Bonds

The Bonds are subject to redemption prior to the Maturity Date as follows:

(a) During the Cash-Collateralized Mode, the Bonds are subject to mandatory redemption as follows:

(i) in whole, on the earliest practicable day for which notice of redemption may be given upon the occurrence of any of the following events: (i) the Borrower has not previously elected pursuant to the Indenture and the Loan Agreement 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, or (iii) the proceeds of a remarketing on deposit in the Remarketing Proceeds Account at 11:00 a.m. Local Time on the Mandatory Tender Date are insufficient to pay the purchase price of the Outstanding Bonds on such Mandatory Tender Date. The Bonds shall be redeemed at a redemption price equal to 100% of the principal amount of such Bonds plus accrued interest to the applicable Redemption Date from funds on deposit in, or transferred from, the Bond Fund, the Collateral Fund, and the Project Fund;

(ii) in part, on the Conversion Date, in an amount necessary to reduce the aggregate principal amount of Outstanding Bonds to an amount required to satisfy the Conditions to Conversion (such amount, the "Conversion Redemption Amount"); and

(iii) in whole, on the Conversion Date Deadline, if the loan of the proceeds of the Bonds by the Issuer to the Borrower in the Permanent Mode cannot be treated as a "program investment" as defined in Treasury Regulation Section 1.148-1(b) due to the Borrower (or any "related person," as such term is used in Section 144(a)(3) of the Code, including the Investor Limited Partner) purchasing the Bonds in an amount related to the amount of such loan, unless the Issuer, the Trustee and the Permanent Lender have received an opinion of Bond Counsel to the effect that such proposed ownership structure will not adversely affect the excludability of interest on the Bonds from the gross income of Owners (other than an Owner who is a "substantial user" of the Project or a "related person" to a "substantial user," as defined in Section 147(a) of the Code).

(b) During the Cash-Collateralized Mode, the Bonds shall be subject to optional redemption prior to their maturity, at the direction of the Borrower, either in whole or in part, on any date on or after the later to occur of (i) the date that the Project is placed in service for purposes of Section 42 of the Code, 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 the Bonds to be redeemed, plus accrued interest, but without premium, to the applicable Redemption Date. 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 Bond Fund, other than funds in the Negative Arbitrage Account therein, (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.

Redemption Price. Any Bonds being redeemed in accordance with the Indenture shall be redeemed at a redemption price equal to 100% of the principal amount of the Bonds being redeemed, together with accrued interest to the date of redemption.

Partial Redemption of Bonds. In the case of a partial redemption of Bonds when Bonds of denominations greater than $5,000 are then Outstanding, each $5,000 unit of face value of principal thereof shall be treated as though it were a separate Bond of the denomination of $5,000. If it is determined that one or more, but not all, of the $5,000 units of face value represented by a Bond are to be called for redemption, then upon notice of redemption of a $5,000 unit or units, the Holder of that Bond shall surrender the Bond to the Trustee (a) for payment of the redemption price of the $5,000 unit or units of face value called for redemption (including without limitation, the interest accrued to the

date fixed for redemption and any premium), and (b) for issuance, without charge to the Holder thereof, of a new Bond or Bonds of the same series, of any Authorized Denomination in an aggregate principal amount equal to the unmatured and unredeemed portion of, and bearing interest at the same rate and maturing on the same date as, the Bond surrendered.

If less than all of an Outstanding Bond of one maturity in a Book-Entry System is to be called for redemption, the Trustee shall give notice to the Securities Depository or the nominee of the Securities Depository that is the Holder of such Bond, and the selection of the Beneficial Owners of that Bond to be redeemed shall be at the sole discretion of the Securities Depository and its participants.

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 paragraph, the Borrower shall deliver to the Trustee written notice of such redemption. 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 sending a copy of an official redemption notice by Electronic Means or 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 Electronic Means or 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.

Mandatory Tender

All Outstanding Bonds shall be subject to mandatory tender by the Holders for purchase in whole and not in part on each Mandatory Tender Date. The purchase price for each such Bond shall be payable in lawful money of the United States of America by wire, 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.

While tendered Bonds are in the custody of the Trustee pending purchase pursuant to the Indenture, the tendering Holders thereof shall be deemed the owners thereof for all purposes, and interest accruing on tendered Bonds through the day preceding the applicable Mandatory Tender Date is to be paid as if such Bonds had not been tendered for purchase.

Notwithstanding anything in the Indenture to the contrary, any Bond tendered under this heading will not be purchased if such Bond matures or is redeemed on or prior to the applicable Mandatory Tender Date.

The Trustee shall utilize the following sources of payments to pay the tender price of the Bonds not later than 2:30 p.m. Local Time on the Mandatory Tender Date in the following priority: (i) amounts representing proceeds of remarketed Bonds deposited in the Remarketing Proceeds Account, to pay the principal amount, plus accrued interest, of Bonds tendered for purchase, (ii) on the Conversion Date, amounts on deposit in the Permanent Loan Purchase Fund, to pay the tender price of Bonds tendered for purchase in an amount equal to the Permanent Loan Amount, (iii) on any Mandatory Tender Date other than the Conversion Date, amounts on deposit in the Bond Fund, to pay the principal amount of Bonds tendered for purchase (following the transfer to the Bond Fund from the Collateral Fund described in Section 4.10(d)(ii) hereof), (iv) amounts on deposit in the Negative Arbitrage Account of the Bond Fund to pay the accrued interest, if any, on Bonds tendered for purchase, (v) amounts on deposit in the Project Fund to pay the accrued interest, if any, on the Bonds tendered for purchase and (vi) any other Eligible Funds available or made available for the purposes described in this paragraph at the direction of the Borrower.

Bonds shall be deemed to have been tendered for purposes of this heading 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 of such Bonds and interest accrued thereon to the Mandatory Tender Date, such Undelivered Bonds shall be null and void. If such Undelivered Bonds are to be remarketed, the Trustee shall authenticate and deliver new Bonds in replacement thereof pursuant to the remarketing of such Undelivered Bonds.

With respect to any mandatory tender on the Conversion Date, at the written direction of the Borrower, the Trustee shall sell or redeem Eligible Investments on deposit in the Project Fund and Collateral Fund, transfer the proceeds thereof to the Bond Fund, and use such funds, along with any deposit of Eligible Funds from the Borrower as described in the Indenture, to redeem Bonds in the Conversion Redemption Amount at the mandatory redemption price thereof.

In connection with any mandatory tender or redemption of 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 two Business Days prior to the applicable Mandatory Tender Date, a Cash Flow Projection and any Eligible Funds required pursuant to such Cash Flow Projection.

Mandatory Tender Notice

Not less than 10 days preceding the Conversion Date, and 30 days preceding any other Mandatory Tender Date, the Trustee shall give written notice of mandatory tender to the Holders of the Bonds then Outstanding (with a copy to the Borrower, the Investor Limited Partner, and the Remarketing Agent) by Electronic Means or first-class mail, postage prepaid, at their respective addresses appearing on the Register stating:

(i) the Mandatory Tender Date and that (a) 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 12:00 noon Local Time on the Mandatory Tender Date and (c) Holders will not have the right to elect to retain their Bonds;

(ii) the address of the Designated Office of the Trustee at which Holders should deliver their Bonds for purchase and the date of the required delivery;

(iii) that all Outstanding Bonds will be purchased 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;

(iv) any Bonds not tendered will nevertheless be deemed to have been tendered and will cease to bear interest from and after the Mandatory Tender Date; and

(v) in the case of a proposed mandatory tender on the Conversion Date, that the notice of mandatory tender is conditioned upon Conversion occurring on or prior to such date.

In the event that any Bond required to be delivered to the Trustee for payment of the purchase price of such Bond shall not have been delivered to the Trustee on or before the 30th day following a Mandatory Tender Date, the Trustee shall send by Electronic Means or 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.

Neither failure to give or receive any notice described in this heading, nor the lack of timeliness of such notice or any defect in any notice (or in its content) shall affect the validity or sufficiency of any action required or provided for in this heading.

Book-Entry Only System

The following information on the Book-Entry System applicable to all Bonds until the Conversion Date has been supplied by DTC and none of the Issuer, the Borrower or the Underwriter make any representations, warranties or guarantees with respect to its accuracy or completeness.

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 an 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 the 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 Direct and Indirect 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 Direct or Indirect 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 Direct or Indirect Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Direct or Indirect 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 the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds will be secured by all right, title and interest of the Issuer in the Trust Estate, including, but not limited to (i) all right, title and interest of the Issuer in and to all Revenues, derived or to be derived by the Issuer or the Trustee for the account of the Issuer under the terms of the Indenture and the Loan Agreement (other than the Reserved Rights of the Issuer), together with all other Revenues received by the Trustee for the account of the Issuer arising out of or on account of the Trust Estate, (ii) all right, title and interest of the Issuer in and to the Note (other than the Reserved Rights of the Issuer) including all payments and proceeds with respect thereto or replacement thereof, (iii) all moneys (including the Eligible Funds received by the Trustee for deposit into the Collateral Fund) which are at any time or from time to time on deposit in any fund or account created under the Indenture (excluding funds held in the Costs of Issuance Fund and the Rebate Fund), (iv) all right, title and interest of the Issuer in and to,

and rights and remedies under, the Loan Agreement (other than the Reserved Rights of the Issuer); and (v) all funds, moneys and securities and any and all other rights and interests in property, whether tangible or intangible from time to time hereafter by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the Indenture for the Bonds 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 (the foregoing collectively referred to as the "Trust Estate"); provided, however, that the Trust Estate shall exclude (A) all the Reserved Rights of the Issuer, including all amounts paid or collected by the Issuer in connection therewith, (B) all amounts on deposit in the Costs of Issuance Fund and the Expense Fund and (C) all amounts on deposit in the Rebate Fund (including any accounts thereof), which amounts on deposit in the Rebate Fund shall be held for the sole benefit of the United States of America.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER PAYABLE, AS TO PRINCIPAL, PREMIUM AND INTEREST, SOLELY FROM THE TRUST ESTATE. THE BONDS SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE OWNERS THEREOF AGAINST THE TRUST ESTATE, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS, AND WHICH SHALL BE USED FOR NO OTHER PURPOSE EXCEPT AS EXPRESSLY AUTHORIZED IN THE INDENTURE. THE BONDS SHALL NOT BE A DEBT OR INDEBTEDNESS OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER), AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON, NOR IN ANY EVENT SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE ISSUER PLEDGED UNDER THE INDENTURE. THE BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS OR A MULTIPLE FISCAL-YEAR FINANCIAL OBLIGATION WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER FROM THE SOURCES IDENTIFIED IN THE INDENTURE) SHALL BE LIABLE FOR PAYMENT OF THE BONDS NOR IN ANY EVENT SHALL PRINCIPAL OF, PREMIUM ON AND INTEREST ON THE BONDS BE PAYABLE OUT OF ANY FUNDS OR ASSETS OTHER THAN THOSE PLEDGED TO THAT PURPOSE BY THE ISSUER IN THE INDENTURE. THE ISSUER HAS NO TAXING POWER.

Repayment of Loan

The Loan Agreement and the Note obligate the Borrower to cause to be paid to the Trustee amounts that shall be sufficient to pay Bond Service Charges coming due on each Bond Payment Date; however, it is expected that Eligible Funds required to be deposited in the Collateral Fund and amounts on deposit in the Bond Fund and the Project Fund, along with interest earnings thereon, will be sufficient to pay such Bond Service Charges and such amounts will be a credit against the Borrower's payment obligations under the Loan Agreement and the Note.

Investment of Special Funds; Eligible Investments

Simultaneously with the Closing Date, and at the written direction of the Borrower, the Trustee shall invest all amounts on deposit in the Special Funds in Eligible Investments. It is anticipated that all of the Bond proceeds in the Project Fund will be disbursed to pay Project Costs on and after the Closing Date and that Bond Service Charges will be paid from amounts on deposit in the Special Funds and any investment earnings thereon.

Additional Bonds

No additional Bonds on parity with the Bonds may be issued pursuant to the Indenture.

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 is TWG Magnolia, LP, an Indiana limited partnership (the "Borrower"), a single-asset entity formed for the specific purpose of developing and owning the Project. The general partner of the Borrower is TWG Magnolia GP, LLC, an Indiana limited liability company (the "General Partner"), which will own a 0.01% interest in the Borrower. OEF Investment Fund LLC, an Ohio limited liability company (the "Investor Limited Partner"), will own a 99.99% interest in the Borrower.

The Developer

The developer for the Project is TWG Development, LLC, an Indiana limited liability company (the "Developer"), located in Indianapolis, Indiana. The Developer was started in 2007 and has 19 years of experience in affordable housing development. The Developer has developed more than 14,000 units in 22 states.

The Investor Limited Partner

Contemporaneously with the issuance of the Bonds, the Investor Limited Partner expects to acquire a 99.99% ownership interest in the Borrower in exchange for equity contributions based primarily on the receipt of certain benefits from the Project's federal low-income housing tax credits (the "LIHTCs"). The funding of the federal low-income housing tax credit equity (the "Tax Credit Equity") by the Investor Limited Partner is expected to total approximately $15,291,911*. The funding levels and the timing of the funding are subject to numerous adjustments and conditions that 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 no representation is made as to the availability of such funds.

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

The Borrower has no substantial assets other than the Project and does not intend to acquire any other substantial assets or to engage in any substantial business activities other than those related to the development and ownership of the Project. However, the partners of the General Partner, the Investor 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, partners or otherwise, and devote substantial time 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 Property Manager

The Borrower has entered into a management agreement with Arbour Valley Property Management, LLC, an Alabama limited liability company (the "Property Manager"), to manage the day-to-day operations of the Project. The Property Manager is not an affiliate of the Developer.

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* Preliminary; subject to change.

The General Contractor

The general contractor for the Project is TWG Construction, LLC (the "General Contractor"). The General Contractor is an affiliate of the Developer. Based in Indianapolis, Indiana, the General Contractor was formed in 2009 and is an Indiana-licensed contractor. Since inception, the General Contractor has built or rehabilitated over 5,000 units of affordable apartments.

The Architect

The architect is Studio Architecture LLC (the "Architect"). The Architect is not an affiliate of the Developer. The Architect started in 2010 and demonstrates considerable affordable, LIHTC, HUD and senior housing experience. The Architect has designed the new construction or renovation of many rehabilitation, civic and commercial projects, with a focus on affordable multifamily housing. The Architect's clients include community groups and nonprofit organizations whose patronage accounts for a significant percentage of the projects in its office.

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, to be known as Magnolia Court Apartments, is located in Birmingham, Alabama, on an approximately 14-acre site. The Project contains 240 apartment units in 18 buildings located at 32 Westchester Court. Common area improvements will include: clubhouse, playground, fitness center, swimming pool, media room and business center. Unit amenities include: dishwasher, washer and dryer hookups for laundry, and balconies. There are 352 parking spaces for resident use only.

It is anticipated that rehabilitation will commence promptly upon the issuance of the Bonds and funding of the initial installment of the Tax Credit Equity and will be completed within approximately 18 months thereafter.

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

Unit Type	Approximate Square Feet	Number
1 Bedroom	654	40
2 Bedroom	864	176
3 Bedroom	1,076	24
Total		**240**

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Plan of Financing

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

Sources of Funds:*	
Bond Proceeds[1]	$24,000,000
Tax Credit Equity	15,291,911
Deferred Developer Fee	4,754,438
GP Contribution	100
Interim Income	1,298,699
Soft Perm Financing	1,200,000
AHFA Commitment Fee Refund	240,000
Bond Reinvestment Earnings	2,804,090
Total Sources	**$49,589,238**
Uses of Funds:*	
Acquisition Costs	$14,450,000
Hard Costs	15,253,138
Developer Fee	6,452,944
Soft Costs	3,272,000
Interim Costs	2,846,100
Interim Interest	3,635,000
Financing Costs	2,018,000
Tax Credit & Syndication Costs	667,000
Operating Reserve	995,056
Total Uses	**$49,589,238**

[1]Subject to the satisfaction of the Conditions to Conversion, the Bonds may be subject to mandatory tender prior to the Initial Mandatory Tender Date with certain Eligible Funds, including the purchase price of a portion thereof delivered to the Trustee by the Permanent Lender. On such tender date, Bonds so tendered may be redeemed in part in an amount sufficient to reduce the outstanding principal balance thereof to the Permanent Loan Amount and thereafter delivered to the Permanent Lender.

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

The Construction Loan. The Project will utilize a construction loan in the principal amount of $36,000,000* (the "Construction Loan"). The obligation to repay the Construction Loan will be set forth in a promissory note (the "Construction Loan Note") from the Borrower to United Bank, an Alabama banking corporation (the "Construction Lender"). The Construction Loan will be repayable with the proceeds of the Permanent Loan and Tax Credit Equity and will be secured by a mortgage against the Project. The Construction Loan will have a term of 30* months and bear interest at a rate equal to the WSJ Prime Rate minus 35 basis points, with principal and interest not otherwise paid, due at maturity. The Construction Loan proceeds will be disbursed from time to time by the Construction Lender to the Trustee for deposit into the Collateral Fund to allow for a corresponding amount of Bond proceeds to be disbursed to the Project.

The Tax Credit Equity. Contemporaneously with the issuance of the Bonds, the Investor Limited Partner expects to acquire a 99.99% ownership interest in the Borrower in exchange for equity contributions based primarily on the receipt of certain benefits from the Project's LIHTCs. In connection with such acquisition, the funding of the Tax Credit Equity will total approximately $15,291,911*, with an initial contribution of approximately $1,613,297* expected to 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

* Preliminary; subject to change.

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 a deferred developer fee in the amount of $4,754,438* as a source of funding. The deferred developer fee will be repaid through surplus cash flow received from the operation of the Project.

Project Regulation

The Borrower intends to 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 Trustee and the Issuer will enter into the Regulatory Agreement. Under the Regulatory Agreement, the Borrower will agree that, at all times during the qualified project period (as defined in the Regulatory Agreement), the Borrower will rent at least 100% of the units in the Project to persons whose adjusted family income (determined in accordance with the provisions of the Code) is no more than 60% of the area median income (adjusted for family size) ("AMI"). See "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT" herein.

In addition to the rental restrictions imposed upon the Project by the Regulatory Agreement, the Project will be further encumbered by a tax credit restrictive covenant, to be executed by the Borrower in connection with the federal low-income housing tax credits anticipated to be granted for the Project and in compliance with the requirements of Section 42 of the Code. Section 42 of the Code will restrict the income levels of 100% of the residential units in the Project (the "Tax Credit Units"). All of the Tax Credit Units shall be held available for rental to persons whose adjusted family income is equal to or less than 60% of the AMI adjusted for family size. The rents which may be charged for occupancy of such units will be restricted to not more than 30% of 60% of AMI, adjusted for family size.

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.

The Bonds are payable from the payments to be made by the Borrower under the Loan Agreement and the Note, and from amounts on deposit in the Special Funds and the interest earnings thereon. The Borrower's obligations to make payments pursuant to the Loan Agreement and the Note are nonrecourse obligations with respect to which the Borrower and its members have no personal liability (except as otherwise provided in the Note) and as to which the Borrower and its members have not pledged any of their respective assets.

General

Payment of the Bond Service Charges, and the Borrower's obligations with respect to the Bond Service Charges, will be primarily secured by and payable from Bond proceeds held in the Project Fund and moneys deposited into the Collateral Fund and the Bond Fund, including the Negative Arbitrage Account held in the Bond Fund. Although the Borrower will execute the Note to evidence its obligation to repay the Loan, it is not expected that any revenues from the Project or other amounts, except money in the Special Funds, will be available to satisfy that obligation. The Indenture requires the Trustee to verify, before any disbursement of funds from the Project Fund, that the sum of the funds on deposit in the Project Fund and the Collateral Fund is at least equal to the then outstanding principal amount of the Bonds. It is expected that all of the Bond proceeds in the Project Fund will be disbursed to pay Project Costs on and after the Closing Date. It is further expected that funds on deposit in the Collateral Fund and Negative Arbitrage Account, and the interest earnings thereon (without the need for reinvestment), will be sufficient to pay the Bond Service Charges. The Bonds will not be secured by a mortgage or other security interest in the Project.

* Preliminary; subject to change.

Limited Security for Bonds

The Bonds are not secured by the Construction Loan. Investors should look exclusively to amounts on deposit in the Special Funds under the Indenture and investment earnings on each as the source of payment of the Bond Service Charges.

Early Redemption of the Bonds

Any person who purchases a Bond should consider the fact that the Bonds are subject to redemption upon the occurrence of certain events. See "THE BONDS – Redemption of Bonds" herein.

Future Determination of Taxability of the Bonds

Failure of the Borrower to have complied with and to continue to comply with certain covenants contained in the Loan Agreement and the Regulatory Agreement could result in interest on the Bonds being taxable retroactive to the date of original issuance of the Bonds. The Bonds are not subject to redemption upon a determination of taxability and are not subject to payment of additional interest in such an event, and neither the Issuer nor the Borrower will be liable under the Bonds, the Indenture or the Loan Agreement for any such payment of additional interest on the Bonds.

Issuer Limited Liability

The Bonds will not be insured or guaranteed by any governmental entity or by the Issuer or any member or program participant of the foregoing. The Bondholders will have no recourse to the Issuer in the event of an Event of Default on the Bonds. The Trust Estate for the Bonds will be the only source of payment on the Bonds.

Enforceability of Remedies upon an Event of Default

The remedies available to the Trustee and the owners of the Bonds upon an Event of Default under the Indenture, the Loan Agreement, the Regulatory Agreement or any other document described herein 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 such documents may not be readily available or may be limited. 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 is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Secondary Markets and Prices

No representation is made concerning the existence of any secondary market for the Bonds. The Remarketing Agent will not be obligated to repurchase any of the Bonds, nor can any assurance be given that any secondary market will develop following the completion of the offering of the Bonds. Further, there can be no assurance that the initial offering prices for the Bonds will continue for any period of time. Furthermore, the Bonds should be purchased for their projected returns only and not for any resale potential, which may or may not exist.

Eligible Investments

Proceeds of the Bonds deposited into the Project Fund and Eligible Funds received by the Trustee for deposit into the Collateral Fund are required to be invested in Eligible Investments. See "APPENDIX A – DEFINITIONS OF CERTAIN TERMS" hereto for the definition of Eligible Investments. There can be no assurance that there will not be a loss resulting from any investment held for the credit of the Project Fund or the Collateral Fund, and any failure to receive a return of the amounts so invested could affect the ability to pay the principal of and interest on the Bonds.

Rating Based on Eligible Investments

The rating on the Bonds is based on the amounts in the Special Funds being invested in Eligible Investments. If one or more of such investments fail to meet the rating standards for Eligible Investments after their acquisition and prior to maturity, such a change may result in a downgrade or withdrawal of the rating on the Bonds.

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.

Future Legislation; IRS Examination

The Project, its operation and the treatment of interest on the Bonds are subject to various laws, rules and regulations adopted by the local, State and federal governments and their agencies. There can be no assurance that relevant local, State or federal laws, rules and regulations may not be amended or modified or interpreted in the future in a manner that could adversely affect the Bonds, the Trust Estate created under the Indenture, the Project, or the financial condition of or ability of the Borrower to comply with its obligations under the various transaction documents or the Bonds offered hereby.

In recent years, the Internal Revenue Service ("IRS") has increased the frequency and scope of its examination and other enforcement activity regarding tax-exempt bonds. Currently, the primary penalty available to the IRS under the Code is a determination that interest on tax-exempt bonds is subject to federal income taxation. Such event could occur for a variety of reasons, including, without limitation, failure to comply with certain requirements imposed by the Code relating to investment restrictions, periodic payments of arbitrage profits to the United States of America, the timely and proper use of Bond proceeds and the facilities financed therewith and certain other matters. See "TAX MATTERS" herein. No assurance can be given that the IRS will not examine the Issuer, the Borrower, the Project or the Bonds. If the Bonds are examined, it may have an adverse impact on their price and marketability.

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 and the Appendices hereto.

TAX MATTERS

General

In the opinion of Bond Counsel (the proposed form of which is attached hereto as APPENDIX F) and subject to the caveats below, under existing statutes, regulations, rulings and judicial decisions, and assuming compliance with certain covenants intended to assure compliance with the applicable provisions of the Code and the regulations thereunder, interest on the Bonds is excludable from the gross income of the holders thereof for federal income tax purposes, except that such exclusion does not apply with respect to interest on any Bond for any period during which such Bond is held by a person who is a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code and the regulations thereunder. Bond Counsel is further of the opinion that interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax.

Under Section 148 of the Code, interest on the Bonds will not be excluded from gross income for federal income tax purposes unless (i) the investment of the proceeds of the Bonds meets certain arbitrage requirements and (ii) certain "excess" earnings on such investments are rebated to the United States of America (collectively, the "Arbitrage Restrictions").

The Code imposes various restrictions, conditions and requirements (including the Arbitrage Restrictions) relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Issuer and the Borrower have covenanted to comply with certain requirements designed to ensure that interest paid on the Bonds will not become includable in gross income for federal income tax purposes. In concluding that the interest on the Bonds is not includable in gross income for federal income tax purposes, Bond Counsel will (i) rely as to certain factual matters upon representations and certifications of the Borrower with respect to the use of the proceeds of the Bonds and the design, scope, function, cost, reasonably expected remaining economic useful life and use of the facilities constituting the Project, without undertaking to verify the same by independent investigation, and (ii) assume the continued compliance by the Borrower with its covenants relating to the use of the proceeds of the Bonds and compliance with other requirements of the Code. The inaccuracy of any such representations, or noncompliance with such covenants, may cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. Bond Counsel also will rely on the opinions of Ice Miller LLP and Parker Poe Adams & Bernstein LLP, counsel to the Borrower, and Stone Crosby, P.C., counsel to the Construction Lender, with respect to certain issues.

Bond Counsel has not undertaken to determine or to inform any person as to whether any actions are taken (or not taken) or events occur (or do not occur) after the date of delivery of the Bonds which may affect exclusion from gross income of interest on the Bonds for federal income tax purposes.

From time to time, there have been legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Each purchaser of the Bonds should consult his or her own tax advisor regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The accrual or receipt of interest on the Bonds may otherwise affect a Holder's income tax liability. The nature and extent of these other tax consequences will depend upon the Holder's particular tax status and the Holder's other items of income and deduction. Bond Counsel expresses no opinion regarding such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and United States branches of foreign corporations), property and casualty insurance companies, banks, thrifts or other financial institutions, recipients of Social Security or Railroad Retirement benefits, or taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors concerning their tax consequences of purchasing and holding the Bonds.

Bond Counsel is also of the opinion that, under the Act, interest on the Bonds is exempt from present income taxation by the State of Alabama.

Premium

An amount equal to the excess of the purchase price of a Bond over its stated redemption price at maturity constitutes premium on such Bond. A purchaser of a Bond must amortize any premium over such Bond's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Bonds.

Collateral Tax Consequences

Except as expressly stated above, Bond Counsel expresses no opinion regarding any other federal or state tax consequences of acquiring, carrying, owning, or disposing of the Bonds, or the accrual or receipt of interest on the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

UNDERWRITING

Pursuant and subject to the terms and conditions set forth in the Bond Purchase Agreement (the "Bond Purchase Agreement"), 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. The Underwriter's fee shall not include the fee of its counsel.

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 Bond Purchase Agreement, 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. ("Moody's") has assigned to the Bonds the rating set forth on the cover page hereof. The rating reflects only the view of Moody's at the time the rating was issued and an explanation of the significance of such rating may be obtained from Moody's. The rating is not a recommendation to buy, sell or hold the Bonds. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating can be expected to have an adverse effect on the market price of the Bonds.

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Simultaneously with the issuance of the Bonds, the Borrower will execute and deliver a Continuing Disclosure Agreement pursuant to which the Borrower will agree to provide ongoing disclosure pursuant to the requirements of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). Financial statements and other operating data 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 E.

A failure by the Borrower to comply with the Continuing Disclosure Agreement will not constitute an Event of Default under the Indenture or the Loan Agreement. Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by a broker or 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 and their market price and the ability of the Issuer to issue and sell bonds in the future.

The Borrower has advised that an Affiliate of the Borrower and of the Developer is currently disputing an administrative determination by an agency of the State of Utah relating to a previously completed multifamily housing development in Utah, and that the Developer's ability to move forward with new projects in Utah will be impacted until such dispute is resolved. However, based on information provided by the Borrower, the Borrower does not currently expect the pending matter to have a materially adverse effect on the Project or the Borrower's ability to perform its obligations with respect to the Bonds.

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

CERTAIN LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the Bonds will be subject to an approving opinion of Maynard Nexsen PC, Birmingham, Alabama, Bond Counsel. Certain legal matters will be passed upon for the Borrower by its counsels, Ice Miller LLP, Indianapolis, Indiana, and Parker Poe Adams & Bernstein LLP, Columbia, South Carolina, and for the Underwriter by its counsel, Tiber Hudson LLC, Washington, D.C. Payment of the fees of certain counsel to the transaction is contingent upon the issuance and delivery of the Bonds as described herein.

ABSENCE OF LITIGATION

The Issuer

There is no proceeding or litigation of any nature now pending or threatened against the Issuer restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds, any proceedings of the Issuer taken with respect to the issuance or sale thereof, the Issuer Documents, the pledge or application of any money or security provided for the payment of the Bonds, the existence or powers of the Issuer relating to the Bonds or the title of any officers of the Issuer to their respective positions.

The Borrower

There is no litigation pending or, to the knowledge of the Borrower, threatened seeking to enjoin the Borrower's execution or delivery of the Loan Agreement, the Note, the Regulatory Agreement or any other instrument or agreement to which the Borrower is a party and which is contemplated for use in the transactions contemplated by this Official Statement, or seeking to restrain or enjoin the Borrower's participation in such transactions or contesting the existence or powers of the Borrower with respect to the transactions contemplated by this Official Statement, or which in the aggregate could have a material adverse effect on the financial condition or the operations of the Borrower.

RELATIONSHIP AMONG PARTIES

In connection with the issuance of the Bonds, the Issuer, the Borrower, and the Underwriter are being represented by the attorneys or law firms identified herein. In other transactions not related to the Bonds, each of these attorneys or law firms may have acted as bond counsel or represented the Issuer, the Underwriter, the Borrower, or their affiliates, in capacities different from those described herein, and there will be no limitations imposed as a result of the issuance of the Bonds on the ability of any of those attorneys or firms to act as bond counsel or represent any of these parties in any future transactions. Potential purchasers of the Bonds should not assume that the Issuer, the Underwriter, the Borrower, or their respective counsel or Bond Counsel have not previously engaged in, or will not after the issuance of the Bonds engage in, other transactions with each other or with affiliates of any of them, and no assurance can be given that there are or will be no past or future relationships or transactions between or among any of these parties or these attorneys or law firms.

ADDITIONAL INFORMATION

The summaries and explanation of, or references to, the Act, the Indenture and the Bonds included in this Official Statement do not purport to be comprehensive or definitive. Such summaries, references and descriptions are qualified in their entirety by reference to each such document, copies of which are on file with the Trustee.

The information contained in this Official Statement is subject to change without notice and no implication shall be derived therefrom or from the sale of the Bonds that there has been no change in the affairs of the Issuer from the date hereof.

This Official Statement is submitted in connection with the offering of the Bonds and may not be reproduced or used, as a whole or in part, for any other purpose. Any statements in this Official Statement involving matters of opinion or estimate, 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 between the Issuer and the owners of any of the Bonds.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, the Rule.

[Signature page to follow]

This Official Statement has been approved by the Borrower for distribution by the Underwriter to current Bondholders and potential purchasers of the Bonds.

TWG MAGNOLIA, LP,
an Indiana limited partnership

By: TWG Magnolia GP, LLC,
an Indiana limited liability company,
its General Partner

By: TWG GP VI, LLC,
an Indiana limited liability company,
its Sole Member

By: _____
Louis A. Knoble
Manager

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 Chapter 1A of Title 24 of the Code of Alabama 1975, as amended.

"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.

"Agreement" or "Loan Agreement" means the Loan Agreement dated as of the same date as the Indenture, between the Originating Lender and the Borrower and any and all Supplements thereto.

"Authorized Denomination" means (1) during the Cash-Collateralized Mode, $5,000 or any integral multiple of $1,000 in excess thereof, and (2) during the Permanent Mode, $100,000, or any integral multiple of $5,000 in excess thereof.

"Authorized Officer of the Issuer" means with regard to the Issuer, the Chair, Chair pro tem, Executive Director, Deputy Executive Director and Chief Operating Officer, Chief Operating Officer, Chief Financial Officer, General Counsel, Secretary/Treasurer or any Assistant Secretary of the Issuer, and any other officer or employee of the Issuer designated as an Authorized Officer of the Issuer by a certificate of the Issuer to act on its behalf.

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

"Bond Counsel" means Maynard Nexsen PC, or another attorney at law or firm of attorneys of recognized expertise in the field of federal income tax matters relating to municipal securities selected by the Issuer.

"Bond Fund" means the Bond Fund created in the Indenture.

"Bond Payment Date" means each Interest Payment Date and any other date interest or principal on the Bonds are due, whether at maturity, upon redemption, Mandatory Tender or acceleration or otherwise.

"Bond Service Charges" means, for any period or payable at any time, the principal of and interest, and prepayment premium, if any, on the Bonds for that period or payable at that time whether due at maturity or upon redemption, mandatory tender or acceleration.

"Bondholder" or "Holder of the Bonds" or "Holder" or "Owner of the Bonds" or "Owner" when used with respect to any Bond, means the person or persons in whose name such Bond is registered as the owner thereof on the books of the Issuer maintained at the Trust Office for that purpose.

"Bonds" means the Alabama Housing Finance Authority Multifamily Housing Revenue Bonds (Magnolia Court Apartments) 2026 Series F of the Issuer authorized pursuant to the Resolution and the Indenture, in the original principal amount of $24,000,000*.

"Book-Entry Form" or "Book-Entry System" means a form or system, as applicable, under which (i) the ownership of beneficial interests in the Bonds may be transferred only through a book entry and (ii) physical bond

* Preliminary; subject to change.

certificates in fully registered form are registered only in the name of a Securities Depository or its nominee as holder, with the physical bond certificates "immobilized" in the custody of the Securities Depository.

"Borrower" means TWG Magnolia, LP, an Indiana limited partnership, and its successors and assigns.

"Borrower Documents" means the Loan Agreement, the Note, the Tax Certificate, the Initial Bond Purchase Agreement, the Forward Bond Purchase Agreement, the Construction Loan Documents, the Permanent Loan Documents, the Partnership Agreement, the Continuing Disclosure Agreement, the Remarketing Agreement and any and all documents, agreements or instruments executed by the Borrower in connection with the Loan evidenced by the Loan Agreement.

"Borrower Representative" means a person at the time designated and authorized to act on behalf of the Borrower by a written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by one of its officers, which certificate may designate an alternate or alternates. The initial Borrower Representatives are Louis A. Knoble and Justin Collins.

"Borrower's Obligations" means the obligations of the Borrower under the Loan Agreement, the Note, and the other Borrower Documents to (a) pay the principal of, and interest on the Note, when and as the same shall become due and payable (whether at the stated maturity thereof, on any payment date or by acceleration of maturity or otherwise), (b) pay all other amounts required by the Loan Agreement, the Note, and the other Borrower Documents to be paid by the Borrower to the Issuer, as and when the same shall become due and payable, and (c) timely perform, observe and comply with all of the terms, covenants, conditions, stipulations, and agreements, express or implied, which the Borrower is required by the Loan Agreement, the Note, the Regulatory Agreement, the Tax Certificate and any of the other Borrower Documents, to perform or observe.

"Business Day" or "business day" means a day, other than a Saturday or a Sunday, on which (a) banking institutions in Birmingham, Alabama, or in the city in which the Designated Office of the Trustee or Remarketing Agent is located are not authorized or obligated by law or executive order to be closed, (b) The New York Stock Exchange is not closed or (c) the Federal Reserve System is not closed.

"Cash-Collateralized Mode" means the period starting on the Closing Date and ending on the Conversion Date.

"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, 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, (v) the sale or other disposition by the Trustee of Eligible Investments prior to maturity at a price below par, as described in the Indenture or (vi) the optional redemption of the Bonds as provided in the Indenture. The cost and expense of obtaining any Cash Flow Projection shall be the sole responsibility of the Borrower.

"Closing Date" means November __, 2026, the date of initial delivery of the Bonds in exchange for the purchase price thereof.

"Code" means the Internal Revenue Code of 1986, including applicable final, temporary and proposed regulations and revenue rulings applicable thereto.

"Collateral Fund" means the Collateral Fund created in the Indenture.

"Collateral Payments" means Eligible Funds to be paid by or on behalf of the Borrower to the Trustee for deposit into the Collateral Fund pursuant to the Loan Agreement and the Indenture as a prerequisite to the disbursement of money held in the Project Fund.

"Completion Certificate" means a certificate submitted by the Borrower Representative to the Issuer and the Trustee as provided in the Loan Agreement.

"Completion Date" shall mean the date "Substantial Completion" under and for purposes of the Construction Loan Agreement shall have occurred.

"Computation Date" means the date that is two (2) Business Days immediately preceding each Interest Payment Date.

"Construction Lender" means United Bank, an Alabama banking corporation, and its successors and assigns.

"Construction Loan" means the construction loan in the principal amount of $36,000,000* from the Construction Lender to the Borrower pursuant to the Construction Loan Agreement.

"Construction Loan Agreement" means the Construction Loan Agreement by and between the Borrower and the Construction Lender.

"Construction Loan Documents" means the Construction Loan Agreement, the Construction Mortgage, the Environmental Indemnity Agreement, the Guaranty, the other Loan Documents (as defined in the Construction Loan Agreement), and all other documents required by the Construction Lender in connection with or as security for the Construction Loan, including without limitation, the Construction Loan Note and the Construction Mortgage.

"Construction Loan Note" means one or more promissory notes evidencing the Construction Loan in the aggregate principal amount of up to $36,000,000*.

"Construction Mortgage" means the Mortgage, Assignment of Leases and Rents, Assignment of Contracts, Security Agreement, and Fixture Filing executed by the Borrower in favor of the Construction Lender.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement dated as of November 1, 2026, 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.

"Conversion" means the conversion of the Bonds from the Cash-Collateralized Mode to the Permanent Mode and the purchase thereof by the Permanent Lender.

"Conversion Conditions" has the meaning assigned to such term in the Forward Bond Purchase Agreement.

"Conversion Date" means the date specified by the Permanent Lender in the Conversion Notice after the Project meets the Conversion Conditions, and on which date the Bonds shall convert from the Cash-Collateralized Mode to the Permanent Mode; provided that the Conversion Date shall not occur prior to December 1, 2028*.

"Conversion Date Deadline" means (i) June 1, 2029*, and (ii) if extended with the written approval of the Construction Lender and the Permanent Lender and upon receipt by the Issuer and the Trustee of a Favorable Opinion of Bond Counsel, the date chosen for such extended deadline.

"Conversion Notice" has the meaning given to such term pursuant to the Indenture.

* Preliminary; subject to change.

"Costs of Issuance" means all fees, costs and expenses payable or reimbursable directly or indirectly by the Issuer or the Borrower and related to the authorization, issuance and sale of the Bonds, including the initial Ordinary Issuer Fee.

"Costs of Issuance Fund" means the Costs of Issuance Fund created in the Indenture.

"Default" means any Default under the Loan Agreement as specified in and defined by the Indenture.

"Designated Office" of the Trustee, the Lender, the Issuer or the Underwriter means, respectively, the office of the Trustee, the Lender, the Issuer or the Underwriter at the respective Notice Address set forth in this Section 1.01 or at such other address as may be specified in writing by the Trustee, the Lender, the Issuer or the Underwriter, as applicable, as provided in the Indenture.

"Determination of Taxability" means (a) a final decree or judgment of any Federal court or a final action of the Internal Revenue Service determining that interest paid or payable on any Bond is or was includable in the gross income of a Holder of the Bonds for Federal income tax purposes (other than a Holder who is a "substantial user" or "related person" to a "substantial user" within the meaning of Section 147(a) of the Code); or (b) the enactment of federal legislation that would cause interest on the Bonds to be includable in gross income for federal income tax purposes; provided, that no such decree, judgment, or action under (a) will be considered final for this purpose unless the Borrower has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of any Holder of a Bond, and until the conclusion of any appellate review, if sought.

"Dissemination Agent" means initially Pinnacle Bank, or any dissemination agent subsequently appointed in accordance with the Continuing Disclosure Agreement.

"Documents" means and shall include (without limitation), with respect to the Bonds, the Indenture, the Loan Agreement, the Note, the Regulatory Agreement, the Tax Certificate, the Borrower Documents, the Issuer Documents, the Permanent Loan Documents and any and all other documents which the Issuer, the Borrower or any other party or parties or their representatives, have executed and delivered, or may hereafter execute and deliver, to evidence or secure the Issuer's Obligations or the Borrower's Obligations, or any part thereof, or in connection therewith, and any and all Supplements thereto, but excluding the Construction Loan Documents.

"Electronic Means" means facsimile transmission, e-mail transmission or other similar electronic means of communication providing evidence of transmission.

"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 proceeds of the Construction Loan and the Permanent Loan;

(c) Money received by the Trustee from the Underwriter for deposit to the Negative Arbitrage Account;

(d) Remarketing proceeds of the Bonds (including any additional amount paid to the Trustee as the purchase or remarketing price 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 or any Affiliate of either the Borrower or the Issuer);

(e) Any other amounts for which the Trustee has received an Opinion of Counsel selected by the Issuer (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;

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

(g) 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;

(h) Money received by the Trustee in connection with the recycling of volume cap as described in the Indenture; and

(i) Investment income derived from the investment of the money described in (a) through (h) above.

"Eligible Investments" means, subject to the provisions of the Indenture, any of the following investments that 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:

(1) Governmental Obligations; and

(2) Shares or units in any money market mutual fund rated "Aaa-mf" by Moody's (or the equivalent Highest Rating Category given by a 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 that are 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" or "Default" means, when used in the Indenture, those events of default or defaults specified in the Indenture and, when used in the Loan Agreement, those events of default or defaults specified in 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 change or extension of the Mandatory Tender Date pursuant to the Indenture, and (a) which shall be determined by a Cash Flow Projection approved in writing by the Rating Agency and (b) must consist of Eligible Funds.

"Extraordinary Issuer Fees and Expenses" means the expenses and disbursements payable to the Trustee or the Issuer under the Indenture or the other Documents for Extraordinary Services and Extraordinary Expenses, including without limitation extraordinary fees, costs and expenses incurred by Bond Counsel, counsel to the Issuer, or counsel to the Trustee which are to be paid by the Borrower pursuant to the Loan Agreement.

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

"Extraordinary Trustee Fees and Expenses" means the expenses and disbursements payable to the Trustee under the Indenture for Extraordinary Services and Extraordinary Expenses, including extraordinary fees, costs and

expenses incurred by the Trustee and the Trustee's counsel which are to be paid by the Borrower pursuant to the Loan Agreement.

"Favorable Opinion of Bond Counsel" means, with respect to any action the taking of which requires such an opinion, an opinion of Bond Counsel addressed to the Issuer and the Trustee to the effect that such action, or omission of an action, will not, in and of itself, cause interest on the Bonds to be includible in gross income for federal income tax purposes (subject to the inclusion of any exceptions contained in the opinion delivered upon the original issuance of the Bonds or as agreed by the Issuer and the Trustee).

"Force Majeure" means, to the extent the Project is materially adversely affected, fire, earthquake, major flooding, any other condition causing the area within which the Project is located to be declared a federal disaster area, other acts of nature, strike, lockout, acts of public enemy, riot, insurrection, emergency affecting the sale or transportation of materials or supplies needed to construct the Project, or any similar condition not in the control of the Borrower or the general contractor.

"Forward Bond Purchase Agreement" means the Forward Bond Purchase Agreement dated November __, 2026, by and among the Trustee, the Borrower, and the Permanent Lender.

"General Partner" means TWG Magnolia GP, LLC, an Indiana limited liability company, and its successors and assigns.

"Governmental 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.

"Guarantor" means TWG Development, LLC, TWG Construction, LLC, Louis A. Knoble and Justin Collins, and their successors and assigns.

"Guaranty" means, collectively, the Completion Guaranty and the Payment Guaranty (each as defined in the Construction Loan Agreement), each by the Guarantor in favor of the Construction Lender.

"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 not be below "Aa1" or "Aa1/VMIG 1" if rated by Moody's or "A-1+" or "AA+" if rated by S&P.

"Indenture" means the Trust Indenture, dated as of November 1, 2026, between the Issuer and the Trustee, and any and all Supplements thereto.

"Independent" means any person not an employee or officer of the Borrower or its affiliates.

"Initial Bond Purchase Agreement" means the Bond Purchase Agreement dated November __, 2026, by and among the Issuer, the Borrower and the Underwriter.

"Initial Deposit" means Eligible Funds in the amount of $_____ to be deposited into the Negative Arbitrage Account of the Bond Fund on the Closing Date.

"Initial Interest Rate" means ___% per annum.

"Initial Mandatory Tender Date" means June 1, 2029*.

"Initial Remarketing Date" means the Initial Mandatory Tender Date, but only if the conditions for remarketing the Bonds on such date as provided in the Indenture are satisfied.

"Interest Payment Date" means (1) during the Cash-Collateralized Mode, (a) June 1 and December 1 of each year beginning June 1, 2027*, (b) each Redemption Date, and (c) each Mandatory Tender Date, and (2) during the Permanent Mode, (a) the first (1st) day of each calendar month, commencing the month specified in the Permanent Loan Agreement following the Conversion Date, and (b) the date of the last amortization payment as set forth in the Amortization Schedule.

"Investor Limited Partner" means OEF Investment Fund LLC, an Ohio limited liability company, and its successors and assigns.

"Issuer" means Alabama Housing Finance Authority, a public corporation and instrumentality of the State of Alabama, or its successor.

"Issuer Documents" means the Loan Agreement, the Indenture, the Initial Bond Purchase Agreement, the Regulatory Agreement, the Tax Certificate and any and all documents, agreements or instruments executed by the Issuer in connection with the Loan evidenced by the Loan Agreement.

"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 (1) during the Cash-Collateralized Mode, the Construction Lender and (2) during the Permanent Mode, the Permanent Lender.

"Loan" means the loan by the Issuer to the Borrower in the principal amount of $24,000,000* made by the Issuer to the Borrower evidenced by the Note, described in the Loan Agreement and made in connection with the issuance of the Bonds.

"Loan Agreement" means the Loan Agreement, dated as of November 1, 2026, by and between the Originating Lender and the Borrower, as assigned by it to the Issuer and by the Issuer to the Trustee, as the same may from time to time be amended, modified or supplemented as provided therein and in the Indenture.

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

"Local Time" means U.S. Central time (daylight or standard, as applicable) in the State of Alabama.

"Majority Owner" means, during the Permanent Mode, the Person who owns at least fifty-one percent (51%) in aggregate principal amount of Outstanding Bonds, or, if no single person owns at least fifty-one percent (51%) in aggregate principal amount of Outstanding Bonds, the person who is designated in writing to exercise the powers of "Servicer" and "Majority Owner" under the Indenture by persons who collectively own at least fifty-one percent (51%) in aggregate principal amount of Outstanding Bonds.

"Mandatory Tender Date" means (a) the Initial Mandatory Tender Date, (b) the Conversion Date, and (c) 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.

* Preliminary; subject to change.

"Maturity Date" means June 1, 2044*.

"Moody's" means Moody's Investors Service, Inc., 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 Remarketing Agent.

"Mortgage" shall mean (i) the Construction Mortgage, (ii) the Permanent Mode Mortgage, and (iii) the Swap Mortgage.

"Negative Arbitrage Account" means the Negative Arbitrage Account within the Bond Fund created in the Indenture.

"Note" means the promissory note, dated the Closing Date from the Borrower to the Originating Lender, and assigned by it to the Issuer and by the Issuer to the Trustee, in substantially the form attached to the Loan Agreement as an exhibit, as may be amended and restated at Conversion in the form attached to the Loan Agreement, and any amendments, Supplements or modifications thereto, which Note has been assigned by the Issuer to the Trustee.

"Official Statement" means this Official Statement dated November __, 2026, relating to the Bonds during the Cash-Collateralized Mode.

"Opinion of Counsel" means an opinion from an attorney or firm of attorneys, acceptable to the recipient of such opinion, with experience in the matters to be covered in the opinion.

"Optional Call Date" means any date on or after December 1, 2028*.

"Ordinary Issuer Fees" means the annual administrative fee of the Issuer payable on or before October 1 of each year so long as the Bonds or any portion thereof is outstanding (and notwithstanding the definition of "Bonds outstanding" in the Indenture, for purposes of the definition of "Ordinary Issuer Fees" in the Indenture, Bonds "outstanding" or "outstanding" Bonds shall include any Bond described in clauses (b) or (c) of the definition of "Bonds outstanding" in the Indenture, e.g., defeased Bonds shall be considered as outstanding for purposes of "Ordinary Issuer Fees"), in an amount equal to 1/8th of 1% of the principal amount of the Bonds outstanding on such date; such fee is payable in full on such date (in advance without proration or refund); in the event of prepayment of the Bond Loan with the result that the Bonds are redeemed in whole prior to the final maturity date of the Bonds (other than in connection with a refunding of which the Issuer acts as issuer and with respect to which the Borrower agrees to pay an administrative fee satisfactory to the Issuer), then the Borrower shall pay (on the date of redemption) to the Issuer, as a prepayment penalty, an amount equal to the present value (as a prepayment and at a discount rate of 6% per annum) of the Issuer's 1/8th of 1% annual administrative fee which otherwise would have been payable on October 1 of each year thereafter through the final maturity date of the Bonds; provided however, in any event, the Borrower shall pay an annual administrative fee to the Issuer of at least $1,000.00 (less any amounts otherwise required to be paid with respect thereto) payable in advance (without proration or refund) on each October 1 until the end of the Qualified Project Period (as defined in the Regulatory Agreement); provided further, however, if no Bonds are outstanding (other than as a result of a refunding of which the Issuer acts as issuer and with respect to which the Borrower agrees to pay an administrative fee satisfactory to the Issuer), the Borrower also shall pay (on the date the Bonds are paid in full) to the Issuer, as a prepayment penalty, an amount equal to the present value (as a prepayment and at a discount rate of 6% per annum) of the Issuer's said $1,000 annual administrative fee through the end of the Qualified Project Period (as referred to in the immediately preceding clause) (less any amounts otherwise required to be paid with respect thereto), and in connection therewith, if the end of the Qualified Project Period cannot be determined because assistance is provided with respect to the Project under Section 8 of the United States Housing Act, as amended, then said payment shall be calculated to reflect the portion of the Qualified Project Period ending on the date to be determined in clause (i) of the definition thereof (relating to the 15-year period), and if such Section 8 project assistance exists when such date arrives, the Borrower shall resume paying the Issuer's $1,000 annual administrative fee through the end of the Qualified Project Period; further provided, however, that the Borrower shall not pay any amount described in this sentence which would cause the "yield" on the Bond Loan to be "materially

* Preliminary; subject to change.

higher" than the "yield" on the Bonds, within the meaning of Treasury Regulation Section 1.148-2(d) and the Borrower, and not the Issuer, is solely responsible for compliance with the foregoing provision and for the payment of all expenses associated therewith.

"Ordinary Services" and "Ordinary Expenses" mean those services normally rendered, and those expenses normally incurred, by a trustee or an issuer 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 the Closing Date and on each anniversary thereof in the amount of $7,500* (together with an acceptance fee of $5,500* and a Trustee's counsel fee of $5,000* each payable upon execution of the Indenture), as well as the annual sum of $1,000* in connection with its duties as Dissemination Agent under the Continuing Disclosure Agreement. The Ordinary Trustee Fees and Expenses and all amounts due to the Trustee for Extraordinary Services and all Extraordinary Expenses of the Trustee will be paid directly by the Borrower pursuant to the Loan Agreement.

"Originating Lender" means United Bank, an Alabama banking corporation.

"Outstanding," "outstanding" or "Bonds Outstanding" when used with respect to the Bonds means any Bonds theretofore authenticated and delivered under the Indenture, except:

(a) Bonds theretofore canceled by the Trustee or theretofore delivered to the Trustee for cancellation;

(b) Bonds for the payment of which moneys or obligations shall have been theretofore deposited with the Trustee in accordance with the Indenture; or

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Indenture.

"Partnership Agreement" means that certain Amended and Restated Limited Partnership Agreement dated as of November __, 2026, of the Borrower.

"Permanent Lender" means Cedar Rapids Bank and Trust Company, an Iowa state-chartered banking corporation, and its successors and assigns.

"Permanent Loan" means the loan from the Permanent Lender to the Borrower pursuant to the Forward Bond Purchase Agreement and the Permanent Loan Agreement.

"Permanent Loan Agreement" means the Continuing Covenants Agreement, to be entered into between the Borrower and the Permanent Lender upon Conversion and pursuant to the Forward Bond Purchase Agreement.

"Permanent Loan Amount" means the amount of the Permanent Loan, as set forth in the Conversion Notice provided by the Permanent Lender on the Conversion Date.

"Permanent Loan Documents" shall have the meaning assigned to the term "Loan Documents" in the Permanent Loan Agreement.

"Permanent Loan Purchase Fund" means the fund established pursuant to the Indenture.

"Permanent Mode" means the period starting on the Conversion Date and ending on the Maturity Date.

* Preliminary; subject to change.

"Permanent Mode Mortgage" means the Amended and Restated Mortgage, Assignment of Rents, Security Agreement and Fixture Filing, to be dated the Conversion Date, and to be executed by the Borrower for the benefit of the Trustee as security for the Bonds during the Permanent Mode.

"Person" shall include an individual, association, unincorporated organization, corporation, partnership, company, joint venture, trust, or government or agency or political subdivision or public body thereof.

"Project" means the multifamily residential rental housing project located in Birmingham, Alabama, to be known as Magnolia Court Apartments, which, upon completion, will contain approximately 240 affordable rental housing units and which may include such ancillary uses as parking, community space, and other functionally related and subordinate uses.

"Project Fund" means the Project Fund created in the Indenture.

"Qualified Project Costs" means, subject to the provisions of the Tax Certificate, any expenditures which (a) are incurred not more than 60 days prior to the date on which the Issuer first declared its "official intent" (within the meaning of Treasury Regulation Section 1.150-2) with respect to the Project (other than preliminary expenditures with respect to the Project in an amount not exceeding 20% of the aggregate principal amount of the Bonds); (b) are made exclusively to provide facilities and improvements that constitute part of a "qualified residential rental project" within the meaning of Section 142(d) of the Code; and (c) are properly chargeable to the Project's capital account under general federal income tax principles or that would be so chargeable with a proper election or but for a proper election by the Borrower to deduct such expenditure. However, "Qualified Project Costs" do not include (i) issuance costs of the Bonds (within the meaning of Section 147(g) of the Code) or (ii) any fee, charge or profit payable to the Borrower or a "related person" (within the meaning of Section 144(a)(3) of the Code). As used herein, the term "preliminary expenditures" includes architectural, engineering, surveying, soil testing and similar costs that were incurred prior to the commencement of construction of the Project, but does not include land acquisition, site preparation and similar costs incident to commencement of construction of the Project.

"Rating Agency" means any national rating agency then maintaining a rating on the Bonds, and initially means Moody's.

"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" means the amount, if any, which is to be paid to the United States of America pursuant to Section 148(f) of the Code and the Indenture.

"Rebate Analyst" means a certified public accountant, financial analyst or attorney, or any firm of the foregoing, or a financial institution (which may include the Trustee) experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code and selected by the Issuer at the expense of the Borrower to calculate the Rebate Amount or, in the event that the Issuer fails to so select a Rebate Analyst and the Borrower fails to pay such fee one month prior to any date on which calculations are required to be made, any qualified person retained by the Trustee to calculate the Rebate Amount. The initial Rebate Analyst will be Maynard Nexsen PC.

"Rebate Fund" means the Rebate Fund created in the Indenture.

"Record Date" means the 15th day of the month preceding each Interest Payment Date.

"Redemption Date" means any date under the Indenture on which the Bonds are to be redeemed, including (a) the Maturity Date, (b) the date of acceleration of the Bonds, (c) as described under the heading "THE BONDS – Redemption of Bonds", and (d) as set forth in the Permanent Loan Agreement.

"Regulations" means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code. Any reference to any specific Regulation shall also mean, as appropriate, any

proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

"Regulatory Agreement" means the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of November 1, 2026, by and among the Issuer, the Borrower and the Trustee, as the same may be amended, modified 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 November 1, 2026, 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 Date" means the Initial Remarketing Date and, if the Bonds Outstanding on such date or on any subsequent Remarketing 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.

"Remarketing Period" means the period beginning on a Remarketing 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.

"Requisition" means the request on the form attached as an exhibit to the Indenture to make a disbursement from the Project Fund in the manner provided pursuant to the Indenture.

"Reserved Rights of the Issuer" means the rights of the Issuer consisting of: (a) all rights which the Issuer and its officers, directors, members, officials, agents or employees may have under the Indenture, the Loan Agreement and other Documents to indemnification by the Borrower and by any other persons and to payments for expenses incurred by the Issuer itself, or its officers, directors, officials, agents or employees; (b) the right of the Issuer to give and receive notices, reports or other information, make determinations and grant approvals hereunder and under the Documents; (c) the right of the Issuer to give and receive its fees, costs and expenses pursuant to the Loan Agreement and the Regulatory Agreement; (d) all rights of the Issuer to enforce the representations, warranties, covenants and agreements of the Borrower pertaining in any manner or way, directly or indirectly to the requirements of the Act or any requirements imposed by the Issuer with respect to the Project, or necessary to ensure that interest on the Bonds is excluded from gross income for federal income tax purposes, as are set forth in any of the Documents or in any other certificate or agreement executed by the Borrower; (e) all rights of the Issuer in connection with any amendment to or modification of the Documents; and (f) all enforcement remedies with respect to the foregoing.

"Resolution" means that certain resolution adopted by the Board of Directors of the Issuer on September 15, 2026, authorizing the issuance and sale of the Bonds.

"Revenue Account" means the Revenue Account of the Bond Fund created in the Indenture.

"Revenues" means (a) the Loan Payments, (b) Eligible Funds delivered to the Trustee for deposit into the Collateral Fund, (c) 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, (d) any money and investments in the Special Funds, and (e) 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, amounts paid as fees, reimbursement for expenses or for indemnification of the Issuer and the Trustee, or amounts paid to or collected by the Issuer in connection with any Reserved Rights of the Issuer.

"Securities Depository" means the Depository Trust Company, its successors and assigns, or any other securities depository for the Bonds designated by the Issuer or the Borrower to the Trustee in writing.

"SOFR" means with respect to any U.S. Government Securities Business Day, a rate per annum equal to the secured overnight financing rate for such U.S. Government Securities Business Day, as such rate appears on the FRBNY's Website.

"Special Funds" means, collectively, the Bond Fund, the Project Fund and the Collateral Fund, and any accounts therein.

"State" means the State of Alabama.

"Supplement" or "Supplements" means any and all extensions, renewals, modifications, amendments, supplements and substitutions.

"Swap Counterparty" means Cedar Rapids Bank and Trust Company and its permitted successors and assigns during the term of the initial Swap Agreement (as defined in the Swap Mortgage) and thereafter any Person entering into a Swap Agreement with the Borrower.

"Swap Mortgage" means the Swap Mortgage, Assignment of Rents and Security Agreement executed by the Borrower in favor of the Permanent Lender.

"Swap Payment Account" means the Swap Payment Account of the Bond Fund created pursuant to the Indenture.

"Tax Certificate" means, together, the Federal Tax Exemption Certificates each dated as of the Closing Date, executed by the Issuer and the Borrower, as amended, supplemented or otherwise modified from time to time.

"Trust Estate" has the meaning given such term in the Granting Clauses of the Indenture.

"Trust Office" means the trust office of the Trustee located at the address set forth in the Indenture or such other office designated by the Trustee from time to time, or such other offices as may be specified in writing to the Issuer by the Trustee.

"Trustee" or "Corporate Trustee" means Pinnacle Bank, a Tennessee banking corporation authorized to conduct business in the State of Alabama, with a corporate trust office in Birmingham, Alabama and its successor or successors in the trust created by the Indenture.

"Trustee Fees and Expenses" means, collectively, the Ordinary Trustee Fees and Expenses and the Extraordinary Trustee Fees and Expenses.

"Undelivered Bond" means any Bond that is required under the Indenture to be delivered to the Remarketing Agent or the Trustee for purchase on a Mandatory Tender 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.

Conversion Notice; Commencement of Permanent Mode

(a) Unless otherwise agreed in writing by the Permanent Lender, the Conversion Date shall be the date selected by the Permanent Lender as specified in a notice of Conversion, substantially in the form attached as an exhibit to the Indenture (the "Conversion Notice").

(b) At such time as the Conditions to Conversion have been satisfied (or, if not satisfied, such Conditions to Conversion are waived by the Permanent Lender), the Permanent Lender shall deliver to the Borrower, the Issuer and the Trustee the Conversion Notice; provided however, that the Conversion Notice shall be delivered to the Trustee, the Borrower and the Issuer no later than thirty (30) days prior to the Conversion Date or such shorter period of time as agreed to in writing by such parties. Upon the satisfaction of the conditions set forth in this section as evidenced by the Trustee's receipt of the Conversion Notice, and delivery of the Conversion Notice, the Permanent Mode will commence on the Conversion Date.

(c) On the Conversion Date, the Trustee shall:

(i) Disburse amounts on deposit in the Collateral Fund pursuant to the Indenture;

(ii) Upon deposit by the Permanent Lender of the Permanent Loan Amount (as defined in the Conversion Notice) into the Permanent Loan Purchase Fund, register the Bonds to the Permanent Lender in the form attached to the Indenture as an exhibit and in the amounts set forth in the Conversion Notice, and deliver such Bonds to or at the direction of the Permanent Lender; the Trustee shall promptly mark the Bonds, as initially issued and returned to the Trustee pursuant to the Indenture, as "cancelled" and shall return the same to the Issuer.

(iii) Disburse amounts on deposit in the Permanent Loan Purchase Fund pursuant to the Indenture; and

(iv) Redeem the Conversion Redemption Amount of Bonds set forth in the Conversion Notice from the amounts on deposit in the Bond Fund (following the transfer to the Bond Fund from the Collateral Fund described in the Indenture), such that the remaining outstanding principal amount of the Bonds equals the Permanent Loan Amount set forth in the Conversion Notice.

(d) If Conversion has not occurred by the Initial Mandatory Tender Date, then the Bonds shall be subject to mandatory tender pursuant to the Indenture.

Creation of Funds and Accounts

The following trust funds and accounts are created by the Indenture by the Issuer and ordered established with the Trustee to be used for the purposes provided in the Indenture:

(a) the Bond Fund, consisting of:

(i) the Swap Payment Account;

(ii) the Negative Arbitrage Account;

(iii) the Remarketing Proceeds Account; and

(iv) the Revenue Account;

(b) the Expense Fund;

(c) the Project Fund;

(d) the Costs of Issuance Fund;

(e) the Rebate Fund;

(f) the Permanent Loan Purchase Fund;

(g) the Collateral Fund; and

The Trustee may create one or more accounts or subaccounts within any fund authorized by the Indenture for the purpose of accounting for funds deposited into or held in each fund or for carrying out any of the requirements of the Indenture. The Trustee may transfer funds between accounts and subaccounts within any fund.

Deposits into the Bond Fund; Use of Moneys in Bond Fund

On the Closing Date, the Trustee shall deposit the Initial Deposit in the Negative Arbitrage Account of the Bond Fund, to be invested pursuant to the Indenture. Any Extension Payment received by the Trustee in connection with an extension of the Mandatory Tender Date pursuant to the Indenture shall also be deposited into the Negative Arbitrage Account of the Bond Fund.

The Trustee shall deposit into the Bond Fund all amounts paid by the Borrower pursuant to the Loan Agreement.

Prior to the Conversion Date, Bond Service Charges, when due and payable, shall be paid (a) in the first instance from money on deposit in the Bond Fund (excluding the Negative Arbitrage Account therein), (b) next from money on deposit in the Negative Arbitrage Account, (c) next from money on deposit in the Collateral Fund and transferred as necessary to the Bond Fund and (d) thereafter, from money on deposit in the Project Fund and transferred as necessary to the Bond Fund.

Following the Conversion Date, all moneys transferred to the Bond Fund shall be transferred to the Revenue Account, and shall be applied to the following items in the following order of priority:

(a) on each Interest Payment Date, to the payment of regularly scheduled interest on the Bonds;

(b) on each Bond Payment Date, to the payment of the principal of or redemption price of, accrued interest on, and any Prepayment Fee or Additional Interest due with respect to, the Bonds;

(c) on the first day of each month (or the next Business Day if such first day of the month is not a Business Day), to the payment of any other amounts then due and owing under the Loan Documents; and

(d) on the first day of each month (or the next Business Day if such first day of the month is not a Business Day), to the Borrower or such other party as may be legally entitled thereto as directed in writing by the Borrower, upon which the Trustee may conclusively rely.

It is expected that the Trustee will not receive any swap payments from the Borrower under the Swap Documents; however, should such occur, the Trustee shall deposit all net swap payments received from the Borrower under the

Swap Documents into the Swap Payment Account and will transfer any such net swap payments to the Swap Counterparty on behalf of the Borrower as provided in written instructions from the Swap Counterparty.

In the event the amount of the monthly payment received by the Trustee from the Borrower is insufficient to fund in full the deposits required in the foregoing clauses (a) through (d), the Trustee shall provide the servicer (if any), the Borrower and the Issuer with prompt Notice of such deficiency and then, if directed in writing by the servicer (if any), the Trustee shall transfer moneys on deposit in such funds and accounts between such funds and accounts as directed by the servicer (if any) so as to allow for payment of such items as are directed by the servicer (if any), provided, however, in all events the first priority of payments shall be payment of the Ordinary Issuer Fee, the Trustee's Ongoing Fee and the fees due and payable to the Rebate Analyst and any Rebate Amount due and owing to the United States. References to unpaid expenses payable to the Trustee or the Issuer shall include any amounts payable to such parties pursuant to any indemnification under the Indenture or under any of the Documents.

Upon the payment in full of the Bonds and the fees and expenses of the Issuer and the Trustee and the payment of amounts payable to the United States pursuant to the Indenture, any amounts remaining in the Revenue Fund (except amounts held for future payment to the United States pursuant to the Indenture) shall be paid to the Borrower.

Permanent Loan Purchase Fund

The Trustee shall establish and maintain a separate fund to be known as the "Permanent Loan Purchase Fund." On or before the Conversion Date, the Permanent Lender shall cause the funds in an amount equal to the Permanent Loan Amount as set forth in the Conversion Notice to be deposited in the Permanent Loan Purchase Fund. On the Conversion Date, all funds in the Permanent Loan Purchase Fund shall be applied by the Trustee towards the payment of the purchase price of Bonds in the Permanent Loan Amount. After such purchase, the Permanent Loan Purchase Fund shall be closed.

Collateral Fund

The Trustee shall establish and maintain a separate fund to be known as the "Collateral Fund" as set forth below, provided however, that the Trustee will close the Collateral Fund following the Conversion Date:

(a) The Trustee shall deposit into the Collateral Fund all Eligible Funds received by the Trustee pursuant to the Loan Agreement for deposit into the Collateral Fund. Pursuant to the Loan Agreement, with respect to each Requisition made on the Project Fund, the Borrower shall cause to be delivered to the Trustee Eligible Funds for deposit into the Collateral Fund in an aggregate amount equal to the amount to be funded under such Requisition, which in any event shall be a prerequisite to the disbursement of the amount of Bond proceeds on deposit in the Project Fund to be disbursed by the Trustee to pay Qualified Project Costs.

(b) The Trustee shall be required by the Indenture to invest all amounts on deposit in the Special Funds in Eligible Investments pursuant to the written direction of the Borrower. 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.

(c) Each deposit into the Collateral Fund shall constitute an irrevocable deposit solely for the benefit of the Holders, subject to the provisions of the Indenture.

(d) The Trustee shall transfer money in the Collateral Fund as follows: (i) on the Conversion Date, (A) first, to the Bond Fund, the amount sufficient to cause the partial redemption of the Bonds in the Conversion Redemption Amount as set forth in the Conversion Notice, and (B) second, to or at the direction of the Construction Lender, in partial repayment of the outstanding principal balance of the Construction Loan; (ii) on a Mandatory Tender Date other than the Conversion Date, to the Bond Fund, the amount necessary to pay the purchase price of the Bonds, to the extent amounts on deposit in the Remarketing Proceeds Account and the Negative Arbitrage Account of the Bond Fund are insufficient therefor; and (iii) on any Redemption Date, to the Bond Fund the amount, together with amounts on deposit in the Bond Fund, necessary to pay the principal and interest due on the Bonds on such date.

(e) 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.

(f) Notwithstanding anything to the contrary hereto, on the Conversion Date, the Issuer may direct the Trustee to deposit into the Collateral Fund amounts provided by the Issuer and described in clause (h) of the definition of Eligible Funds for further transfer to the Bond Fund to be applied to the principal portion of any partial redemption of the Bonds, all in furtherance of the recycling of volume cap as described in the Indenture.

Procedure for Making Disbursements from Project Fund

Upon the deposit of Eligible Funds into the Collateral Fund, if required and as provided in the Indenture, the Trustee shall disburse Bond proceeds on deposit in the Project Fund, in an amount equal to such deposit of Eligible Funds, solely to pay Qualified Project Costs and only upon the receipt by the Trustee of (1) a request or requests therefor, upon requisition forms approved by the Construction Lender in substantially the form attached as an exhibit to the Indenture, and (2) certification by a Borrower Representative that such costs are qualified costs pursuant to Section 142 of the Code. Each Requisition shall evidence disbursements from the Project Fund. The Trustee shall not disburse money from the Project Fund, other than to pay interest and principal on the Bonds, unless and until Eligible Funds in an amount equal to or greater than the requested disbursement amount have been deposited into the Collateral Fund; provided, however, that the Trustee may transfer funds from the Project Fund to the Collateral Fund upon receipt of a Favorable Opinion of Bond Counsel with respect to such transfer. To the extent money on deposit in the Project Fund is invested in Eligible Investments yet to mature at the time of any such requested and permitted disbursement hereunder, the Trustee is hereby authorized to exchange an amount of such Eligible Investments in the Project Fund for a like amount of Eligible Funds on deposit in the Collateral Fund and then disburse such amounts from the Project Fund to pay Qualified Project Costs without the need to sell or terminate such Eligible Investments prior to their stated maturity date. In accordance with the Loan Agreement, and prior to making any disbursement from the Project Fund (except to make necessary interest payments), the Trustee shall determine that the aggregate account balance in (a) the Collateral Fund and (b) the Project Fund (less the requested disbursement amount) is at least equal to the then-Outstanding principal amount of the Bonds.

Money in the Project Fund shall be disbursed in accordance with the provisions of the Loan Agreement and the Indenture. 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 make the necessary interest and principal payments, if any, on each Interest Payment Date without further written direction.

All disbursements from the Project Fund will be made by the Trustee directly to the Borrower by deposit into a designated account of Borrower located at the Construction Lender, as provided for in the Construction Loan Agreement, and shall not be made more frequently than once per month, unless approved by the Construction Lender, in its sole discretion.

The Trustee and the Issuer shall not in any event be responsible or liable to any person (other than the Borrower, but only in the case of the Trustee and only in the event of a failure by the Trustee to make disbursements following request for disbursements in accordance with the Documents, when such failure is within the Trustee's control, and after notice of such failure and a 3-day opportunity to cure such failure) for the disbursement of, or failure to disburse, moneys from the Project Fund, or any part thereof, and no contractor, subcontractor or material or equipment supplier shall have any right or claim against the Trustee or the Issuer under the Indenture.

If for any reason the Trustee is not able to disburse a corresponding amount of Bond proceeds promptly following receipt of funds from the entity making such collateral deposit into the Collateral Fund, the Trustee shall promptly transfer such funds back to the Lender and not deposit the same into the Collateral Fund.

Investment of Special Funds

Except as otherwise set forth in the Indenture and in the Tax Certificate, money in the Special Funds shall be invested and reinvested by the Trustee in Eligible Investments at the written direction of the Borrower Representative. At no time shall the Borrower direct that any funds constituting gross proceeds of the Bonds (including, without limitation, moneys deposited in or credited to the Collateral Fund and the Negative Arbitrage Account) be used in any manner as would constitute failure of compliance with Section 148 of the Code.

To the extent that the Trustee has not received written directions from the Borrower Representative regarding any investment of moneys, the Trustee shall, until such written directions are received, invest such moneys in Federated Hermes Government Obligations Fund (GOIXX).

Investments of money in the Bond Fund and the Collateral Fund shall mature or be 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. Each investment of money in the Project Fund shall mature or be redeemable at the option of the Trustee at the times and in the amounts as may be necessary to make anticipated payments from the Project Fund. Any of those 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 under the Indenture to, and at 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 required to sell or otherwise dispose of any Eligible Investments prior to maturity at a price below par, 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 money credited to a Special Fund shall constitute part of that Special Fund. All investment earnings from amounts on deposit in the Project Fund and the Collateral Fund shall be allocated to the Bond Fund. All gains resulting from the sale of, or income from, any investment made from amounts on deposit in the Special Funds shall be credited to and become part of the Bond Fund. All investment earnings, gains resulting from the sale of, or income from, any investment made from amounts on deposit in the Rebate Fund shall be retained therein. Any investment losses from moneys credited to a Special Fund shall be charged against that Special Fund. The Trustee shall not be liable for losses on investments made in compliance with the provisions of the Indenture. Following the Closing Date, at the written 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 Initial Deposit shall be held uninvested until the Trustee has purchased, sold, or exchanged Eligible Investments. The Rebate Analyst shall consider any such sale or exchange in making the arbitrage and rebate calculations.

The Trustee may conclusively rely upon the Borrower's written instructions as to both the suitability and legality of all directed investments. Ratings of investments shall be determined by the Borrower at the time of purchase of such investments. The Trustee shall have no responsibility to monitor the ratings of investments after the initial purchase of such investments. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades. Although the Issuer and the Borrower each recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Issuer and the Borrower agree that broker confirmations of investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered by the Trustee.

Investment of Rebate Fund

Any moneys held as part of the Rebate Fund, and not immediately required for the purposes of the Rebate Fund, shall be invested or reinvested by the Trustee, at the written direction of the Borrower Representative and with the prior written approval of the Issuer, in Eligible Investments or in any money market or short term investment fund investing in or consisting solely of and secured by Eligible Investments, including any such fund maintained by the Trustee or an affiliate thereof having maturities consonant with the need for funds as estimated by the Borrower.

Discharge of Lien

If and when the Bonds secured by the Indenture shall become due and payable in accordance with their terms as provided in the Indenture, or otherwise, and the whole amount of the principal and the interest so due and payable upon all of the Bonds, together with all other amounts payable under the Indenture by the Issuer and all fees and expenses of the Trustee and the Issuer, shall be paid, or provision shall have been made for the payment of the same, then the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, upon the request of the Issuer and subject to the provisions of the Indenture, the Trustee shall turn over to the Borrower, so long as there shall have occurred no Event of Default which is uncured and continuing, any surplus in the Bond Fund and all balances remaining in any other fund created under the Indenture and shall assign and transfer to the Borrower all other property then held by the Trustee under the Indenture and shall execute such documents as may be reasonably required by the Issuer.

If and when the Trustee shall hold sufficient moneys under the Indenture, as verified to the Trustee in writing by an Independent public accounting firm of national reputation or other firm similarly experienced in performing such computations, to provide for payment of the whole amount of the principal and interest due and payable and thereafter to become due and payable upon all the Bonds, together with all other amounts (exclusive of amounts in the Rebate Fund) payable or which may thereafter become payable under the Indenture by the Issuer, notwithstanding that all the Bonds have not yet become due and payable and that consequently the right, title and interest of the Trustee in and to the Trust Estate shall not have ceased, terminated and become void pursuant to the foregoing provisions of this section, the Trustee, on demand of the Issuer but subject to the provisions of the Indenture, shall turn over to the Borrower, so long as there shall have occurred no Event of Default which is uncured and continuing, or to such person, body or authority as may be entitled to receive the same, any surplus in the Bond Fund in excess of the amount sufficient to pay the whole amount of the principal and interest due and payable and thereafter to become due and payable upon all Bonds together with all other amounts payable or which may thereafter become payable under the Indenture.

All Outstanding Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed above if (a) there shall have been deposited with the Trustee (as verified to the Trustee in writing by an Independent public accounting firm of national reputation or other firm similarly experienced in performing such computations) either (i) moneys in an amount that shall be sufficient, or (ii) Governmental Obligations that are not subject to redemption prior to maturity, the principal of and the interest on which when due will provide moneys that, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal and interest due and to become due on such Bonds on the maturity date or earlier redemption date thereof, and (b) the Issuer shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, a notice to the Holders of such Bonds and the Rating Agency that the deposit required by clause (a) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with the Indenture and stating such date upon which moneys are to be available for the payment of the principal and interest on such Bonds.

Neither the securities nor moneys deposited with the Trustee pursuant to this heading nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on such Bonds; provided that any cash received from such principal or interest payments on such securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Eligible Investments maturing at times and in amounts sufficient to pay when due the principal and interest to become due on such Bonds on and prior to such maturity dates thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the Borrower, as received by the Trustee, free and clear of any trust, lien or pledge.

The release of the obligations of the Issuer as described under this heading "Discharge of Lien" shall be without prejudice to the right of the Trustee provided in the Indenture to be paid reasonable compensation for all services rendered by it under the Indenture and all its expenses, charges and other disbursements and those of its attorneys, agents and employees, incurred in or about the administration of the trust created by the Indenture and the performance of its powers and duties under the Indenture, and shall not affect the obligations of the Borrower to make the payments required by the Loan Agreement or the Note.

The rights of the Issuer to indemnity, non-liability and payments of all reasonable fees and expenses shall survive the cancellation and termination of the Indenture described under this heading "Discharge of Lien."

Events of Default and Acceleration

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) the failure to pay when due any installment of interest on any Bond payable under the Indenture; or

(b) the failure to pay the principal of any Bond or the redemption price of any Bond on the date on which the same becomes due, whether at the stated maturity thereof, by call for redemption, acceleration or otherwise; or

(c) the occurrence of an Event of Default under the Loan Agreement or under the Permanent Loan Agreement; or

(d) the failure by the Issuer to duly and promptly perform, comply with, or observe any covenant, condition, agreement or provision (other than as specified in clause (a), (b) or (c) of this section) contained in any Alabama state statute, including the Act, or the Bonds or in the Indenture on the part of the Issuer to be performed, and such failure shall continue for a period of 90 days after written notice specifying such failure and requiring the same to be remedied shall have been given to the Issuer and the Borrower by the Trustee, which notice may be given by the Trustee in its discretion and shall be given at the written request of the Holders of not less than 100% in principal amount of the Bonds then Outstanding; provided, however, that if such default be such that it is correctable but cannot be corrected within 90 days, it shall not be an Event of Default if the Issuer or the Borrower is taking appropriate corrective action to cure such failure and if such failure will not impair the security for the Loan or the Bonds.

If any Loan payment required under the Loan Agreement to avoid a default under clause (a), (b), or (c) of this section shall not have been received at the close of business on the last business day preceding the day on which payment must be made to avoid a default under such clauses (a) through (c) above, the Trustee shall use commercially reasonable efforts to give telephonic notice of such default to the Borrower, which telephonic notice shall be confirmed by Electronic Means or other written notice to the Borrower. If any other default shall occur under the provisions of this section, the Trustee shall, within five days after having actual knowledge of such default, use its best efforts to give written notice of such default to the Issuer, the Borrower and the Holders of the Bonds. A default or an Event of Default specified in clauses (a) through (d) above shall occur even though the Trustee fails to give the notice required by this paragraph, the giving of such notice being intended solely to aid in the enforcement of the rights of Bondholders and not in limitation of such rights.

Upon the occurrence of an Event of Default specified in clauses (a) through (c) above, the Trustee shall, upon the written consent of the Holders of the majority in aggregate principal amount of the Bonds then Outstanding, declare by a notice in writing delivered to the Borrower and the Issuer, the principal of all Bonds, and the interest thereon, to be due and payable immediately. Upon such declaration, the 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.

If an Event of Default specified in clause (d) of this section shall occur and be continuing, the Trustee shall, upon written request of the Holders of 100% in principal amount of the Bonds then Outstanding, declare by a notice in writing delivered to the Borrower and the Issuer, the principal of all Bonds, and the interest thereon, to be due and payable immediately. Upon such declaration, the 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 Investor Limited Partner shall be entitled to cure any Event of Default under the Indenture within the timeframe provided to the Borrower. The Issuer and the Trustee agree that cure of any default or Event of Default made or tendered by the Investor 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.

The foregoing provisions of this section or any other provision of the Indenture or any Issuer Document notwithstanding, any Event of Default under this section above (each a "Borrower Related Default") shall not be deemed an Event of Default of the Issuer, and the Issuer shall not be considered to be in default of any of its obligations under the Indenture with respect thereto under any circumstances, as the Issuer is merely acting in a conduit capacity thereunder and the Bonds are secured by and payable solely from amounts received from the Borrower or the Project and the Trust Estate, and are not a debt or indebtedness of the Issuer. Any remedial action under the Indenture with respect to a Borrower Related Default is limited to action against the Trust Estate.

Remedies in Addition to Acceleration

Upon the happening of any Event of Default, then and in every such case the Trustee in its discretion may, and upon the written request of the Majority Owner and receipt of satisfactory indemnity shall (in addition to its right or duty to accelerate as provided in the Indenture):

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, and require the Issuer or the Borrower to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act and the Documents;

(b) bring suit upon the Bonds; or

(c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

The Issuer may pursue all available remedies at law or in equity with respect to the Reserved Rights of the Issuer, so long as the Issuer does not take action to declare the outstanding balance of the Bonds or the outstanding balance owed under the Issuer Documents to be due on account thereof.

Termination of Proceedings

In case any proceeding taken by the Trustee on account of any default or Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case, the Issuer, the Trustee, the Bondholders, and the Borrower 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 though no such proceeding had been taken.

Right of Bondholders to Direct Proceedings

Prior to Conversion, no Holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Indenture, or any other remedy under the Indenture or on the Bonds, unless such Holder previously shall have given to the Trustee written notice of an Event of Default as provided in the Indenture and unless also the Holders of not less than 51% in principal amount of the Bonds then outstanding shall have made written request of the Trustee to do so, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Indenture, or to institute such action, suit or proceeding in its or their name; nor unless there also shall have been offered to the Trustee and the Issuer security and satisfactory indemnity to each of them against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of

indemnity are declared in every such case by the Indenture, at the option of the Trustee, to be conditions precedent to the execution of the trusts of the Indenture or for any other remedy under the Indenture; it being understood and intended that no one or more Holders of the Bonds secured by the Indenture shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the security of the Indenture, or to enforce any right under the Indenture or the Bonds, except in the manner provided in the Indenture and for the equal benefit of all Holders of Outstanding Bonds. For purposes of the foregoing sentence, the Trustee shall be deemed to have failed to act within a reasonable time if it fails to take action within 60 days after receipt of notice and compliance with the foregoing terms and conditions, whereupon, the Holders of 51% in aggregate principal amount of the Bonds may take such action in the place of the Trustee. Nothing contained in the Indenture, however, shall affect or impair the right of any Holder of Bonds to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of and interest on each of the Bonds issued under the Indenture to the respective Holders of the Bonds at the time, place, from the source and in the manner in the Indenture and in such Bonds expressed.

Remedies Vested in Trustee

All rights of action under the Indenture or under any of the Bonds secured by the Indenture which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto. Any suit, action or proceeding instituted by the Trustee shall be brought in its name for the equal and ratable benefit of the Holders of the Bonds, subject to the provisions of the Indenture.

Application of Moneys

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of all Ordinary Trustee Fees and Expenses, and of all fees of the Trustee and the Issuer for Extraordinary Services and Extraordinary Expenses (including without limitation, reasonable attorneys' fees, costs and expenses, except as limited by law or judicial order or decision entered in any action related to defaults and remedies under the Indenture), be deposited in the Bond Fund and all moneys so deposited in the Bond Fund during the continuance of an Event of Default (other than moneys for the payment of Bonds which have matured or otherwise become payable prior to such Event of Default or for the payment of interest due prior to such Event of Default, which moneys shall continue to be held for such payments) shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become, or shall have been declared due and payable, all such moneys shall be applied:

First — To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the direct order of the maturity of the installments of such interest and, if the amounts available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

Second — To the payment to the persons entitled thereto of the unpaid principal, on any of the Bonds, which shall have become due (other than Bonds which have matured or otherwise become payable prior to such Event of Default and moneys for the payment of which are held in the Bond Fund or otherwise held by the Trustee), with interest on such principal from the respective dates upon which the same became due and, if the amount available shall not be sufficient to pay in full the amount of principal, and the interest due on any particular date, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or privilege;

Third — To the payment to the persons entitled thereto of all other of the Issuer's Obligations and the Borrower's Obligations, and, if the amount available shall not be sufficient to pay such Obligations in full, then to the payment ratably, according to the amounts then due, to the persons entitled thereto without discrimination or privilege;

Fourth — To the payment of amounts owed to the Issuer for its Ordinary Issuer Fee; and

Fifth — The remainder, if any, shall be paid over to the Borrower, its successors or assigns, or whomever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

(b) If the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal of and interest and premium then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or 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 persons entitled thereto without any discrimination or privilege. Any remaining funds shall be applied in accordance with the paragraphs designated "*Third*" and "*Fourth*" of subsection (a) above.

Whenever moneys are to be applied pursuant to the provisions of this section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts or principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Amendments to Indenture and Loan Agreement Not Requiring Consent of Bondholders

The Issuer and the Trustee may, from time to time prior to the Conversion Date, without the consent of Bondholders, enter into agreements supplemental to the Indenture and the Loan Agreement as follows:

(i) to specify and determine any matters and things relative to Bonds that shall not materially adversely affect the interest of the Bondholders;

(ii) to cure any formal defect, omission or ambiguity in the Indenture or the Loan Agreement if such action does not materially adversely affect the rights of the Bondholders;

(iii) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(iv) to add to the covenants and agreements of the Issuer in the Indenture or the Loan Agreement other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with the Indenture or the Loan Agreement as theretofore in effect;

(v) to add to the limitations and restrictions in the Indenture or the Loan Agreement, other limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with the Indenture or the Loan Agreement as theretofore in effect;

(vi) to confirm, as further assurance, any pledge under and the subjection to any claim, lien or pledge created, or to be created by, the Indenture, of the Revenues or of any other moneys, securities or funds; or

(vii) to modify, amend or supplement the Indenture or the Loan Agreement in any respect which, in the judgment of the Trustee, is not materially adverse to the interests of the owners of the Bonds.

Before the Issuer shall enter into any agreement supplemental to the Indenture pursuant to this Section, there shall have been filed with the Trustee an opinion of Bond Counsel (at the sole expense of the Borrower) stating that such supplemental indenture is authorized or permitted by the Indenture and complies with its terms, and that upon adoption it will be valid and binding upon the Issuer in accordance with its terms. The opinion of Bond Counsel filed with the Trustee shall also state that the effectiveness of the supplemental indenture will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. The Trustee and the Issuer shall be entitled to rely upon any such opinion of Bond Counsel.

The Trustee shall send written notice to the Borrower and the Rating Agency of any amendment to the Indenture or the Loan Agreement.

Notwithstanding the foregoing, on or after the Conversion Date there shall be no amendments of any kind to the Indenture without the written consent of the Majority Owner. Further, prior to the Conversion Date, no amendment shall be made to the Indenture or to the Loan Agreement with respect to the process for funding and approving a Requisition made on the Bonds without the prior written consent of the Construction Lender (and such amendment made without such consent of the Construction Lender, shall not be effective).

Amendments to Indenture Requiring Consent of Bondholders

Subject to the terms and provisions described under this heading "Amendments to Indenture Requiring Consent of Bondholders" and not otherwise, prior to the Conversion Date, the Holders of not less than 66 2/3% in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, to consent to and approve the execution and delivery by the Issuer and the Trustee of any agreement supplemental to the Indenture as shall be deemed necessary or desirable by the Issuer and the Trustee for the purposes of modifying, altering, amending, adding to or rescinding any of the terms or provisions contained in the Indenture; provided, however, that, unless approved in writing by, prior to the Conversion Date, the Holders of all of the Bonds then Outstanding, nothing in the Indenture contained shall permit, or be construed as permitting, (i) a change in the terms of maturity of the principal of or the interest on any Outstanding Bond, or a reduction in the principal amount of any Outstanding Bond or the rate of interest thereon, or (ii) the creation of a claim or lien upon, or a pledge or assignment of, the Trust Estate ranking prior to or on a parity with the claim, lien, assignment or pledge created by the Indenture, or the release of the Trust Estate or any part thereof (except to the extent permitted pursuant to the Documents), or (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of the Bonds required for any action or consent by Bondholders set forth in the Indenture, including (without limitation) that required for consent to such supplemental indentures. This section shall not limit or otherwise affect the ability of the Issuer to enter into agreements supplemental to the Indenture without the consent of the Bondholders pursuant to the Indenture.

If at any time the Issuer and the Trustee shall determine to enter into any supplemental indenture for any of the purposes of this section, the Trustee shall cause written notice of the proposed supplemental indenture to be given to the servicer (if any) and all Holders of the Bonds; provided, however, that failure to give such notice or any defect therein, shall not affect the validity of any proceedings pursuant to the Indenture. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that a copy thereof is on file at the Trust Office for inspection by all Bondholders.

Within 120 days after the date of giving such notice (or such lesser time as the parties may agree), the Issuer and the Trustee may enter into such supplemental indenture in substantially the form described in such notice only if there shall have first been filed with the Issuer (i) the written consents of Holders of not less than 66 2/3% in aggregate principal amount of the Bonds then outstanding (or 100% if required under the Indenture) and (ii) an opinion of counsel stating that (1) such supplemental indenture is authorized or permitted by the Indenture and complies with its terms, and that upon adoption it will be valid and binding upon the Issuer in accordance with its terms and (2) the effectiveness of the supplemental indenture will not adversely affect the exemption from federal income taxes of the interest on the Bonds.

If the Holders of not less than the percentage of Bonds required by this section shall have consented to and approved the supplemental indenture as provided in the Indenture, no Holder of any Bond shall have any right to object to such supplemental indenture, or to object to any of the terms and provisions contained therein or the operation

thereof, or in any manner to question the propriety thereof, or to enjoin or restrain the Issuer or the Trustee from entering into the same or from taking any action pursuant to the provisions thereof.

Upon the effectiveness of any supplemental indenture entered into pursuant to the provisions of this section, the Indenture shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Issuer, the Trustee and all Holders of Bonds then outstanding shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modifications and amendments.

The Trustee shall send written notice to the Rating Agency of any amendment to the Indenture.

Supplemental Indentures Part of Indenture

Any supplemental indenture entered into in accordance with the provisions of the Indenture shall thereafter form a part of the Indenture and all the terms and conditions contained in any such supplemental indenture as to any provision authorized to be contained therein shall be and shall be deemed to be a part of the terms and conditions of the Indenture for any and all such purposes.

Amendments to Documents Requiring Consent of Bondholders

Except as provided in the Indenture, the Issuer and the Trustee shall not consent to any amendment, change or modification of the Documents without the giving of notice and the written approval or consent of the Holders of the Bonds at the time Outstanding given and procured as provided in the Indenture; provided, however, no such separate approval or consent shall be required in connection with the issuance of refunding bonds if any required consent of the required number of Holders to the issuance thereof shall have been previously obtained. If at any time the Issuer and the Borrower shall request the consent of the Trustee to any such proposed amendment, change or modification, the Trustee shall cause notice of such proposed amendment, change, or modification to be given in the same manner as provided by the Indenture with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the Trust Office for inspection by all Bondholders.

Severability

In case any one or more of the provisions of the Indenture or of the Bonds for any reason, is held to be illegal or invalid such illegality or invalidity shall not affect any other provisions of the Indenture or the Bonds, and the Indenture and the Bonds shall be construed and enforced to the end that the transactions contemplated by the Indenture be effected and the obligations contemplated by the Indenture be enforced as if such illegal or invalid provisions had not been contained therein.

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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.

Agreement to Issue, Sell and Deliver the Bonds; Application of Proceeds

In order to provide funds to purchase the Loan to the Borrower to finance the Project, the Issuer has agreed in the Indenture to issue, sell, and deliver the Bonds upon receipt by the Trustee of the items listed in the Indenture. The Lender and the Borrower consent to the application of the proceeds of the Bonds as provided in the Indenture.

Disbursements from the Project Fund

In the Indenture, the Issuer has authorized and directed the Trustee to make disbursements from the Project Fund to pay Project Costs upon satisfaction of the requirements of the Indenture.

Disbursements from the Project Fund for the payment of Project Costs shall be made by the Trustee only to, or at the direction of, the Borrower, upon satisfaction of all of the following conditions:

(i) The receipt by the Trustee of a completed Requisition providing the amount of the disbursement request (a "Disbursement Amount") and the expected date of disbursement (a "Disbursement Date").

(ii) Promptly upon receipt of a completed and fully executed Requisition, the Trustee will notify the Borrower if (A) the Disbursement Amount exceeds the available account balance of the Project Fund or (B) the Trustee has actual knowledge that an Event of Default has occurred and is continuing. If such an Event of Default has occurred and is continuing to the knowledge of the Trustee, the Trustee shall make no further disbursements from the Project Fund so long as such Event of Default continues to exist.

(iii) Unless the Borrower is given notice from the Trustee of the matters described in clause (ii) above, on or before the expected Disbursement Date the Borrower will cause Collateral Payments equal to the Disbursement Amount to be delivered to the Trustee in immediately available funds.

(iv) Upon receipt by the Trustee of the Collateral Payments in an amount equal to the Disbursement Amount, such Collateral Payments shall be deposited into the Collateral Fund. In the event that the amount of the Collateral Payments received by the Trustee does not equal the amount of the Requisition, the Trustee shall promptly return such Collateral Payments to the applicable collateral provider and shall not make the requested disbursement.

(v) Subject to the Loan Agreement, upon satisfaction of the conditions set forth in clauses (i) through (iv) above, the Trustee shall be unconditionally and irrevocably obligated to disburse funds from the Project Fund in accordance with the Requisition. The Trustee shall disburse funds from the Project Fund in accordance with the instructions contained in the Requisition (A) on the same Business Day that it receives the Collateral Payment in the event the Trustee receives the Collateral Payment with respect to such Requisition prior to 10:30 a.m. Local Time (or such later time that is acceptable to the Trustee in its discretion) on such Business Day or (B) on the next succeeding Business Day if the Trustee receives the Collateral Payment after such time.

The Borrower acknowledges and agrees that it shall submit Requisitions to the Trustee no more frequently than once each calendar month and that it shall not request, and the Trustee shall not be required to make, any disbursement which is in excess of the amount of Eligible Investments then available to be withdrawn or liquidated at par and without penalty. Each such Requisition shall be consecutively numbered.

The Borrower shall not request disbursements from the Project Fund the aggregate amount of which exceeds the principal amount of the Loan.

Any money in the Project Fund remaining after the Completion Date and payment, or provision for payment, in full of the Project Costs promptly shall be transferred into the Bond Fund for payment of principal and interest on the Bonds when due.

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 the amount in the Collateral Fund plus the amount 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.

Establishment of Completion Date

The Borrower Representative shall evidence completion of the Project and the actual date of completion to the Lender and the Trustee by an executed Completion Certificate in the form attached to the Loan Agreement as an exhibit. The Completion Certificate shall be furnished by the Borrower to the Lender and the Trustee promptly following the completion of the Project.

Any amount (exclusive of amounts retained by the Trustee in the Project Fund for payment of Qualified Project Costs not then due and payable) remaining in the Project Fund shall be transferred by the Trustee into the Bond Fund and used by the Trustee (i) to pay the principal of and interest on the Bonds on the next Interest Payment Date or (ii) for any other purpose provided that the Trustee is furnished with a Favorable Opinion of Bond Counsel with respect to such proposed other purpose and an opinion of Counsel, which may be Bond Counsel, to the effect that such use is lawful under the Act. Until used for one or more of the foregoing purposes, such segregated amount may be invested as permitted by the Indenture provided that prior to any such investment the Trustee is provided with a Favorable Opinion of Bond Counsel with respect to such proposed investment.

Borrower Required to Pay in Event Project Fund Insufficient

In the event the moneys in the Project Fund are not sufficient to pay the Project Costs in full, the Borrower agrees to complete the Project and to pay that portion of the Project Costs in excess of the moneys available therefor in the Project Fund. The Originating Lender does not make any warranty, either express or implied, that the moneys deposited into the Project Fund and available for payment of the Project Costs will be sufficient to pay all of the Project Costs. The Borrower agrees that if after exhaustion of the moneys in the Project Fund, the Borrower should pay any portion of the Project Costs pursuant to the provisions of this section, the Borrower shall not be entitled to any reimbursement therefor from the Originating Lender, the Trustee or the Holders of any of the Bonds, nor shall the Borrower be entitled to any diminution of the amounts payable under the Loan Agreement.

Construction Loan to Borrower; Eligible Funds

The Borrower shall have obtained the Construction Loan from the Construction Lender prior to or simultaneously with the execution and delivery hereof, and the Borrower shall enter into the Construction Loan Agreement simultaneously with the execution and delivery hereof to provide for the delivery to the Trustee of a portion of the Collateral Payments.

In consideration of and as a condition to the disbursement of Bond proceeds in the Project Fund to pay Project Costs, and to secure the Borrower's obligation to make Loan Payments, the Borrower shall cause the Construction Lender from time to time, to deliver Eligible Funds pursuant to the Construction Loan Agreement to the Trustee for deposit into the Collateral Fund to enable the Trustee to disburse an equal amount of Bond proceeds from the Project Fund as approved by the Construction Lender in connection with a completed and fully executed Requisition, in substantially the form attached to the Indenture as an exhibit.

Optional Prepayment

The Note is subject to optional prepayment to effectuate an optional redemption of the Bonds pursuant to the terms of the Indenture.

Borrower's Obligations Upon Tender of Bonds

If any tendered Bond is not remarketed on any Mandatory Tender Date and a sufficient amount is not available in the Collateral Fund, the Negative Arbitrage Account of the Bond Fund, or the Project Fund as provided in the Indenture for the purpose of paying the purchase price of such Bond, the Borrower will cause to be paid to the Trustee by the applicable times provided in the Indenture, an amount equal to the amount by which the principal amount of all Bonds tendered and not remarketed, together with interest accrued to the Mandatory Tender Date, 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 Originating Lender and the Trustee are on deposit with the Trustee to meet all Loan Payments due or to become due through the date on which the last of the Bonds is then scheduled to be retired or redeemed. Such option shall be exercised by the Borrower, giving the Originating Lender and the Trustee five (5) 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 this section shall not be deemed to permit a prepayment of the Note other than in accordance with its terms.

Defaults Defined

The following shall be "Defaults" under the Loan Agreement and the term "Default" shall mean, whenever it is used in the Loan Agreement, the occurrence of any one or more of the following events and continuation thereof beyond all applicable grace or cure periods:

(a) Failure by the Borrower to pay any amount required to be paid under the Loan Agreement when the same is due and payable.

(b) Failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed in the Loan Agreement other than as referred to in subsection (a) of this section or failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed in the Tax Certificate, for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, will have been given to the Borrower by the Originating Lender or the Trustee; provided, with respect to any such failure covered by this subsection (b), no event of default will be deemed to have occurred so long as a course of action adequate to remedy such failure will have been commenced within such sixty (60) day period and will thereafter be diligently prosecuted to completion and the failure will be remedied thereby.

(c) The dissolution or liquidation of the Borrower, or the voluntary initiation by the Borrower of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Borrower of any such proceeding which shall remain undismissed for 60 days, or failure by the Borrower to promptly have discharged any execution, garnishment or attachment of such consequence as would impair the ability of the Borrower to carry on its operations at the Project, or assignment by the Borrower for the benefit of creditors, or the entry by the Borrower into an agreement of composition with its creditors or the failure generally by the Borrower to pay its debts as they become due.

(d) The occurrence of a Default under the Indenture.

The provisions of subsection (b) of this section are subject to the following limitation: if by reason of Force Majeure it is impossible for the Borrower in whole or in part, despite its best efforts, to carry out any of its agreements contained in the Loan Agreement (other than its obligations relating to the Loan as set forth in the Loan Agreement), the Borrower shall not be deemed in Default during the continuance of such inability. Such Force Majeure event does not affect any obligations of the Borrower other than the timing of performance of such obligations. The Borrower agrees, however, to use its best efforts to remedy with all reasonable dispatch the cause or causes preventing the Borrower from carrying out its agreement. The settlement of strikes and other industrial disturbances shall be entirely within the discretion of the Borrower and the Borrower shall not be required to settle strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Borrower unfavorable to the Borrower.

Remedies on Default

Whenever any Default referred to in the Defaults Defined section of the Loan Agreement above shall have happened and be continuing beyond the expiration of any applicable cure period, the Trustee, as the assignee of the Originating Lender's rights under the Loan Agreement, in its sole discretion may take (but only with the approval of the Servicer and after Notice to the Originating Lender), and upon written direction of the Servicer and Notice to the Originating Lender shall take, or the Originating Lender (in the event the Trustee fails to act) may take, one or any combination of the following remedial steps:

(a) If the Trustee has declared the Bonds immediately due and payable pursuant to the Indenture, by written notice to the Borrower, declare an amount equal to all amounts then due and payable on the Bonds, whether by acceleration of maturity (as provided in the Indenture) or otherwise, to be immediately due and payable, whereupon the same shall become immediately due and payable; and

(b) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under the Loan Agreement, the Note, the Regulatory Agreement or any other Document in the event of default thereunder (including without limitation foreclosure of the Deed of Trust).

Any amounts collected pursuant to action taken under this section (including amounts in the Collateral Fund) shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture.

No Remedy Exclusive

Subject to the Indenture and the Loan Agreement, no remedy in the Loan Agreement conferred upon or reserved to the Originating Lender or the Trustee 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 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 nor shall it be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Originating Lender or the Trustee to exercise any remedy reserved to it in the Loan Agreement, it shall not be necessary to give any notice, other than such notice as may be required by the Loan Agreement and the Indenture. Such rights and remedies as are given the Originating Lender under the Loan Agreement shall also extend to the Trustee, and the Trustee and the Holders of the Bonds, subject to the provisions of the Indenture, including, but not limited to the Reserved Rights of the Originating Lender, shall be entitled to the benefit of all covenants and agreements contained in the Loan Agreement.

No Additional Waiver Implied by One Waiver

In the event any agreement contained in the Loan Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach under the Loan Agreement.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT

The following is a summary of certain provisions of the Regulatory Agreement and Declaration of 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, copies of which are on file with the Issuer and the Trustee. All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture and the Regulatory Agreement.

The Issuer, the Borrower and the Trustee will enter into the Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, construction and equipping of the Project.

Definitions

As used herein:

"Lower-Income Tenants" means and includes individuals and families whose adjusted gross income (computed in the manner prescribed in Treasury Regulation 1.167(k)-3(b)(3) or any successor thereto) does not exceed 60% of the Median Gross Income for the Area, with adjustments made for family size in a manner consistent with determinations made under Section 8 of the United States Housing Act of 1937. With respect to Units occupied by students, the determination of whether such a Unit is occupied by Lower-Income Tenants shall be determined by the rules of Section 42(i)(3)(D) of the Code.

"Median Gross Income for the Area" means the median income for the area where the Project is located as determined by the Secretary of Housing and Urban Development under Section 8(f)(3) of the United States Housing Act of 1937, as amended, or if programs under Section 8(f) are terminated, median income determined under the method used by the Secretary prior to the termination.

"Qualified Project Period" means the period beginning on the later of the Issue Date or the first day on which ten percent (10%) of the Units in the Project are first occupied and ending on the latest of (i) the date which is fifteen (15) years after the date on which at least fifty percent (50%) of the Units in the Project are first occupied (or after the Issue Date, if later), or (ii) the first day on which no tax-exempt obligation issued with respect to the Project is outstanding (for purposes of this definition of "Qualified Project Period," the definition of "outstanding" in the Indenture shall not apply), 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, as amended, terminates.

"Unit" means an individual residential unit contained within the Project.

All other capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture and the Regulatory Agreement.

Term of Agreement

The Regulatory Agreement (including the restrictive covenants established in the Regulatory Agreement) shall become effective upon the Issue Date and terminate upon the earlier of (a) the termination of the Occupancy Restrictions as provided in paragraph (a) "Occupancy Restrictions" below, or (b) an early termination pursuant to the provisions of paragraph (b) "Early Termination of Restrictions" below.

Term of Restrictions

(a) Occupancy Restrictions. The term of the Occupancy Restrictions set forth in the Regulatory Agreement shall remain in effect during the Qualified Project Period. It is expressly agreed and understood that the provisions in the Regulatory Agreement are intended to survive the payment and retirement of the Bonds and the

termination of the financing documents relating thereto, if such payment, retirement or termination occurs prior to the end of the Qualified Project Period.

(b) Early Termination of Restrictions. The Regulatory Agreement and the restrictions thereunder shall cease to apply to the Project in the event of involuntary noncompliance as a result of unforeseen events such as fire, seizure, requisition, foreclosure, transfer of title by a deed in lieu of foreclosure or other similar event, change in a federal law or an action of a federal agency after the date of issue that prevents the Issuer from enforcing the provisions of the Regulatory Agreement, or condemnation or similar event but only if, within a reasonable period, either (i) the Bonds are retired or (ii) any insurance proceeds or condemnation awards or other amounts received as a consequence of such event are used to provide a development (a) which meets the requirements of Section 142(d) of the Code and Regulation Section 1.103-8(b) as amended, or any successor law or regulation; (b) with respect to which a regulatory agreement substantially similar to the Regulatory Agreement is recorded; and (c) which meets the requirements of Section 148 of the Code; provided, however, that the provisions of the Regulatory Agreement and the restrictions thereunder shall not cease to apply to the Project by reason of the aforementioned foreclosure, transfer of title by deed in lieu of foreclosure or other similar event if, at any time during that part of the Qualified Project Period subsequent to such event, the obligor on the Note or a "related person," as defined in Regulation Section 1.103-10(e), obtains an ownership interest in the Project for tax purposes; provided further, however, that if the provisions of the Regulatory Agreement cease to apply to the Project by reason of the aforementioned foreclosure, transfer of title by deed in lieu of foreclosure or other similar event, and the Bonds used to provide the Project then outstanding are retired within a reasonable period and the Project thereafter ceases to comply with Section 142(d) of the Code, the Borrower or any related person, as defined in Treasury Regulation Section 1.103-10(e), during the period in which the Occupancy Restrictions are or would be in effect, covenants and agrees not to obtain an ownership interest in the Project for federal tax purposes.

Project Restrictions

The Borrower has represented, warranted and covenanted that:

(a) The Project will be acquired, constructed, owned, managed and operated for the purpose of providing a qualified residential rental project, as such term is used in Section 142(d) of the Code. All of the Units (except for not more than one unit set aside for resident manager or other administrative use) will be available for rental during the Qualified Project Period on a continuous basis to members of the general public, and the Borrower will not give preference to any particular class or group in renting the Units in the Project, except to the extent Units are required to be leased or rented to Lower-Income Tenants and/or subject to certain age restrictions as provided in the Regulatory Agreement or any preferences approved by the Issuer or required by HUD.

(b) The Project will consist of a building or structure or several proximate buildings or structures that are located on a single tract of land or contiguous tracts of land that will be owned, for federal tax purposes, at all times by one person, has similarly constructed units and may include facilities functionally related and subordinate thereto. As used herein, "tract" means any parcel or parcels of land which are contiguous except for the interposition of a road, street, stream or similar property. Parcels shall be considered contiguous if their boundaries meet at one or more points.

(c) If a Unit within a building or structure is occupied by the Borrower, or any person who is related to the Borrower under the Code, the building or structure must include no fewer than four Units not occupied by the Borrower or such related person.

(d) All Units in the Project will contain complete living, sleeping, eating, cooking and sanitation facilities for a single person or family.

(e) None of the Units in the Project will at any time prior to the expiration of the Qualified Project Period be used on a transient basis, or used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitarium, rest home or as trailer parks and courts for use on a transient basis.

(f) Units to be occupied by Lower-Income Tenants shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to those Units which are available to other tenants.

(g) Restrictions on use of proceeds:

(1) none of the proceeds of the Loan or the Bonds (including investment earnings) shall be used to provide a golf course, a country club, a massage parlor, a tennis club, a skating facility, a racquet sports facility, a hot tub facility, a suntan facility or a racetrack;

(2) none of the proceeds of the Loan or the Bonds (including investment earnings) shall be used to provide a facility the primary purpose of which is any of the following: retail food and beverage services, automobile sales or service, or the provision of recreation or entertainment;

(3) none of the proceeds of the Loan or the Bonds (including investment earnings) shall be used to provide a health club facility, an airplane, a skybox or any other private luxury box, any facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises; and

(4) less than twenty-five percent (25%) of the net proceeds of the Loan or the Bonds shall be used directly or indirectly for the acquisition of land or any interest therein.

(h) All office space within the Project is located on the Real Estate described in an exhibit attached to the Regulatory Agreement and on the premises of the Project and not more than a de minimis amount of the functions to be performed at such office is not directly related to the day-to-day operations at such facility. All of the Project will be used in connection with the provision of multi-family residential housing.

Occupancy Restrictions

The Issuer and the Borrower have elected the "40-60 test" of Section 142(d)(1) of the Code. The Borrower further represents, warrants and covenants that:

(a) At least forty percent (40%) of the Units of the Project shall be occupied (or treated as occupied as provided in the Regulatory Agreement) on a continuous basis by Lower-Income Tenants. The forty percent (40%) set-aside requirement applies to the total number of "available Units," which means, as described in Revenue Procedure 2004-39, Units in the Project that are actually occupied and Units in the Project that are unoccupied and have been leased at least once after becoming available for occupancy, provided that (i) in the case of an acquisition of an existing residential rental project, a residential unit that is unoccupied on the later of (A) the date the project is acquired or (B) the issue date of the first bonds is not an available Unit and does not become an available Unit until it has been leased for the first time after such date, and (ii) a residential Unit that is not available for occupancy due to renovations is not an available Unit and does not become an available Unit until it has been leased for the first time after the renovations are completed. The determination of whether an individual or family qualifies as a Lower-Income Tenant shall be made at the time the tenancy commences and annually thereafter as of each anniversary of the commencement date of the tenancy. Any Unit occupied by an individual or family who is a Lower-Income Tenant at the commencement of occupancy shall continue to be treated as if occupied by a Lower-Income Tenant during his or her tenancy in such Unit even though such individual or family subsequently ceases to satisfy the applicable income limit. The preceding sentence shall cease to apply to any resident of the Project whose income as of the most recent annual determination exceeds 140% of the applicable income limit if after such determination, but before the next determination, any Unit of comparable or smaller size in the (i) same building (within the meaning of Section 42 of the Code) if the Project is allowed credits under said Section 42 or (ii) Project if the Project is not allowed credits under said Section 42, is occupied by a new resident whose income exceeds the applicable income limit for qualifying as a Lower-Income Tenant. Any Unit vacated by a Lower-Income Tenant shall be treated as being occupied by such prior Lower-Income Tenant until reoccupied, other than for a temporary period not to exceed thirty-one (31) days, at which time

the character of the Unit shall be redetermined. If necessary, in order to comply with the Occupancy Restrictions, the next available Unit or Units in the Project shall be made available only to individuals or families qualifying as a Lower-Income Tenant.

(b) As a condition to occupancy, any prospective Lower-Income Tenant shall sign and deliver to the Borrower an Eligibility Certificate in the form substantially of that attached to the Regulatory Agreement as an exhibit or in such other form and manner (but only if the Borrower has delivered to the Issuer and the Trustee an opinion of nationally recognized bond counsel acceptable to the Issuer stating that the use of the form of Eligibility Certificate proposed in lieu of the form appearing as an exhibit to the Regulatory Agreement will not adversely affect the exclusion from gross income of the interest on the Bonds for federal income tax purposes) as may be required or permitted by applicable rules, regulations or policies promulgated or proposed by the Department of the Treasury, the Internal Revenue Service or the Issuer with respect to obligations issued under Section 142(d) of the Code, in which the prospective Lower-Income Tenant certifies that he or she and his or her family qualify as a Lower-Income Tenant. Each prospective Lower-Income Tenant shall also agree to provide updated Eligibility Certificates to the Borrower on an annual basis on such dates as shall enable the Borrower to make the annual income determinations referred to in the immediately preceding paragraph. In addition, such individual shall provide whatever other information, documents or certifications are deemed necessary by the Issuer or the Trustee to substantiate the Eligibility Certificate. The form for the Eligibility Certificate shall be revised from time to time to reflect changes in the Median Gross Income for the Area and any related family size adjustments that are pertinent to the determination of whether particular individuals or families qualify as Lower-Income Tenants.

(c) The form of lease to be used by the Borrower in renting any Unit in the Project to a Lower-Income Tenant shall provide for termination of the lease and consent by such person or family to immediate eviction for failure to qualify as a Lower-Income Tenant as a result of any material misrepresentation made by such person or family with respect to the Eligibility Certificate, or failure or refusal to supply the annual income certification required by Section 142(d)(3) of the Code.

(d) Eligibility Certificates will be maintained on file at the Project with respect to each Lower-Income Tenant who resides in a Unit or resided therein during the immediately preceding calendar year, and the Borrower will, promptly upon request by the Issuer or Trustee, file a copy thereof with the requesting party.

(e) Within thirty (30) days of the end of each calendar quarter (or such other period as the Issuer may subsequently establish with the approval of nationally recognized bond counsel), the Borrower will submit to the Issuer an Occupancy Certificate in the form substantially of that attached to the Regulatory Agreement as an exhibit (or in such other form as may be required by the Issuer from time to time), executed by the Borrower, stating, inter alia, the percentage of Units of the Project that were occupied by Lower-Income Tenants at all times during the preceding calendar quarter and identifying Lower-Income Tenants who commenced or terminated occupancy of the Project during such calendar quarter. On May 1 of each year, the Borrower shall submit to the Issuer a list of all Lower-Income Tenants and copies of the Eligibility Certificates from such Lower-Income Tenants.

(f) The Borrower will make such annual certifications with respect to the Project as shall be needed to satisfy the requirements of Section 142(d)(7) of the Code.

Transfer Restrictions

In addition to any other requirement imposed by the Bond Mortgage, the Loan Agreement, the Note or the Regulatory Agreement, the Borrower further represents, covenants and agrees not to (a) sell, transfer or otherwise dispose of the Project or (b) permit any transfer by any party or parties owning fifty percent (50%) or more of the ownership interest in the Borrower's general partner, of such ownership interest, nor any other similarly significant change in the ownership interest, control or relative distribution thereof, of the Borrower's general partner by any other method or means including, but not limited to, increased capitalization, merger, corporate or other amendments, issuance of additional or new stock or classification of stock, or otherwise, in each case without obtaining the prior written consent of the Issuer, which consent shall be conditioned upon (i) receipt of evidence satisfactory to the Issuer

that the Borrower's purchaser or transferee has assumed in writing the Borrower's duties and obligations under the Regulatory Agreement, the Financing Documents to which the Borrower is a party and the Loan, (ii) the Issuer's reasonable satisfaction that the proposed purchaser or transferee is capable (both financially and operationally) of performing such duties and obligations, (iii) payment of any transfer charges then imposed by the Issuer, and (iv) an opinion of nationally recognized bond counsel acceptable to the Issuer stating in effect that the proposed action, together with any other changes with respect to the Bonds made or to be made in connection with such action, will not adversely affect the exclusion from gross income of the interest on the Bonds for federal income tax purposes. It is thereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of the Regulatory Agreement shall to the extent permitted by law be null, void and without effect, shall cause a reversion of title to the Borrower and shall be ineffective to relieve the Borrower of its obligations under the Regulatory Agreement. Notwithstanding anything to the contrary contained in the Regulatory Agreement, (y) expressly permitted under the Regulatory Agreement, without obtaining the prior written consent of the Issuer, is the transfer by the Limited Partner of limited partnership interests in the Borrower to any other entity which is an affiliate of the Limited Partner, and (z) the condition set forth in subsection (ii) above shall not apply to a removal and replacement of the General Partner by the Limited Partner, or by the Construction Lender (but only prior to the Conversion Date), an entity that is controlled, directly or indirectly, by the same parent that controls the Limited Partner, as the result of the Limited Partner's exercise of its rights under the terms and conditions of the Organizational Documents, or as applicable as the result of the Construction Lender's exercise of its rights under the terms and conditions of the Construction Loan Documents; provided that the Borrower shall promptly notify the Issuer of any Transfer described in this sentence and provide such information as is necessary to update the Issuer's records of ownership with respect to the Borrower. Nothing contained in the Regulatory Agreement shall affect any provision of the Bond Mortgage, the Loan Agreement, the Note, the Regulatory Agreement or any other document to which the Borrower is party with respect to the Loan or any other Financing Document or Mortgage Loan Document which requires the Borrower to obtain the consent of any other person as a precondition to sale, transfer or other disposition of the Project.

Covenants to Run with the Land

The Borrower subjects the Project to the covenants, reservations and restrictions set forth in the Regulatory Agreement. In the Regulatory Agreement, the Issuer, the Trustee and the Borrower declare their express intent that the covenants, reservations and restrictions set forth therein shall be deemed covenants running with the land to the extent permitted by law and shall pass to and be binding upon the Borrower's successors in title to the Project during the term of the Regulatory Agreement. Each and every contract, deed or other instrument executed after the date of the Regulatory Agreement covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations or restrictions are set forth in such contract, deed or other instrument.

Enforcement

(a) The Borrower shall permit any duly authorized representative of the Issuer, the Trustee, the Department of the Treasury or the Internal Revenue Service at all reasonable times to inspect any books and records of the Borrower regarding the Project and with respect to the incomes of Lower-Income Tenants which pertain to compliance with the provisions of the Regulatory Agreement, Section 142(d) of the Code, the Regulations or the Issuer's policies and procedures applicable to the Bonds.

(b) In addition to the information specifically requested in the Regulatory Agreement, the Borrower shall submit any other information, documents or certifications requested by the Issuer or the Trustee that the Issuer or the Trustee deems reasonably necessary to substantiate the Borrower's continuing compliance with the provisions of the Regulatory Agreement, Section 142(d) of the Code, the Regulations or the Issuer's policies and procedures applicable to the Bonds.

(c) The Issuer, the Borrower and the Trustee, in its capacity as such, each covenants that it will not knowingly take or permit any action to be taken that would adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes. Moreover, each covenants to take any lawful action (including amendment of the Regulatory Agreement as may be necessary, in the opinion of nationally recognized bond counsel) to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements

promulgated or proposed by the Department of the Treasury, the Internal Revenue Service or the Issuer from time to time pertaining to obligations issued under Section 142(d) of the Code and affecting the Project.

(d) The Borrower further covenants and agrees to inform the Issuer and the Trustee by written notice of any violation of the Borrower's obligations under the Regulatory Agreement within five (5) days of first discovering any such violation. If any such violation is not corrected to the satisfaction of the Issuer and the Trustee within the period of time specified by the Issuer or the Trustee, which shall be at least thirty (30) days after the date any notice to the Borrower (with a copy to the Limited Partner and the Construction Lender (but only prior to the Conversion Date)) is mailed, or within such further time as the Issuer or the Trustee, or both of them, determine is necessary to correct the violation without loss of the exclusion from gross income of interest on the Bonds, not, in any event, to exceed any limitations set by applicable Regulations, then, without further notice, the Issuer or the Trustee may declare a default under the Regulatory Agreement effective on the date of such declaration of default (which shall constitute an "Event of Default" under the Regulatory Agreement) and, upon such default, the Issuer or the Trustee may, but shall not be obligated to, take any one or more of the following steps, at their option:

(i) by mandamus or other suit, action or proceeding at law or in equity, require the Borrower to perform its obligations and covenants in the Regulatory Agreement, or enjoin the acts or things that may be unlawful or in violation of the rights of the Issuer or the Trustee thereunder;

(ii) have access to and inspect, examine and make copies of all the books and records of the Borrower pertaining to the Project; and

(iii) take whatever other action necessary or desirable to enforce the obligations, covenants and agreements of the Borrower thereunder.

The Trustee shall have the right, but not the obligation, in accordance with this subparagraph (d) and the provisions of the Indenture, to exercise any or all of the Issuer's rights or remedies under this subparagraph (d).

(e) The Borrower, the Issuer and the Trustee each acknowledge that the primary purpose for requiring compliance by the Borrower with the restrictions provided in the Regulatory Agreement is to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds, and that the Trustee on behalf of the registered owners from time to time of the Bonds, who are declared to be third-party beneficiaries of the Regulatory Agreement, shall be entitled, for any breach of the provisions in the Regulatory Agreement, to all remedies both at law and in equity in the event of any default thereunder.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

$24,000,000*
Alabama Housing Finance Authority
Multifamily Housing Revenue Bonds
(Magnolia Court Apartments)
2026 Series F

This Continuing Disclosure Agreement, dated as of November 1, 2026 (this "Continuing Disclosure Agreement"), is executed and delivered by TWG Magnolia, LP, an Indiana limited partnership (the "Borrower"), and Pinnacle Bank, a Tennessee banking corporation, in its capacity as dissemination agent (the "Dissemination Agent"), for the above-captioned bonds (the "Bonds"). The Bonds are being issued pursuant to a Trust Indenture, dated as of November 1, 2026 (the "Indenture") between Alabama Housing Finance Authority (the "Issuer") and Pinnacle Bank, a Tennessee banking corporation, in its capacity as trustee (the "Trustee"). Pursuant to the Indenture and the Loan Agreement, dated as of November 1, 2026, between United Bank, an Alabama banking corporation, in its capacity as the originating lender, 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.

"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.

"Dissemination Agent" shall mean Pinnacle Bank, a Tennessee banking corporation, 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

* Preliminary; subject to change.

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, 2027, provide to the MSRB an Annual Report which is consistent with the requirements described below. No later than 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 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 provide confirmation to the Borrower and (if the Dissemination Agent is not the Trustee) the Trustee stating 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 (a)(i), (iii) (solely with respect to funds held by the Trustee), (iv), (v), (vii), (viii), (ix), (x) and (xiv) above upon the Trustee obtaining actual knowledge 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 (a)(iii) and (iv) reflect financial difficulty. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Borrower, and not that of the Trustee or the Dissemination Agent, and the Dissemination Agent has agreed to give the foregoing notice to the Disclosure Representative as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, "actual knowledge" means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to any person or entity, including the Participating Underwriter, the Issuer, Borrower, or any Holder or Beneficial Owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(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 written notice and instructions pursuant to subsection (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 written 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 in writing 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. The foregoing notwithstanding, notice of a Listed Event described in subsection (a)(viii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Indenture.

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 reasonable 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," "Content 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(e) 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 of 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 specific performance by court order.

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) This Continuing Disclosure Agreement governs the Borrower's direction to the Dissemination Agent with respect to information to be made public. In its actions under this Continuing Disclosure Agreement, the Dissemination Agent is acting not as Trustee, but as the Borrower's agent; provided that the Dissemination Agent shall be entitled to the same protection in so acting under this Continuing Disclosure Agreement as it has in acting as Trustee under the Indenture as fully as if the applicable provisions of the Indenture were set forth herein. The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement and no implied covenants shall be read into this Continuing Disclosure Agreement with respect to the Dissemination Agent. 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 Borrower, 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 Dissemination Agent may resign at any time with written notice to the Borrower; provided such resignation shall not take effect until the appointment of a successor Dissemination Agent as provided herein. The Borrower shall promptly appoint a successor Dissemination Agent after receipt of a written notice of resignation. If no appointment of a successor Dissemination Agent shall be made pursuant to this section within sixty (60) days following delivery of the notice of resignation, the retiring Dissemination Agent, at the cost of the Borrower, may apply to any court of competent jurisdiction to appoint a successor Dissemination Agent. Notwithstanding anything to the contrary contained herein, 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 Continuing Disclosure Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

(d) The Dissemination Agent shall be entitled to fees for its services hereunder and reimbursement for its expenses incurred in connection with this Continuing Disclosure Agreement. All such fees and expenses shall be payable by the Borrower upon delivery of an invoice therefor.

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:

TWG Magnolia, LP
9000 Keystone Crossing, Suite 800
Indianapolis, IN 46240
Attention: Joel Henney
Email: jhenney@twgdev.com

If to the Dissemination Agent:

Pinnacle Bank
800 Shades Creek Parkway, Suite 275
Birmingham, AL 35209
Attention: Dean Matthews
Email: deanmatthews@synovus.com

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

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; provided that such termination shall not take effect unless and until (i) the Borrower, or its successor, enters into a new continuing disclosure agreement with a dissemination agent that agrees to continue to provide, to the MSRB and the Beneficial Owners of the Bonds, all information required to be communicated pursuant to the Rule, (ii) a nationally recognized bond counsel or counsel expert in federal securities laws provides an opinion that the new continuing disclosure agreement is in compliance with all applicable federal and state securities laws,

and (iii) notice of the termination of this Continuing Disclosure Agreement is provided to the MSRB. The Dissemination Agent shall be fully discharged from its duties hereunder at the time any such termination is effective.

Additionally, this Continuing Disclosure Agreement shall terminate automatically (i) upon payment or provision for payment of the Bonds, (ii) when all of the Bonds are, or are deemed to be, no longer outstanding by reason of redemption or legal defeasance or at final maturity, or (iii) upon Conversion of the Bonds.

Section 15. Indemnification. IN ADDITION TO ANY AND ALL RIGHTS OF THE DISSEMINATION AGENT FOR REIMBURSEMENT, INDEMNIFICATION AND OTHER RIGHTS PURSUANT TO THE RULE OR UNDER LAW OR EQUITY, THE BORROWER SHALL INDEMNIFY AND HOLD HARMLESS THE DISSEMINATION AGENT AND ITS RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS FROM AND AGAINST ANY AND ALL CLAIMS, DAMAGES, LOSSES, LIABILITIES, REASONABLE COSTS AND EXPENSES WHATSOEVER (INCLUDING ATTORNEY FEES) WHICH SUCH INDEMNIFIED PARTY MAY INCUR BY REASON OF OR IN CONNECTION WITH THE DISSEMINATION AGENT'S PERFORMANCE UNDER THIS CONTINUING DISCLOSURE AGREEMENT; PROVIDED THAT THE BORROWER SHALL NOT BE REQUIRED TO INDEMNIFY THE DISSEMINATION AGENT FOR ANY CLAIMS, DAMAGES, LOSSES, LIABILITIES, COSTS OR EXPENSES TO THE EXTENT, BUT ONLY TO THE EXTENT, DIRECTLY CAUSED BY THE WILLFUL MISCONDUCT OR GROSS NEGLIGENCE OF THE DISSEMINATION AGENT IN SUCH DISCLOSURE OR INFORMATION HEREUNDER. THE INDEMNIFICATION OF THE DISSEMINATION AGENT AS PROVIDED IN THIS SECTION SHALL REMAIN IN FULL FORCE AND EFFECT IF LIABILITIES DIRECTLY OR INDIRECTLY RESULT FROM, ARISE OUT OF, OR RELATE TO, OR ARE ASSERTED TO HAVE RESULTED FROM, ARISEN OUT OF, OR RELATED TO, THE SOLE OR CONTRIBUTORY NEGLIGENCE OF THE DISSEMINATION AGENT. THE OBLIGATIONS OF THE BORROWER UNDER THIS SECTION SHALL SURVIVE RESIGNATION OR REMOVAL OF THE DISSEMINATION AGENT, TERMINATION OF THIS CONTINUING DISCLOSURE AGREEMENT, AND THE DEFEASANCE, REDEMPTION OR PAYMENT OF THE BONDS.

Section 16. 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.

TWG MAGNOLIA, LP,
an Indiana limited partnership

By: TWG Magnolia GP, LLC,
an Indiana limited liability company,
its General Partner

By: TWG GP VI, LLC,
an Indiana limited liability company,
its Sole Member

By: _____
Louis A. Knoble
Manager

[Signatures continued on next page]

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

PINNACLE BANK,
as Dissemination Agent

By: _____
Authorized Officer

EXHIBIT A

ANNUAL REPORT

$24,000,000*
Alabama Housing Finance Authority
Multifamily Housing Revenue Bonds
(Magnolia Court Apartments)
2026 Series F

CUSIP: _____

Annual report for the period ending December 31, _____

THE PROJECT

Name of the Project:	Magnolia Court Apartments
Address:	32 Westchester Court, Birmingham, AL 35215
Number of Units:	240

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, 20__, 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 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: Alabama Housing Finance Authority

Name of Issue: Multifamily Housing Revenue Bonds (Magnolia Court Apartments) 2026 Series F

Name of Borrower: TWG Magnolia, LP

CUSIP: _____

Date of Issuance: November __, 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 the Annual Report will be filed by _____.

DATED: _____

PINNACLE BANK,
as Dissemination Agent

By: _____
Authorized Officer

cc: Borrower

EXHIBIT C

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF PROJECT PLACED IN SERVICE

Name of Issuer:	Alabama Housing Finance Authority
Name of Bond Issue:	Multifamily Housing Revenue Bonds (Magnolia Court Apartments) 2026 Series F
Name of Borrower:	TWG Magnolia, LP
Name of Project:	Magnolia Court Apartments
Address of Project:	32 Westchester Court, Birmingham, AL 35215
Date of Issuance:	November __, 2026

NOTICE IS HEREBY GIVEN as per the requirements of the Continuing Disclosure Agreement, dated as of November 1, 2026, between the above-referenced borrower (the "Borrower") and Pinnacle Bank, a Tennessee banking corporation, 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: _____

PINNACLE BANK,
as Dissemination Agent

By: _____
Authorized Officer

cc: Borrower

EXHIBIT D

FORM OF NOTICE OF PLACED IN SERVICE

$24,000,000*
Alabama Housing Finance Authority
Multifamily Housing Revenue Bonds
(Magnolia Court Apartments)
2026 Series F

The undersigned hereby provides notice to Pinnacle Bank, a Tennessee banking corporation, as dissemination agent (the "Dissemination Agent") that the multifamily residential rental housing facility to be known as Magnolia Court Apartments (the "Project") has been placed in service in accordance with the Trust Indenture, dated as of November 1, 2026, between Alabama Housing Finance Authority (the "Issuer") and Pinnacle Bank, a Tennessee banking corporation, as trustee (the "Trustee"), pursuant to which the above-captioned bonds were issued, as further evidenced by the attached Certificate of Occupancy.

TWG MAGNOLIA, LP,
an Indiana limited partnership

By: TWG Magnolia GP, LLC,
an Indiana limited liability company,
its General Partner

By: TWG GP VI, LLC,
an Indiana limited liability company,
its Sole Member

By: _____
Louis A. Knoble
Manager

* Preliminary; subject to change.

ATTACHMENT

Certificate of Occupancy

APPENDIX F

FORM OF BOND COUNSEL OPINION

The form of the approving legal opinion of Maynard Nexsen PC, Bond Counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the bonds referred to herein and may vary from the form set forth below to reflect circumstances both factual and legal at the time of such delivery. Recirculation of the Official Statement shall create no implication that Maynard Nexsen PC has reviewed any of the matters set forth in such opinion subsequent to the date of such opinion.

November __, 2026

Alabama Housing Finance Authority
Montgomery, Alabama

Pinnacle Bank
Birmingham, Alabama

$24,000,000*
Alabama Housing Finance Authority
Multifamily Housing Revenue Bonds
(Magnolia Court Apartments)
2026 Series F

Ladies and Gentlemen:

We have acted as bond counsel to Alabama Housing Finance Authority (the "Issuer") in connection with the issuance by the Issuer of its $24,000,000* Multifamily Housing Revenue Bonds (Magnolia Court Apartments) 2026 Series F (the "Bonds"). In such capacity, we have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion. Capitalized terms not otherwise defined herein have the meaning given to them in the Indenture (hereinafter defined) and, if not in the Indenture, in the Regulatory Agreement (hereinafter defined).

The Bonds are issued pursuant to Chapter 1A of Title 24 of the Code of Alabama 1975, as amended (the "Act"), a Trust Indenture dated as of November 1, 2026 (the "Indenture"), between the Issuer and Pinnacle Bank, as Trustee (the "Trustee"), and a resolution of the Issuer authorizing the issuance of the Bonds.

The Bonds are being issued for the purpose of financing the acquisition, construction and equipping of a residential rental housing facility (the "Project") to be known as Magnolia Court Apartments, located in Birmingham, Alabama, and owned by TWG Magnolia, LP, an Indiana limited partnership (the "Owner"). Pursuant to the terms of an Origination and Sale Agreement dated as of November 1, 2026 (the "Origination Agreement"), between the Issuer and United Bank, an Alabama banking corporation (the "Originating Lender"), the proceeds from the sale of the Bonds will be applied to purchase a new mortgage loan (the "Loan") being originated by the Originating Lender pursuant to a Loan Agreement dated as of November 1, 2026 (the "Loan Agreement"), between the Originating Lender and the Owner. Pursuant to the Origination Agreement, the Originating Lender will sell and assign to the Issuer its rights in and to the promissory note (the "Note") executed by the Owner in favor of the Originating Lender and the Loan Agreement. The Issuer will assign its rights in and to the Loan Agreement, the Note and other property constituting the Trust Estate (other than the Reserved Rights) to the Trustee. The Issuer also has entered into a Regulatory Agreement and Declaration of Restrictive Covenants dated as of November 1, 2026, with the Owner and the Trustee relating to the Project (the "Regulatory Agreement").

* Preliminary, subject to change.

We note that various legal issues are addressed in the opinions of Ice Miller LLP and Parker Poe Adams & Bernstein LLP, counsel to the Borrower, and we express no opinion with respect to those issues.

Regarding questions of fact material to our opinion, we have relied on certifications, representations and covenants of the Issuer, the Owner, the Lender and other parties contained in the documents underlying the issuance of the Bonds and the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

On the basis of the foregoing and subject to the assumptions, qualifications, limitations and exceptions stated herein, we are of the opinion that, under existing law:

1. The Issuer is validly existing as a public corporation under the laws of the State of Alabama with the corporate power to enter into and perform its obligations under the Indenture and the Regulatory Agreement and to issue the Bonds.

2. The Indenture and the Regulatory Agreement have been duly authorized, executed, and delivered by the Issuer and are valid and binding obligations of the Issuer enforceable against the Issuer. The Indenture creates a valid lien on the Trust Estate.

3. The Bonds have been duly authorized and executed by the Issuer, and are valid and binding limited obligations of the Issuer, payable from the Trust Estate.

4. Interest on the Bonds (a) is excludable from gross income for federal income tax purposes, except for interest on the Bonds for any period during which the Bonds are held by a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and (b) is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in this paragraph is subject to the condition that the Issuer and the Owner comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

5. Interest on the Bonds is exempt from present income taxation by the State of Alabama.

The opinions expressed above are also subject to the following assumptions, qualifications, limitations and exceptions:

(i) The Bonds, the rights of the holders of the Bonds, the Indenture and the Regulatory Agreement and the enforceability of all of the foregoing may be limited by provisions of the Federal Bankruptcy Code and any applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, sovereign immunity or other similar laws affecting creditors' rights and general principles of equity, including the exercise of judicial discretion in appropriate cases.

(ii) We express no opinion with respect to the enforceability of any provision of the Indenture or the Regulatory Agreement relating to (a) waiver or severability, (b) the availability of "self-help" remedies, (c) rights granted to any party which are in contravention of, or which modify or waive, the right to receive notice or any other right prescribed by the Alabama Uniform Commercial Code, as adopted and in effect from time to time, or other applicable law, (d) perfection or priority of or title to the Trust Estate, or (e) indemnification, contribution, penalty, foreclosure, choice of law, waiver of jury trial, choice of forum or venue.

(iii) We express no opinion herein regarding the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

(iv) Our opinions expressed herein are limited to the application of the laws of the State of Alabama and the federal laws of the United States of America, and do not extend to any laws of any other state or nation.

(v) This opinion is (a) limited to matters stated herein and no opinion may be inferred or implied beyond the matters expressly stated, (b) given for your use and benefit only and may not be relied upon by any other parties or in any other opinion of any other parties, including any counsel or accountant of any other parties, without our prior written consent, (c) given as of the date hereof and only with respect to the particular transaction described in this opinion and no other and (d) given with the express understanding that we have no obligation to advise you of changes in law or fact even though such changes may affect the opinions expressed herein.

Respectfully submitted,