

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 16, 2026

NEW ISSUE – Book-Entry Only

**RATING: Moody's "Aa1"
SEE "RATING" herein.**

In the opinion of Bass, Berry & Sims PLC, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes, except for interest on any Bond for any period during which such Bond is held by a "substantial user" of the facilities financed by the Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended. Additionally, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, except as discussed herein. Bond Counsel is further of the opinion that, under existing law, the Bonds and the interest on the Bonds are exempt from all state, county and municipal taxation in the State of Tennessee, except for inheritance, estate, gift and certain other transfer taxes and except to the extent that interest on the Bonds is included within the measure of certain franchise and excise taxes imposed under Tennessee law. For a more complete description, see "TAX MATTERS" herein

\$20,000,000*

**Knoxville's Community Development Corporation
Multifamily Housing Revenue Bonds
(Union at Smoky Mountain),
Series 2026**

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

**Mandatory Tender in connection with Conversion Date:
No earlier than September 1, 2028***
Optional Call Date: September 1, 2028*
Initial Mandatory Tender Date: September 1, 2029*
Maturity Date: July 5, 2046*
CUSIP: _____

Knoxville's Community Development Corporation (the "Issuer") is issuing its Multifamily Housing Revenue Bonds (Union at Smoky Mountain), Series 2026 (the "Bonds") pursuant to a Trust Indenture dated as of June 1, 2026 (the "Indenture"), by and between the Issuer and Argent Trust Company, a Tennessee state-chartered trust company, as trustee (the "Trustee"). The Bonds shall bear interest on the outstanding principal amount thereof at the Interest Rate set forth above (the "Initial Interest Rate") from their date of issuance to but not including the Initial Mandatory Tender Date set forth above (the "Initial Mandatory Tender Date"), payable on each March 1 and September 1, commencing March 1, 2027*. See "THE BONDS" herein.

The Bonds are being issued to finance a loan (the "Loan") to Union at Smoky Mountain, LP, a Tennessee limited partnership (the "Borrower") to finance a portion of the costs of the acquisition, construction and equipping of an approximately 100-unit residential rental housing project located on or about 0 Lovell Road, Knoxville, Tennessee, to be known as Union at Smoky Mountain (the "Project"). The Loan will be made to the Borrower pursuant to a Loan Agreement, dated as of June 1, 2026 (the "Loan Agreement"), between the Issuer and the Borrower, under which the Borrower has agreed to provide, as described herein, payments to the Issuer in amounts sufficient to pay the principal of and interest on the Bonds when due. The Loan will be evidenced by a promissory note in the principal amount of \$20,000,000* (the "Note") from the Borrower to the Issuer, assigned by the Issuer (without recourse) 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 the earlier of (i) the Conversion Date (as hereinafter defined) and (ii) the Initial Mandatory Tender Date. All Bondholders must tender their Bonds for purchase on the earlier of (i) the Conversion Date (as hereinafter defined) and (ii) the Initial Mandatory Tender Date. The Bonds may be remarketed and a new interest rate for the Bonds may be determined on the Initial Mandatory Tender Date in accordance with the terms of the Indenture. If the Bonds are remarketed on the Initial Mandatory Tender Date, the terms of the Bonds after such date may differ materially from the description provided in this Official Statement. Therefore, prospective purchasers of the Bonds on and after the Initial Mandatory Tender Date cannot rely on this Official Statement, but rather, must rely upon any disclosure documents prepared in connection with such remarketing.

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

Under the terms of the Indenture, an amount equal to the principal and premium, if any, of the Bonds 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, THE PRINCIPAL OF AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE PLEDGED THEREFOR UNDER THE INDENTURE. THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM THE REVENUES OR FROM ANY OTHER MONEYS MADE AVAILABLE TO THE ISSUER FOR SUCH PURPOSE. THE BONDS ARE NOT A DEBT OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF AND NONE OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS LIABLE THEREON. THE BONDS ARE NOT INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR OTHER DEBT LIMITATION OR RESTRICTION AND ARE NOT PAYABLE IN ANY MANNER BY TAXATION. THE ISSUER HAS NO TAXING POWER.

* Preliminary; subject to change.

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.

NO MEMBER, COMMISSIONER, DIRECTOR, OFFICER, AGENT, EMPLOYEE OR ATTORNEY OF THE ISSUER, INCLUDING ANY PERSON EXECUTING THE INDENTURE OR THE BONDS, SHALL BE LIABLE PERSONALLY ON THE BONDS OR FOR ANY REASON RELATING TO THE ISSUANCE OF THE BONDS. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR THE PREMIUM OR INTEREST ON THE BONDS, OR FOR ANY CLAIM BASED ON THE BONDS, OR OTHERWISE IN RESPECT OF THE BONDS, OR BASED ON OR IN RESPECT OF THE INDENTURE OR ANY SUPPLEMENTAL INDENTURE, AGAINST ANY PAST, PRESENT OR FUTURE MEMBER, COMMISSIONER, DIRECTOR, OFFICER, EMPLOYEE OR AGENT OF THE ISSUER OR ANY SUCCESSOR CORPORATION, AS SUCH, EITHER DIRECTLY OR THROUGH THE ISSUER OR ITS GOVERNING BODY OR OTHERWISE, OR THROUGH ANY SUCCESSOR PUBLIC CORPORATION, WHETHER BY VIRTUE OF ANY CONSTITUTION, STATUTE, RULE OF LAW OR EQUITY, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, ALL SUCH LIABILITY BEING, BY THE ACCEPTANCE OF THIS BOND AND AS PART OF THE CONSIDERATION FOR THE ISSUANCE OF THE BONDS, EXPRESSLY WAIVED AND RELEASED.

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 Bass Berry & Sims PLC, Knoxville, Tennessee, and certain other conditions. Certain legal matters will be passed upon for the Issuer by its counsel, Bass Berry & Sims PLC, Knoxville, Tennessee, for the Underwriter by its counsel, Tiber Hudson LLC, Washington, D.C. and for the Borrower by Bass, Berry and Sims PLC, Knoxville, Tennessee. 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 June __, 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: June __, 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. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made under the Indenture shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof.

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, inside front cover, 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. Neither the Issuer nor the Borrower are 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.

Argent Trust Company, a Tennessee state-chartered trust company, 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

\$20,000,000*

**Knoxville's Community Development Corporation
Multifamily Housing Revenue Bonds
(Union at Smoky Mountain),
Series 2026**

INTRODUCTION

This Official Statement (this "Official Statement") has been prepared in connection with the issuance of the above-captioned Bonds (the "Bonds") by Knoxville's Community Development Corporation (the "Issuer"), a housing and redevelopment authority of the City of Knoxville, Tennessee organized under the Tennessee Housing Authorities Law, Tenn. Code Ann. §§ 13-20-101, et seq (the "Act"). The Board of Commissioners of the Issuer has authorized the issuance of the Bonds by that certain resolution adopted on May 28, 2026 (the "Resolution"), and the Bonds are issued pursuant to a Trust Indenture dated as of June 1, 2026 (the "Indenture"), by and between the Issuer and Argent Trust Company, a Tennessee state-chartered trust company, 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 Act", for the purpose of providing funds to make a loan (the "Loan") to Union at Smoky Mountain, LP, a Tennessee limited partnership (the "Borrower") to finance a portion of the costs of the acquisition, construction and equipping of an approximately 100-unit residential rental housing project to be located at or about 0 Lovell Road, Knoxville, Tennessee, to be known as Union at Smoky Mountain (the "Project"). See "PRIVATE PARTICIPANTS" and "THE PROJECT" herein.

The Loan will be made to the Borrower under a Loan Agreement dated as of June 1, 2026 (the "Loan Agreement"), by and between the Issuer and the Borrower. Pursuant to the Loan Agreement, the Borrower has agreed to make payments to the Issuer 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 \$20,000,000* (the "Note") from the Borrower to the Issuer.

The Borrower will cause Eligible Funds (in an amount equal to each Requisition from the Project Fund (and up to \$20,000,000*) to be delivered to the Trustee for deposit into the Collateral Fund under the Indenture. Prior to the disbursement of amounts from the Project Fund to pay 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 directed 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 at the earlier of any Redemption Date or on any Mandatory Tender Date, as further described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.**

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

* Preliminary; subject to change.

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 subsequent 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 Lender (as defined herein), the Construction Loan (as hereinafter defined), the Project, the Bonds, the security for the Bonds, the Indenture, the Loan Agreement and the Land Use Restriction Agreement, to be entered into on the Construction Loan Closing Date, executed by and among the Issuer, the Borrower and the Trustee (the “Regulatory Agreement”) 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.

Tax Status

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Bonds is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds (the “Code”), and interest on the Bonds is excludable from alternative minimum taxable income as defined in Section 55(b) of the Code; however, to the extent such interest is included in calculating the “adjusted financial statement income” of “applicable corporations” (as defined in Sections 56A and 59(k), respectively, of the Code), such interest is subject to the alternative minimum tax applicable to those corporations under Section 55(b) of the Code. See “TAX MATTERS — Federal Tax Matters” herein.

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, the Lender nor any of their respective counsel, members, officers or employees make any representations as to the accuracy or sufficiency of such information.

The Issuer is authorized under the Act to carry out the public purposes described in the Act by issuance of its revenue bonds to provide funds for the financing of the acquisition, construction and equipping of multifamily housing facilities located in the City of Knoxville, Tennessee (the “City”).

The City is not liable for the payment of the principal of or interest on the Bonds or any other bonds of the Issuer, or for the performance of any pledge, mortgage, obligation or agreement undertaken by the Issuer under the Indenture, the Financing Agreement, or otherwise. The Issuer has other series of bonds outstanding for other parties. The Issuer has no taxing power.

Operation and Membership

The Act provides that the Issuer shall be governed by a board of not less than seven (7) commissioners who are appointed by the Mayor of the City and approved by the City Council. Commissioners hold the office for staggered terms and receive no compensation except reimbursement for actual expenses incurred in the performance of their duties.

Indebtedness of the Issuer

The Issuer adopted a final bond resolution on May 28, 2026.

The Issuer has previously issued and may in the future issue bonds to finance facilities, which may compete with the Project.

Each series of bonds issued by the Issuer is payable only from revenues provided by the entity on whose behalf such series was issued and general funds of the Issuer are not available for the payment of such bonds. The Issuer has no taxing power.

Limitations on Liability

The officers, agents, employees, directors and members of the Issuer shall not be personally liable for any costs, losses, damages or liabilities caused or incurred by the Issuer or the Trustee in connection with the Indenture or the Financing Agreement or for the payment of any obligation under the Indenture or the Financing Agreement.

THE ISSUER MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER CONCERNING THE ECONOMIC FEASIBILITY OF THE PROJECT OR THE CREDIT-WORTHINESS OF THE PROJECT, AND NO SUCH REPRESENTATION OR WARRANTY SHALL BE IMPLIED FROM THE ISSUANCE OF THE BONDS OR THE OTHER TRANSACTIONS DESCRIBED OR CONTEMPLATED HEREIN. THE ISSUER HAS NOT INDEPENDENTLY VERIFIED ANY INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT OTHER THAN THE INFORMATION UNDER THIS CAPTION.

The Issuer has not prepared or assisted in the preparation of this Official Statement (excluding the “ISSUER” section and “ABSENCE OF LITIGATION” (WITH RESPECT TO THE ISSUER), including any financial information included herein or attached hereto; and, except for the information contained under this section, the Issuer is not responsible for any statements made in this Official Statement. Accordingly, the Issuer disclaims responsibility for the disclosures set forth in this Official Statement or otherwise made in connection with the offer, sale and distribution of the Bonds.

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

EXCEPT FOR INFORMATION CONCERNING THE ISSUER IN THIS SECTION AND “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

Shortly, after the issuance of the Bonds, the Borrower will obtain a taxable construction loan (the “Construction Loan”) from U.S. Bancorp Impact Finance or another construction lender designated by the Borrower (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 or 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 \$20,000,000*.

Prior to the Conversion Date, Bond Service Charges, when due and payable, shall be paid, (i) in the first instance, from moneys on deposit in the Bond Fund (but not including the Negative Arbitrage Account thereof), (ii) next, from moneys on deposit in the Negative Arbitrage Account, (iii) next, from moneys on deposit in the Collateral Fund and transferred as necessary to the Bond Fund, and (iv) thereafter, from moneys 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 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 or other entity making such collateral deposit. 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.

On 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 exceeds 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 of the Bond Fund 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 July 5, 2046* (the "Maturity Date"). The Bonds are dated their date of delivery and shall bear interest at the Initial Interest Rate from their date of delivery to, but not including, the Initial Mandatory Tender Date, payable on each Interest Payment Date, commencing March 1, 2027*, and on each Mandatory Tender Date.

Interest on the Bonds shall be computed on the basis of a 360-day year of 12 months of 30 days each.

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 which the Trustee shall cause to be mailed on that date to the Person in whose

* Preliminary; subject to change.

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.

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 by the earliest date for which such election may be made pursuant to the Indenture, (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 the Permanent Loan Amount, as required to satisfy the Conditions to Conversion (such amount, the "Conversion Redemption Amount");

(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); and

(iv) in whole, on the Conversion Date Deadline, if the Conversion Date has not occurred on or prior to the Conversion Date Deadline;

(b) During the Cash Collateralized Mode, the Bonds shall be subject to optional redemption prior to their maturity, at the written 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, as certified in writing by the Borrower to the Trustee, and (ii) the Initial Mandatory Tender 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 written direction of the Borrower.

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

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, not less than 20 days nor more than 30 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 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 to such tendering Holders 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 Collateral Fund (and/or other Eligible Funds under the Indenture), to pay the principal amount of Bonds tendered for purchase, (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 such purpose 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 and use the proceeds thereof, along with any deposit of Eligible Funds from the Borrower as described in the following paragraph below, 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 Initial 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 (2) 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 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 (or redeemed, as provided in the Indenture) on the Mandatory Tender Date at a price equal to the principal amount of the Outstanding Bonds plus interest accrued to, but not including the Mandatory Tender Date; and

(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.

In the event that any Bond required to be delivered to the Trustee for payment of the purchase price or redemption 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.

Notice delivered as required under the Indenture with respect to a proposed mandatory tender in connection with Conversion on the Conversion Date may be rescinded and annulled on or before the tender date set forth in such notice if Conversion does not occur on or prior to the Conversion Date.

Mandatory Redemption

The Bonds are subject to mandatory redemption as follows:

(a) in whole, on any Mandatory Tender Date other than the Conversion Date, upon the occurrence of any of the following events: (i) the Borrower has not previously elected pursuant to the applicable sections of the Indenture and the Loan Agreement to cause the remarketing of the Bonds by the earliest date for which such election may be made pursuant to the Indenture, (ii) the conditions to remarketing set forth in the applicable sections of 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; and

(b) in part on the Conversion Date, in an amount necessary to reduce the aggregate principal amount of Outstanding Bonds to the Actual Project Loan Amount, as required to satisfy the Conditions to Conversion (such amount, the "Conversion Redemption Amount").

Optional Redemption

The Bonds are subject to optional redemption prior to their maturity, at 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, 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.

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.

Tax Covenant

In the Indenture, the Issuer covenants for the benefit of the Holders of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the Issuer or any facilities financed or refinanced with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its excludability from gross income for federal income tax purposes under Section 103 of the

Code, or (ii) would cause interest on the Bonds to lose its excludability from alternative minimum taxable income as defined in Section 55(b) of the Code. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the Issuer in fulfilling the above covenant under the Code have been met. The Issuer makes no covenant with respect to taxation of interest on the Bonds as a result of the inclusion of that interest in the “adjusted financial statement income” of “applicable corporations” (as defined in Sections 56A and 59(k), respectively, of the Code).

In addition to the Issuer’s covenants described above, the Borrower will make certain covenants in the Loan Agreement and the Tax Certificate of the Borrower related to the excludability of interest on the Bonds from gross income for federal income tax purposes under Section 103 of the Code.

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 neither the Issuer, the Borrower nor the Underwriter make any representation, 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 a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial

Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed 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 DTC account.

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

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

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

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

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 Eligible Funds) 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 remedies under, the Loan Agreement; 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 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 all the Reserved Rights of the Issuer, including all amounts paid or collected by the Issuer in connection therewith, and all amounts on deposit in the Rebate Fund, which shall be held for the sole benefit of the United States of America.

THE BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE PLEDGED THEREFOR UNDER THE INDENTURE. THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM THE REVENUES OR FROM ANY OTHER MONEYS MADE AVAILABLE TO THE ISSUER FOR SUCH PURPOSE. EXCEPT AS SET FORTH IN THE INDENTURE, THE BONDS ARE NOT A DEBT OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF AND NONE OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS LIABLE THEREON. THE BONDS ARE NOT INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR OTHER DEBT LIMITATION OR RESTRICTION AND ARE NOT PAYABLE IN ANY MANNER BY TAXATION. THE ISSUER HAS NO TAXING POWER.

NO MEMBER, COMMISSIONER, DIRECTOR, OFFICER, AGENT, EMPLOYEE OR ATTORNEY OF THE ISSUER, INCLUDING ANY PERSON EXECUTING THE INDENTURE OR THE BONDS, SHALL BE LIABLE PERSONALLY ON THE BONDS OR FOR ANY REASON RELATING TO THE ISSUANCE OF THE BONDS. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR THE PREMIUM OR INTEREST ON THE BONDS, OR FOR ANY CLAIM BASED ON THE BONDS, OR OTHERWISE IN RESPECT OF THE BONDS, OR BASED ON OR IN RESPECT OF THE INDENTURE OR ANY SUPPLEMENTAL INDENTURE, AGAINST ANY PAST, PRESENT OR FUTURE MEMBER, COMMISSIONER, DIRECTOR, OFFICER, EMPLOYEE OR AGENT OF THE ISSUER OR ANY SUCCESSOR CORPORATION, AS SUCH, EITHER DIRECTLY OR THROUGH THE ISSUER OR ITS GOVERNING BODY OR OTHERWISE, OR THROUGH ANY SUCCESSOR PUBLIC CORPORATION, WHETHER BY VIRTUE OF ANY CONSTITUTION, STATUTE, RULE OF LAW OR EQUITY, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, ALL SUCH LIABILITY BEING, BY THE ACCEPTANCE OF THIS BOND AND AS PART OF THE CONSIDERATION FOR THE ISSUANCE OF THE BONDS, EXPRESSLY WAIVED AND RELEASED.

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

On 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 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 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 Borrower

The Borrower for the Project is Union at Smoky Mountain, LP, a Tennessee limited partnership, a single-asset entity formed for the specific purpose of developing and owning the Project. The general partner of the Borrower is Union at Smoky Mountain GP Corporation, a Tennessee nonprofit corporation (the “General Partner”), which will own a 0.002% interest in the Borrower. The Borrower expects to admit an investor limited partner on the date of the closing of the Mortgage Loan, which investor limited partner will own a 99.99% interest in the Borrower (the “Investor Limited Partner”).

Special Limited Partner

The ownership entity is structured with a special limited partner, Union Smoky Mountain SLP, LLC, an Indiana limited liability company (“SLP”). The SLP will be the Class B Limited Partner of the Borrower with a 0.008% interest in the borrower.

The Investor Limited Partner

Contemporaneously with the closing of the Mortgage Loan, the Investor Limited Partner expects to acquire a 99.99% ownership interest in the Borrower. In connection with such acquisition, the Investor Limited Partner is expected to fund approximately \$14,761,992* of federal low-income housing tax credit equity (the “Tax Credit Equity”) to the Project, to be paid in stages during and after construction of the Project. These funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the estimates set forth herein and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.

The Developer

The developer for the Project is Union Development Holdings III, LLC, an Indiana limited liability company (the “Developer”), located in Fishers, Indiana. The Developer was started in 2025, for the sole purpose of developing projects operating under the LIHTC program. The Developer is an affiliate of The Annex Group® (“Annex”). Founded in August 2007, Annex is an Indiana-based multifamily housing developer, general contractor, property manager and owner and has 19 years of experience in affordable housing and multifamily development.

* Preliminary; subject to change.

Limited Assets and Obligation of Borrower, General Partner, SLP 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 SLP, 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 times to, business and activities that may be inconsistent or competitive with the interests of the Project.

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

The Property Manager

The Borrower is expected to enter into a management agreement with The Annex Management Group, LLC, an Indiana limited liability company (the "Property Manager"), to manage the day-to-day operations of the Project. The Property Manager is an affiliate of the Developer. The Property Manager has been involved in the management of affordable housing since 2022. The Property Manager currently manages 1,789 apartment units in six states.

The General Contractor

The general contractor for the Project is Annex Construction of Memphis, LLC, an Indiana limited liability company (the "General Contractor"), which is a subsidiary of Annex Construction, LLC (the "Annex Construction"). The General Contractor is an affiliate of the Developer. Based out of Fishers, Indiana, the General Contractor was formed in 2019 and is a State-licensed contractor. Since inception, the General Contractor has built or rehabilitated over 233 units of affordable apartments.

The Architect

The architect for the Project is Rosemann and Associates PC (the "Architect"). The Architect is not an affiliate of the Developer. The Architect has been a licensed architect for 39 years and has been the principal architect for more than 100 multifamily developments with a total of more than 10,000 units.

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 Union at Smoky Mountain, will be located in Knoxville, Tennessee, on an approximately 3.31-acre site. The Project is expected to include 100 apartment units in one building located at 0 Lovell Road, Knoxville, Tennessee. Common area improvements are expected to include a community room, fitness center, computer center, and playground. Unit amenities are expected to include washer/dryer, balconies, dishwasher, microwave, range, and refrigerator. There are 100 parking spaces for resident use only.

It is anticipated that construction will commence upon the closing of the Mortgage Loan and is expected to be completed in approximately 20 months.

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

Unit Type	Gross Square Feet	Number of Units
1 Bedroom	728	26
2 Bedrooms	984	34
3 Bedrooms	1,221	<u>40</u>
TOTAL		100

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	\$20,000,000
Tax Credit Equity	14,761,992
City Funds (Affordable Rental Program)	750,000
Deferred Developer Fee	5,089,465
Bond Investment Proceeds	2,370,000
GP Equity	<u>100</u>
Total Sources	<u>\$42,971,557</u>
Uses of Funds:*	
Acquisition Costs	\$897,000
Construction – Hard Costs	22,371,904
Construction – Soft Costs	3,253,702
Capitalized Interest	2,673,010
Operating Reserve Fund	583,794
Marketing Escrow	75,000
Developer Fee	7,511,853
Repayment of Bond Principal	4,828,494
Costs of Issuance	<u>776,800</u>
Total Uses	<u>\$42,971,557</u>

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 a maximum of \$15,171,506* 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 Mortgage Loan. The Project is expected to utilize a taxable construction loan in the principal amount of up to \$28,000,000* (the "Mortgage Loan"). The Mortgage Loan will be secured by a senior mortgage on the Project and the obligation to repay the Mortgage Loan will be evidenced by a promissory note (the "Mortgage Note") from the Borrower to U.S. Bancorp Impact Finance (the "Construction Lender"). The Mortgage Note will have a term of 36 months, with the right to one six-month extension, and will bear interest at a rate equal to Wall Street Journal Prime minus 4.00%*, with no payments of principal during the term, and with all unpaid principal and interest due at maturity. The Mortgage Loan proceeds will be disbursed from time to time by the 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.

* Preliminary; subject to change.

The Low Income Housing Tax Credit Proceeds. Upon the closing of the Mortgage Loan, the Investor Limited Partner expects to acquire a 99.99% ownership interest in the Borrower. In connection with such acquisition, the funding of the Tax Credit Equity will total approximately \$14,761,992*. The funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the projections set forth above and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.

The Affordable Rental Development Program Loan. Upon the closing of the Mortgage Loan, the Project is expected to utilize a subordinate loan in the estimated principal amount of \$750,000* (the "Subordinate Loan"). The source of funds for the subordinate loan is expected to be from the City of Knoxville's Affordable Rental Development Program. The obligation to repay the Subordinate Loan will be set out in a promissory note (the "Subordinate Note") from the Borrower and will be repayable on the terms and conditions set forth therein. The Subordinate Note will be secured by a leasehold mortgage against the Project, which leasehold mortgage will be subordinate to the Mortgage Loan. The Subordinate Note is expected to have a term of 30* years and bear interest at a rate of 0.00% per annum, with annual principal and interest not otherwise paid, due at maturity.

Deferred Developer Fee. The Project will utilize deferred developer fee in the anticipated amount of \$5,089,465* as a source of funding. The deferred developer fee will be repaid through surplus cash flow received from the operation of the Project.

The HAP Contract

Following completion of construction, the Developer anticipates that the Project will enter into a Housing Assistance Payment Contract with Knoxville's Community Development Corporation, as contract administrator (the "HAP Contract") covering 25 of the 100 units at the Project. Upon the closing of the Mortgage Loan, the HAP Contract will be assigned to the Borrower and will have a twenty (20) year term in order to service debt during the term of the Bonds.

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

* Preliminary; subject to change.

a material adverse effect on the ability of the Project to generate revenues sufficient to pay the principal of and interest on the Bonds.

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. Upon the closing of the Mortgage Loan, 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 20% 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 50% 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”). 75 of the Tax Credit Units shall be held available for rental to persons whose adjusted family income is equal to or less than 70% of the AMI adjusted for family size and 25 of the Tax Credit Units shall be held available for rental to persons whose adjusted family income is equal to or less than 30% of the 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 obligation 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, if any, 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 pursuant to a report of Causey, Dennigen & Moore that funds on deposit in the Collateral Fund and Negative Arbitrage Account of the Bond Fund, and the interest earnings thereon, will be sufficient to pay the Bond Service Charges.

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 cause interest on the Bonds to be 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 are special, limited obligations of the Issuer payable solely from certain funds pledged to and held by the Trustee pursuant to the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein. 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 in 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.

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.

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 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.

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 of the Project, suspension or delay of site inspections and other on-site meetings, interruption in the engagement of material participants in the Project, increase in the time necessary to conduct lease-up at the Project, and increased delinquencies and/or vacancies, all of which could impact the Borrower’s ability to make payments on the loans and result in a default and acceleration thereof.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement and the Appendices hereto.

TAX MATTERS

Any tax advice concerning the Bonds, interest on the Bonds or any other federal income tax issues associated with the Bonds, express or implicit in the provisions of this Official Statement, is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on any taxpayer by the Internal Revenue Service. This document supports the promotion or marketing of the transactions or matters addressed herein. Each taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.

Federal Taxes

General. Bass Berry & Sims PLC is Bond Counsel for the Bonds. Their opinion under existing law, relying on certain statements by the Issuer and the Borrower and assuming compliance by the Issuer and Borrower with certain covenants, is that interest on the Bonds:

- is excludable from a bondholder’s federal gross income under the Internal Revenue Code of 1986, as amended (the “Code”), except for interest on any Bond during any period while it is held by a “substantial user” of the Project or a “related person” within the meaning of the Code, and

- is not a preference item for a bondholder under the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

The Code imposes requirements on the Bonds that the Issuer and the Borrower must continue to meet after the Bonds are issued. These requirements generally involve the way that Bond proceeds must be invested and ultimately used. If the Issuer and the Borrower do not meet these requirements, it is possible that a bondholder may have to include interest on the Bonds in its federal gross income on a retroactive basis to the date of issue. The Issuer and/or the Borrower have covenanted to meet these requirements of the Code, including, without limitation, agreeing to certain covenants regarding the use of the Project as provided in the Regulatory Agreement.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit,
- a borrower of money to purchase or carry the Bonds or
- an “applicable corporation” as defined in Section 59(k) of the Code.

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Bonds or affect the market price of the Bonds. See also “Changes in Federal and State Tax Law” below in this heading.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Bonds, or under State, local or foreign tax law.

Bond Premium. If a bondholder purchases a Bond for a price that is more than the principal amount, generally the excess is “bond premium” on that Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder’s tax basis in that Bond will be reduced. The holder of a Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Bond with bond premium, even though the Bond is sold for an amount less than or equal to the owner’s original cost. If a bondholder owns any Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

Original Issue Discount. A Bond will have “original issue discount” if the price paid by the original purchaser of such Bond is less than the principal amount of such Bond. Bond Counsel’s opinion is that any original issue discount on these Bonds as it accrues is excludable from a bondholder’s federal gross income under the Internal Revenue Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder’s tax basis in these Bonds will be increased. If a bondholder owns one of these Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount.

Information Reporting and Backup Withholding. Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set

forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s Federal income tax once the required information is furnished to the Internal Revenue Service.

State Taxes

Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee (the “State”), and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State.

Changes In Federal And State Tax Law

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Bonds. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal and state tax consequences resulting from ownership of the Bonds and their market value. No assurance can be given that legislative proposals will not be enacted that would apply to, or have an adverse effect upon, the Bonds. For example, in connection with federal deficit reduction, job creation and tax law reform efforts, proposals have been and others are likely to be made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Bonds. There can be no assurance that any such legislation or proposal will be enacted, and if enacted, what form it may take. The introduction or enactment of any such legislative proposals may affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of owning the Bonds in their particular state or local jurisdiction and regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

The opinion of Bond Counsel will be delivered contemporaneously with the issuance of the Bonds substantially in the form attached hereto as APPENDIX F.

UNDERWRITING

Pursuant and subject to the terms and conditions set forth in the Initial Bond Purchase Agreement (the “Initial 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, [plus an additional amount of \$____ (the “Underwriter’s Advance) for initial deposits established under the Indenture]. The Underwriter’s fee shall not include the fee of its counsel. The Borrower will reimburse the Underwriter for the Underwriter’s Advance on or before the Closing Date. The Underwriter’s fee shall not include the fee of its counsel.

The Underwriter’s obligations under the Initial Bond Purchase Agreement are subject to certain conditions precedent, and the Underwriter will purchase all the Bonds, if any are purchased. Pursuant to the Initial 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 constitute a full-service financial institution engaged in activities that may include sales and trading, commercial and investment banking, 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 the Borrower and to persons and entities with relationships with the Issuer or the Borrower, for which they received or will receive customary fees and expenses. The Underwriter is not acting as a financial advisor to the Issuer or the Borrower in connection with the offer and sale of the Bonds.

In the ordinary course of their various business activities, the Underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade debt securities, equity 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 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 intent 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. 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 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 Bass Berry & Sims PLC, Knoxville, Tennessee, as Bond Counsel. Certain legal matters will be passed upon for the Issuer by its counsel, Bass Berry & Sims PLC, Knoxville, Tennessee, for the Borrower by Bass, Berry & Sims PLC, Knoxville, Tennessee, 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

At the time of sale and delivery of the Bonds, the Issuer will deliver a certificate to the effect that there is no litigation or proceedings pending or, to the best of its knowledge, threatened seeking to enjoin the issuance, execution, or delivery of the Bonds, or in any way contesting or affecting any authority for the issuance, execution, or delivery of the Bonds, or the validity of the Bonds, or seeking to restrain or enjoin the transactions contemplated by this Official Statement or questioning the validity of said transactions, or contesting the existence or powers of the Issuer with respect to this transaction.

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.

Tiber Hudson LLC has previously represented, and is currently representing, the Underwriter with respect to other financings and has acted as Underwriter's counsel with respect to other bonds underwritten by the Underwriter and may do so in the future.

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, SEC Rule 15c2-12.

[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.

UNION AT SMOKY MOUNTAIN, LP,
a Tennessee limited partnership

By: Union at Smoky Mountain GP Corporation
a Tennessee nonprofit corporation
its General Partner

By: _____
Benjamin M. Bentley
President

APPENDIX A

DEFINITIONS OF CERTAIN TERMS

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

“Act” has the meaning given to such term in the Indenture.

“Act of Bankruptcy” means the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceeding) by or against the Borrower, under any applicable bankruptcy, insolvency or similar law now or hereafter in effect which has not been dismissed within sixty (60) days of such filing.

“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 commissioners, 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 June 1, 2026, by and between the Issuer and the Borrower, and any and all Supplements thereto.

“Amortization Schedule” means the loan amortization schedule attached as an exhibit to the Indenture, which may be amended on the Conversion Date based on the updated Amortization Schedule provided by the Servicer in connection with Conversion, and which may be amended from time to time with the approval of the Servicer.

“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 regards to the Issuer, the Chair, Vice Chair, Chief Executive Officer and Chief Financial Officer 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 Bass, Berry & Sims PLC, 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 and acceptable to the Trustee and the Borrower.

“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, on a Mandatory Tender Date or upon acceleration or otherwise.

“Bond Service Charges” means, for any period or payable at any time, the principal of and interest, and Prepayment Fee, 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, or the Beneficial Owner of such Bonds while the Bonds are in Book-Entry Form, as applicable.

“Bonds” means Knoxville’s Community Development Corporation Multifamily Housing Revenue Bonds (Union at Smoky Mountain), Series 2026 of the Issuer authorized pursuant to the Resolution and the Indenture, in the original principal amount of \$20,000,000*.

“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 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 Union at Smoky Mountain, LP, a Tennessee limited partnership, its successors and assigns.

“Borrower Documents” means the Loan Agreement, the Note, the Regulatory Agreement, the Tax Certificate, the general certificate of the Borrower delivered on the Closing Date, 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 Representative is Kyle D. Bach.

“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 Tax Certificate, the Regulatory Agreement, 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 Knoxville, Tennessee, or in the city in which the Designated Office of the Trustee or the Remarketing Agent are located are authorized or obligated by law or executive order to be closed, (b) The New York Stock Exchange is closed, or (c) the Federal Reserve System is closed. Unless specifically referenced in the Indenture as a Business Day, all references to “days” shall be to calendar days.

“Cash Collateralized Mode” means the period starting on the Closing Date and ending on the day immediately preceding 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 when due and payable, including, but not limited to, any cash flow projection prepared in connection with (i) the initial issuance and delivery of the Bonds, (ii) a proposed remarketing of the Bonds, as provided in the Indenture (iii) the release of Eligible Funds from the Negative Arbitrage Account of the Bond Fund, as provided in the Indenture, (iv) the purchase, sale or exchange of Eligible Investments as provided in the Indenture and (v) the sale

* Preliminary; subject to change.

or other disposition by the Trustee of Eligible Investments prior to maturity at a price below par, as described in the Indenture.

“Closing Date” means June __, 2026, the date of initial delivery of the Bonds in exchange for the purchase price thereof.

“Code” means the Internal Revenue Code of 1986, as amended, including applicable final, temporary and proposed regulations and revenue rulings applicable to the Bonds.

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

“Collateral Funds Agreement” means that certain [Collateral Funds Agreement], expected to be entered into on the Construction Loan Closing Date, by and among Borrower, Issuer, Trustee and Construction Lender.

“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.

“Conditions to Conversion” has the meaning assigned to the term “Conversion Conditions” in the Permanent Funding Agreement.

“Construction Deed of Trust” means the Deed of Trust, Assignment, Security Agreement and Fixture Filing expected to be entered into on the Construction Loan Closing Date by Borrower, as grantor, for the benefit of Construction Lender, as beneficiary.

“Construction Lender” means U.S. Bancorp Impact Finance or another construction lender designated by Borrower, and its successors and assigns.

“Construction Loan” means a construction loan to the Borrower from the Construction Lender, which loan shall be disbursed to the Trustee on behalf of the Borrower to be used as cash collateral for the Bonds to finance the acquisition and construction of the Project pursuant to the Construction Loan Agreement.

“Construction Loan Agreement” means the Construction Loan Agreement expected to be entered into on the Construction Loan Closing Date, by and between the Borrower and the Construction Lender.

“Construction Loan Closing Date” means the closing date of the Construction Loan.

“Construction Loan Documents” means the Construction Loan Agreement, the Construction Deed of Trust, the Construction Loan Note, the Environmental Indemnity Agreement, the Guaranty, the Collateral Funds Agreement, 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 Deed of Trust.

“Construction Loan Note” means the promissory note evidencing the Construction Loan.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement dated as of June 1, 2026, between the Borrower and the Dissemination Agent, as originally executed and as it may be amended, restated, supplemented or modified from time to time.

“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 Closing Agreement” has the meaning given to that term in the Permanent Funding Agreement.

“Conversion Date” means the date on which the Bonds convert from the Cash Collateralized Mode to the Permanent Mode; provided that the Conversion Date may not occur prior to September 1, 2028*.

“Conversion Date Deadline” means (i) September 1, 2029*, and (ii) if extended with the written approval of the Construction Lender and 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” means the notice relating to Conversion delivered pursuant to the Indenture.

“Conversion Redemption Amount” has the meaning given within the Indenture.

“Costs” with respect to the Project shall be deemed to include all items permitted to be financed under the provisions of the Code and the Act (to the extent the same are capital in nature or otherwise permitted under the terms of the Tax Certificate).

“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.

“Cost of Issuance Deposit” means the deposit in the amount be funded by the Borrower into the Costs of Issuance Fund created in the Indenture.

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

“Deed of Trust” shall mean, as applicable, (i) the Construction Deed of Trust, (ii) the Permanent Loan Deed of Trust, and (iii) any deed of trust related to the Subordinate Loan.

“Default” means any Default under the Loan Agreement as specified in and defined by the Loan Agreement.

“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 the Indenture or at such other address as may be specified in writing by the Trustee, the Lender, the Issuer or the Underwriter, as applicable.

“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 an 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.

[“Disbursing Agent” shall mean _____.]

[“Disbursing Agreement” shall mean the Disbursing Agreement by and among the Construction Lender, the Borrower, the Trustee, [Fidelity National Title Insurance Company] and the Disbursing Agent.]

“Dissemination Agent” means initially Argent Trust Company, a Tennessee state-chartered trust company, 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 Tax Certificate, the Regulatory Agreement, the Borrower Documents, the Issuer Documents,

* Preliminary; subject to change.

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.

"DTC" has the meaning provided in the Indenture.

"Electronic Means" means facsimile transmission, email 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; and

(h) Investment income derived from the investment of the money described in (a) through (g) 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):

(a) Governmental Obligations; and

(b) Shares or units in any money market mutual fund rated "Aaa-mf" by Moody's (or the equivalent Highest Rating Category given by 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 consist solely of direct obligations of the government of the United States of America.

“Environmental Indemnity Agreement” means, as applicable, the Environmental Indemnification and Release Agreement by and among the Borrower and the Guarantor to the Construction Lender during the Cash Collateralized Mode, or the Environmental Indemnification Agreement by the Borrower and the Guarantor to and for the benefit of the Permanent Lender during the Permanent Mode.

“Event of Default” or “Default” means any of the events of default or defaults specified in the Indenture or the Loan Agreement.

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

“Extension Payment” means the amount due, if any, in connection with the 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.

“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, war, acts of public enemy, riot, insurrection, acts of terrorism, 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.

“Forward Bond Purchase Agreement” means the Forward Bond Purchase Agreement expected to be entered into on the Construction Loan Closing Date, by and among the Trustee, the Borrower, the Issuer and the Permanent Lender.

“General Partner” means Union at Smoky Mountain GP Corporation, a Tennessee nonprofit corporation, the general partner of the Borrower and its successors and assigns.

“Governmental Authority” means any federal, state or local governmental or quasi-governmental entity, including, without limitation, any agency, department, commission, board, bureau, administration, service, or other instrumentality of any governmental entity.

“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 _____, and its respective successors and assigns.]

[“Guaranty” means, collectively, (i) during the Cash Collateralized Mode, (a) that certain Guaranty Agreement expected to be entered into on the Construction Loan Closing Date made by Bach, The Annex Group, LLC and Annex to and in favor of Construction Lender, (b) that certain Guaranty Agreement expected to be entered into on the Construction Loan Closing Date made by Tomaszewski to and in favor of Construction Lender, and (c)

the Delivery Assurance Guaranty (as defined in the Permanent Loan Agreement), by the Guarantor in favor of the Lender and (ii) during the Permanent Mode, the Recourse Guaranty Agreement (as defined in the Permanent Loan Agreement), by the Guarantor in favor of the 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 include but not be below “Aa1” or “Aa1/VMIG 1” if rated by Moody’s or “A-1+” or “AA+” if rated by S&P.

“Indenture” means the Trust Indenture, dated as of June 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.

“Index Determination Date” means a date selected solely and unilaterally by the Borrower on or prior to the Construction Loan Closing Date. The Borrower shall provide notice of the Index Determination Date to the Issuer and Trustee on or prior to the Construction Loan Closing Date.

“Initial Bond Purchase Agreement” means the Bond Purchase Agreement dated June __, 2026, by and among the Issuer, the Borrower and the Underwriter.

“Initial Interest Rate” means ___% per annum.

“Initial Mandatory Tender Date” means September 1, 2029*.

“Initial Notification of Taxability” means the receipt by the Trustee or any Holder of the Bonds of a communication from the Internal Revenue Service or any court of competent jurisdiction to the effect that interest on the Bonds is not excludable, or will not in the future be excludable, from the gross income of the Holders of the Bonds for federal income tax purposes (other than interest on the Bonds when held by a Holder who is a “substantial user” of the Project or a “related person,” as such terms are defined in Section 147(a) of the Code).

“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, (a) March 1 and September 1 of each year, beginning March 1, 2027*, (b) each Redemption Date, (c) each Mandatory Tender Date and (d) the Maturity Date.

“Interest Rate” means, as applicable, the Initial Interest Rate (to but not including the Initial Mandatory Tender Date) and the applicable Remarketing Rate.

“Investor Limited Partner” means an investor limited partner designated by Borrower, and its permitted successors and assigns in its capacity as investor limited partner.

“Issuer” means Knoxville’s Community Development Corporation, a housing and redevelopment authority of the City of Knoxville, Tennessee organized under the Tennessee Housing Authorities Law, Tenn. Code Ann. §§ 13-20-101, et seq., or any successor.

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

* Preliminary; subject to change.

“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 \$20,000,000* 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 June 1, 2026, by and between the Issuer and the Borrower, 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 Eastern time (daylight or standard, as applicable) in the State.

“Majority Owner” means, during the Permanent Mode, the Owner (or if the Bonds are in Book-Entry Form, the Beneficial Owner) of 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 Owners or Beneficial Owners 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.

“Maturity Date” means the earlier of (i) July 5, 2046* and (ii) the date of the final principal payment on the Permanent Loan as shown in the Amortization Schedule delivered (or approved) by the Servicer as of the Conversion Date.

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

“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.

“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 Issuer, in substantially the form attached to the Loan Agreement as an exhibit, if and when the Conversion Date occurs in a form acceptable to the Borrower and the Permanent Lender, and any amendments, Supplements or modifications thereto, which Note has been assigned without recourse by the Issuer to the Trustee.

“Official Statement” means this Official Statement dated 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.

* Preliminary; subject to change.

“Optional Call Date” means any date on or after September 1, 2028*.

“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; or

(d) Bonds paid in accordance with the section of the Indenture describing the process for mutilated, lost, stolen or destroyed Bonds.

“Partnership Agreement” means that certain Amended and Restated Agreement of Limited Partnership of the Borrower to be dated as of the Investor Admissions Date.

“Permanent Lender” means [Barings Affordable Housing Mortgage Fund III LLC, a Delaware limited liability company] or another permanent lender designated by Borrower, and its successors and assigns.

“Permanent Loan” means the loan from the Permanent Lender to the Borrower pursuant to the Permanent Loan Agreement.

“Permanent Loan Agreement” means the Permanent Loan Agreement to be executed as of the Conversion Date by and between the Borrower and the Permanent Lender.

“Permanent Loan Amount” means the maximum permanent loan amount of the Bonds after the Conversion Date, or such other amount as determined in the Permanent Funding Agreement; provided that the Permanent Loan Amount may not exceed the Maximum Permanent Loan Amount of the Bonds as defined in the Permanent Funding Agreement.

“Permanent Loan Deed of Trust” means the Deed of Trust, Security Agreement, Assignment of Rents and Leases and Fixture Filing executed as of the Conversion Date by the Borrower in favor of the designated trustee, for the benefit of the Trustee.

“Permanent Loan Documents” has the meaning assigned to such term in the Permanent Loan Agreement applicable during the Permanent Mode.

“Permanent Loan Purchase Fund” means the Permanent Loan Purchase Fund created in the Indenture.

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

“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.

“Prepayment Fee” means the “Prepayment Fee” or the “Closed Period Prepayment Fee,” as applicable, as each such term is defined in the Permanent Loan Agreement.

“Project” means the multifamily residential rental housing project located at or about 0 Lovell Road, Knoxville, Tennessee, known as Union at Smoky Mountain, which, upon completion, will contain approximately 100

* Preliminary; subject to change.

residential 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.

“Qualified Project Period” means the Qualified Project Period as defined in the Regulatory Agreement.

“Rating Agency” means any national rating agency then maintaining a rating on the Bonds, and initially means Moody’s.

“Rebate Amount” means the amount, if any, which is to be paid to the United States of America pursuant to the Section 148(f) of the Code and the applicable provisions of 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 Ice Miller LLP.

“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) pursuant to the Indenture or (d) as otherwise 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 Land Use Restriction Agreement, to be entered into on the Construction Loan Closing Date, 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 June 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.

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

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

“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, commissioners, 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, commissioners, 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 under the Indenture and 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 excludable 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.

“Residential Units” or “Units” means units of multifamily residential housing comprising the Project.

“Resolution” means that certain resolution of the Issuer adopted by the Board of Commissioners of the Issuer on May 28, 2026, authorizing the issuance and sale of the Bonds.

“Revenue Account” means the Revenue Account of the Bond Fund created under 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.

“S&P” means S&P Global Ratings, and its successors and assigns, or if it is dissolved or no longer assigns credit ratings, then any other nationally recognized statistical rating agency, designated by Fannie Mae, that assigns credit ratings.

“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.

“Servicer” means, during the Permanent Mode, the Permanent Lender, or, if the Permanent Lender appoints a separate entity to be the servicer, such servicer. During any other times that no servicer has been appointed pursuant to the Indenture, all references in the Indenture and in the Loan Documents to the Servicer shall be deemed to refer to the Majority Owner.

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

“Special Limited Partner” means Union Smoky Mountain SLP, LLC, an Indiana limited liability company, or another special limited partner designated by Borrower, and its permitted successors and assigns.

“Subordinate Lender” means the City of Knoxville or another subordinate lender designated by Borrower.

“Subordinate Loan” means a subordinate loan from the Subordinate Lender to the Borrower.

“State” means the State of Tennessee.

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

“Tax Certificate” means, the Tax Exemption Certificate and Agreement dated as of June __, 2026, executed by and between 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” means Argent Trust Company, a Tennessee state-chartered trust company, and authorized to conducted business in the State, and its successor or successors in the trust created by the Indenture.

“Trustee’s Ongoing Fee” means (i) an acceptance fee in the amount of \$3,000 payable upon the execution of the Indenture and (ii) an annual administrative fee payable annually in advance of the Closing Date thereafter on each June 1, in the annual amount of \$5,000.

“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.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE

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

Creation of Funds 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 (1) the Negative Arbitrage Account, (2) the Remarketing Proceeds Account and (3) 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; and
- (g) the Collateral Fund.

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

Any Extension Payment received by the Trustee in connection with an extension of the Mandatory Tender Date pursuant to the Indenture shall be deposited in 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 of the Bond Fund, (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.

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, and payment of all amounts owing under the Construction Loan Documents and the Permanent Loan Documents, as applicable, 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 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 the Bonds, for purchase by the Permanent Lender of the 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 in 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 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) to the Bond Fund, the amount sufficient to (1) pay any accrued but unpaid interest on the Bonds and (2) to cause the partial redemption of the Bonds in the Conversion Redemption Amount as set forth in the Conversion Notice, and (B) to 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.

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, to the Disbursing Agent, for further disbursement by the Disbursing Agent solely to pay Qualified Project Costs pursuant to the Disbursing Agreement, 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 at least 95% of the total costs paid for with the proceeds of the Bonds 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 in the Collateral Fund. 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, the Trustee is authorized under the Indenture 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 an investment described under clause (b) in the definition of Eligible Investments.

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 pay, 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 the Special Funds 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 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.

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 and any other fees and expenses payable under the Documents to the Lender or any other Person, 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 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 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 provisions set forth under this heading “Discharge of Lien” 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 (including any short term investment fund rated “Aaa-mf” or “P-1” by the Rating Agency and secured by and investing solely 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, actually incurred on and about the Issuer 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 when due the principal of any Bond or the redemption price or purchase 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 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 clause (a), (b), or (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 whether or not the Trustee gives 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 Borrower shall be entitled to cure any Event of Default under the Indenture within the time frame provided to the Issuer. 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 (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 is not a debt or indebtedness of the Issuer; provided, however, that the Issuer is subject to the provisions of the Indenture with respect to its obligations under the Act and the Documents, but any and all pecuniary liability shall be limited to the Trust Estate. Any remedial action under the Indenture with respect to a Borrower Related Default is limited to payment from 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 and the Issuer 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 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% aggregate principal amount of the Bonds may take such action in the place of the Trustee. Nothing contained in the Indenture shall, however, 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 the fees, expenses and advances incurred or made by the Trustee, the Servicer and the Issuer with respect thereto, 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 of the Bonds shall have become, or shall have been declared to be, 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 interest due on any particular date, then to the payment ratably, according to the amount of principal and such other amounts 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 — The remainder, if any, after indefeasible payment in full of all amounts under "First," "Second," "Third" and "Fourth," above, 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 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 Supplements 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 Supplement 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 Supplement 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 Supplement 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 there shall be no amendments or supplements to the Indenture or the Loan Agreement without the written consent of the Borrower.

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 Holders” 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 Supplement 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 Supplement. This section shall not limit or otherwise affect the ability of the Issuer to enter into Supplements to the Indenture prior to the Conversion Date 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 Supplement for any of the purposes of this section, the Trustee shall cause written notice of the proposed Supplement 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 Supplement 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 Supplement 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 Supplement 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 Supplement 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 Supplement as provided in the Indenture, no Holder of any Bond shall have any right to object to such Supplement, 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 Supplement 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 Supplement to the 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 Supplement 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 Supplements to the Indenture. 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; Deposit of Bond Proceeds

In order to provide funds for the payment of the Costs, the Issuer, concurrently with the execution of the Loan Agreement, will issue, sell, and deliver the Bonds and deposit the proceeds thereof with the Trustee, which amounts shall be immediately deposited into the Project Fund.

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 Costs upon satisfaction of the requirements of the Indenture (which in any event will require corresponding deposits into the Collateral Fund as and when provided for in the Indenture and the Construction Loan Agreement). The Trustee is directed in the Indenture to make disbursements from the Project Fund as provided in the Indenture, and pursuant to the receipt of a Requisition in substantially the form attached to the Indenture, and the corresponding deposit into the Collateral Fund as and when provided for in the Indenture and the Construction Loan Agreement.

The Borrower's right to request disbursements from the Project Fund is limited to the amount of Bond Proceeds delivered to the Trustee on the Closing Date and conditioned upon the delivery of Eligible Funds to the Trustee for deposit to the Collateral Fund as set forth in the Indenture.

Establishment of Completion Date

The Borrower Representative shall evidence completion of the Project by providing a copy of an executed AIA Form G704 (or comparable certificate of Substantial Completion acceptable to the Construction Lender) under and as provided for in the Construction Loan Agreement, which shall reflect the date of completion of the Project; and such date shall be *prima facie* evidence of the actual date of Completion. The foregoing shall not limit the requirements of either (i) the Construction Loan Agreement with respect to the release of the final advance of the Construction Loan for retainage, or (ii) the Permanent Funding Agreement with respect to the requirements of the Conditions to Conversion.

If at least ninety-five percent (95%) of the proceeds of the Bonds have not been allocated to Qualified Project Costs, 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 or (ii) for any other purpose provided that the Trustee is furnished with an opinion of Bond Counsel to the effect that such use is lawful under the Act and will not cause interest on the Bonds to be includable in gross income for federal income tax purposes. 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 an opinion of Bond Counsel to the effect that such investment will not cause interest on the Bonds to be includable in gross income for federal income tax purposes.

Borrower Required to Pay in Event Project Fund Insufficient

In the event the moneys on deposit in the Project Fund, together with the proceeds of the Subordinate Loan, are not sufficient to pay the Qualified Project Costs in full, the Borrower agrees to complete the Project and to pay that portion of the Qualified Project Costs in excess of the moneys available therefore in the Project Fund as and when provided for in the Construction Loan Agreement. The Issuer does not make any warranty, either express or implied,

that the moneys deposited into the Project Fund and available for payment of the Qualified Project Costs will be sufficient to pay all of the Qualified Project Costs. The Borrower agrees that if after exhaustion of the moneys in the Project Fund, the Borrower should pay any portion of the Qualified Project Costs pursuant to the provisions of this section, the Borrower shall not be entitled to any reimbursement therefor from the Issuer, 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.

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 is released in accordance with its provisions, (b) sufficient money or security acceptable to the Issuer, the Servicer 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, and (c) the Construction Loan and the Subordinate Loan shall be repaid in full, and all other amounts owing to the Lender or the Servicer under the Documents have been paid or provided for. Such option shall be exercised by the Borrower, giving the Issuer, the Servicer 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 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 Regulatory Agreement and the Tax Certificate, for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, will have been given to the Borrower by the Issuer 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 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 sixty (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 an Event of 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 under the section “Defaults Defined” above shall have happened and be continuing beyond the expiration of any applicable cure period, the Trustee, as the assignee of the Issuer’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 Issuer), and upon written direction of the Servicer and Notice to the Issuer shall take, or the Issuer (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). Notwithstanding the foregoing, prior to the Conversion Date, the exclusive remedy of the Issuer and the Trustee shall be to use proceeds in the Collateral Fund to pay the Loan (if and to the extent permitted by the Indenture).

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 Issuer 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 any such 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 Issuer 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 (other than the Reserved Rights) as are given the Issuer under the Loan Agreement shall also extend to 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 Issuer, 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.

Term of the Loan Agreement

The Loan Agreement will remain in full force and effect from its date until such time as all of the Bonds and all amounts payable hereunder and under the Indenture shall have been fully paid or provision made for such payments, whichever is later, provided, that all representations and certificates of the Borrower and the General Partner as to matters affecting the tax-exempt status of the Bonds, and certain other provisions of the Loan Agreement shall survive termination of the Loan Agreement.

Nonrecourse Liability of Borrower

The liability of the Borrower and the General Partner under the Loan Agreement and under the Note shall be limited to the Project, and the rents, issues and profits thereof, and the Trust Estate and any other security for the Borrower's Obligations and all assets of the Borrower, and not against the Borrower, any direct or indirect member, partner, officer or director of the Borrower or the General Partner, or any successor or assign of the Borrower, any direct or indirect member, shareholder, manager, officer or director of the Borrower or the General Partner. The Issuer and the Trustee shall look respectively thereto or to such other security as may from time to time be given or have been given for payment of the Bonds, and any judgment rendered against the Borrower or the General Partner under the Loan Agreement shall be limited as described above and any other security including any guaranty so given for satisfaction thereof; and (ii) no deficiency or other personal judgment shall be sought or rendered against the Borrower or the General Partner or their respective successors, transferees or assigns, in any action or proceeding arising out of the Loan Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding; provided, however, that nothing in the Loan Agreement will limit the Issuer's or the Trustee's ability to exercise any right or remedy with respect to any property pledged or granted to the Issuer or any Trustee under the Loan Agreement, or both, or to exercise any right against the Borrower or the General Partner, on account of any claim for fraud. Notwithstanding anything in the Loan Agreement to the contrary, nothing in this section shall (x) limit the rights of indemnification against the Borrower and the General Partner pursuant to the Loan Agreement or (y) supersede, during the Permanent Mode, the provisions of the Permanent Loan Agreement. Furthermore, notwithstanding anything to the contrary, the Borrower and the General Partner (but not any of their respective partners, members officers, employees or agents) will be fully liable for: (1) amounts payable to the Issuer constituting Reserved Rights of the Issuer, (2) any amount due and owing as a result of any calculation or determination which may be required in connection with the Bonds for the purpose of complying with Section 148 of the Code (including rebate liability) or any applicable Treasury regulation, and (3) the indemnification and the payment obligations to the Issuer as set forth in the Loan Agreement.

Nothing in this section will be deemed to limit in any way whatsoever (i) the liability of the Guarantor under the Guaranty or the Environmental Indemnity Agreement, which shall be recourse obligations of the Guarantor, or (ii) any obligation of the Borrower or the General Partner to indemnify any Indemnified Party under the terms of the Loan Agreement or any of the other Documents, including indemnification for environmental liability, each of which shall be recourse obligations of the Borrower and the General Partner.

The limit on the Borrower's and the General Partner's liability set forth in this section shall not, however, be construed, and is not intended to in any way, to constitute a release, in whole or in part, of the indebtedness evidenced by the Loan Agreement or a release, in whole or in part, or an impairment of the security interest, or in case of any default or enforcing any other right of the Issuer under the Loan Agreement or to alter, limit or affect the liability of any Person or party who may now or hereafter or prior hereto guarantee, or pledge, grant or assign its assets or collateral as security for, the obligations of the Borrower under the Loan Agreement.

Notwithstanding the foregoing, the provisions of this section shall be null and void and have no force and effect to the extent of any loss suffered by the Issuer, the Trustee, any Owner or any beneficiary of or the trustee under the Deed of Trust as a result of the Borrower's: (a) committing any act of fraud; (b) intentional or grossly negligent misapplication of any condemnation award or casualty insurance proceeds; (c) failure to apply the revenues of the Project in the manner and for the purposes provided in the Issuer Documents, whether before or after a Default; or (d) violation of any environmental laws. Nothing herein shall be deemed to prohibit the naming of the Borrower in an action to realize upon the remedies provided herein either at law or in equity, subject to the foregoing limitation against a personal money judgment or deficiency decree against the Borrower, the General Partner or their heirs, personal representatives, successors and assigns, or to prohibit the naming of any person in any action to realize upon the remedies provided in the General Partner Documents or any other guaranty given in favor of the Issuer, the Trustee or the Servicer.

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT

The following is a summary of certain provisions of the Land Use Restriction Agreement (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 will be on file with the Issuer and the Trustee following the Construction Loan Closing Date. 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 Trustee and the Borrower will enter into a Land Use Restriction Agreement (the "Regulatory Agreement") in order to set forth certain terms and conditions relating to the acquisition and operation of the Project. All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture and the Regulatory Agreement.

Residential Rental Property

Pursuant to the Regulatory Agreement, the Borrower acknowledges and agrees that the Project will be owned (for federal tax purposes), leased, managed and operated as a "qualified residential rental project" (within the meaning of Section 142(d) of the Code) for a term equal to the Qualified Project Period. To that end, and for the term of the Regulatory Agreement, the Borrower represents, covenants, warrants and agrees as follows:

(a) The Project has been developed for the purpose of providing multifamily residential rental property, and the Borrower owns (for federal tax purposes), manages and operates the Project and will continue to operate the Project as a project to provide multi-family residential rental property comprising a building or structure or several interrelated buildings or structures, together with any Functionally Related and Subordinate facilities, and no other facilities in accordance with Section 142(d) of the Code and Section 1.103-8(b) of the Regulations and the Act, as the same shall be amended from time to time, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the Dwelling Units in the Project are similarly constructed units, and each Dwelling Unit in the Project will be separate and distinct from every other Dwelling Unit and contains complete facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range (or a multiple-burner cooktop and a convection microwave oven), a sink and a refrigerator.

(c) None of the Dwelling Units in the Project will at any time be utilized on a transient basis; none of the Dwelling Units in the Project have been or will be leased or rented for a period of less than six months; and neither the Project nor any portion thereof have been or will be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium, nursing home, rest home, trailer park, trailer court, mobile home park, or recreational vehicle park or by a cooperative housing corporation (as defined in section 216(b)(1) of the Code).

(d) No part of the Project will at any time be owned by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or uses.

(e) Each Dwelling Unit will be available for rental on a continuous basis to members of the general public on a nontransient basis, and the Borrower has not and will not give preference to any particular class or group in renting the Dwelling Units in the Project, except to the extent that Dwelling Units are required to be leased or rented to Low Income Tenants pursuant to the terms of the Regulatory Agreement and the terms of certain other restrictions executed in connection with the low income housing tax credits, the financings and the grants for the Project.

(f) The Project Site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Project Facilities comprise a single geographically and functionally integrated project for residential rental property, which have similarly constructed units financed pursuant to a common plan, together with Functionally Related and Subordinate facilities which shall be owned (for federal tax purposes) by the Borrower or a Related Person as evidenced by the long-term leasehold interest in, management, accounting and operation of the Project.

(g) No dwelling unit in the Project shall be occupied by the Borrower; provided, however, that if the Project contains five or more Dwelling Units, this subsection shall not be construed to prohibit occupancy of not more than one dwelling unit by one or more resident managers or maintenance personnel any of whom may be the Borrower.

(h) The Borrower shall not discriminate on the basis of race, religion, creed, color, ethnic group identification, sex, source of income (e.g., AFDC, SSI), mental or physical disability, national origin or marital status in the rental, lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

(i) The Borrower will accept as tenants, on the same basis as all other prospective tenants, persons who are holders of vouchers or certificates for federal housing assistance payments for existing housing pursuant to Section 8 of the Housing Act ("Section 8") or a successor federal program, and, in connection therewith, the Borrower has not and will not apply tenant selection criteria to such voucher or certificate holders which are more burdensome than the criteria applied to any other prospective tenants.

(j) The Borrower will not discriminate against prospective tenants on the basis of their receipt of, or eligibility for, housing assistance under any federal, state or local program or on the basis that they have a minor child or children living with them.

Low Income Tenants; Records and Reports

Pursuant to the requirements of the Code, the Borrower represents, warrants and covenants as follows:

(a) Within 30 days after the commencement of the Qualified Project Period, the Borrower shall execute and deliver to the Trustee a copy of a certificate identifying the beginning date and earliest ending date of the Qualified Project Period, in substantially the form attached to the Regulatory Agreement as an exhibit.

(b) The Borrower will rent on a continuous basis to Low Income Tenants at least 20% of the Available Units in the Project; provided, however, that, as provided in Section 142(d)(3)(B) of the Code, any Available Unit occupied by a Low Income Tenant at the commencement of occupancy shall continue to be treated as if occupied by a Low Income Tenant during tenancy of such Available Unit by such Low Income Tenant even though such Low Income Tenant may subsequently cease to be a Low Income Tenant, so long as the Adjusted Income of such Low Income Tenant as of the most recent certification pursuant to subsection (c) below does not exceed 140% of the Applicable Income Limit as of such certification. In the event that the Adjusted Income of a Low Income Tenant shall exceed 140% of such Applicable Income Limit, if (treating such tenant as if it were not a Low Income Tenant) less than 20% of the Available Units in the Project are occupied by Low Income Tenants, the Borrower shall rent the next Available Unit in the Project of comparable or smaller size to a Low Income Tenant (provided, however, that any Available Unit in the Project of a larger size may be rented to a tenant who is not a Low Income Tenant if such Available Unit was previously occupied by such a tenant) and, upon renting such Available Unit to such Low Income Tenant, the Borrower shall make a new certification pursuant to subsection (c). In addition, any Available Unit vacated by a Low Income Tenant shall be treated as being occupied by such vacating Low Income Tenant until reoccupied by another tenant (other than occupancy for 31 days or less) at which time the character of the Available Unit shall be redetermined, provided that reasonable attempts are made to rent the Available Unit and no other Available Units of comparable or smaller size in the Project are rented to a tenant who is not a Low Income Tenant before such Available Unit is rented. Notwithstanding the foregoing, unless more than 90 percent of the Units in the Project are not Available Units at any time within 60 days after the later

of (i) the date the Project is acquired by the Borrower or (ii) the issue date of the Bonds, for a period of 12 months beginning on the issue date of the Bonds (the "Transition Period"), the failure to satisfy the requirements described above will not cause the Project to not be a qualified residential rental project (as defined in the Code), provided, in any event, the Borrower shall satisfy the Low Income Tenant requirements described above no later than the end of such Transition Period.

(c) The Borrower will obtain, complete, and maintain on file Income Certifications (substantially in the form attached to the Regulatory Agreement as an exhibit) from each Low Income Tenant, including (i) an Income Certification dated immediately prior to the initial occupancy of such Low Income Tenant in the Project and (ii) thereafter, annual Income Certifications which must be filed no later than each February 1. The Borrower will obtain such additional information as may be required in the future by the Issuer and by Section 142(d) of the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations which are Tax-exempt under Section 142(d) of the Code. A rent roll showing the Low Income Tenants in the Project, their most recent certified incomes and their unit numbers together with, if requested by the Trustee, a copy of the most recent Income Certification for Low Income Tenants commencing or continuing occupation of a Low and Moderate Income Unit (and not previously filed with the Trustee) shall be attached to the Certificate of Continuing Compliance which is to be filed with the Trustee no later than February 15 of each calendar year following the date of the Regulatory Agreement, until the end of the Qualified Project Period. The Borrower shall make a good faith effort to verify that the income information provided by an applicant in an Income Certification is accurate by taking one or more of the following steps as part of the verification process: (1) obtain a pay stub for the most recent pay period, (2) obtain an income tax return for the two most recent tax years, (3) conduct a TRW or similar search or (4) contact the applicant's current employer.

(d) The Borrower will maintain complete and accurate records pertaining to the Low Income Units and will with reasonable notice permit any duly authorized representative of the Issuer, the Trustee, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project, including those records pertaining to the occupancy of the Low Income Units.

(e) On or before each March 31 during the Qualified Project Period the Borrower has and will submit the completed Internal Revenue Code Form 8703 or such other annual certification required by the Code to the Secretary of the Treasury, with a copy to the Trustee, as to whether the Project continues to meet the requirements of Section 142(d) of the Code.

(f) Each lease or rental agreement pertaining to a Low Income Unit shall contain a provision to the effect that the Borrower has relied on the income certification and supporting information supplied by the Low Income Tenant in determining qualification for occupancy of the Low Income Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease or rental agreement. Each such lease or rental agreement shall also provide that the tenant's income is subject to annual certification in accordance with the Regulatory Agreement and to recertification if the number of occupants in the units increases.

(g) At the request of the Borrower, the Issuer elects that the requirements of subparagraph (A) of Section 142(d)(1) of the Code (the "20-50 Test") be applied to the Project.

Tax-exempt Status of the Bonds

The Borrower makes the following representations, warranties and agreements for the benefit of the holders of the Bonds from time to time:

(a) The Borrower will not take or permit actions within its control, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the Tax-exempt nature of the interest on the Bonds and, if it should take or permit, or omit to take or cause to be taken, any such action, it will take

any lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof.

(b) The Borrower will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the Issuer and the Trustee, with a copy to the Borrower, to comply fully with all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations the interest on which is Tax-exempt under Section 142(d) of the Code.

(c) The Borrower will file or record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Issuer and the Trustee, with a copy to the Borrower, in order to ensure that the requirements and restrictions of the Regulatory Agreement will be binding upon it and all owners of the Project, including, but not limited to, the execution and recordation of the Regulatory Agreement in the land records of the Register's Office of Knox County, Tennessee.

(d) The Borrower will not enter into any agreements which would result in the payment of principal or interest on the Bonds being "federally guaranteed" within the meaning of Section 149(b) of the Code.

(e) The Borrower covenants to include the requirements and restrictions contained in the Regulatory Agreement in any documents transferring any interest in the Project prior to the expiration of the Qualified Project Period to another person to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of the Regulatory Agreement.

Sale or Transfer of the Project

Except for a transfer of the Project pursuant to a foreclosure or a deed in lieu of foreclosure or a similar event where the Regulatory Agreement terminates pursuant to the provisions thereof, the Borrower covenants and agrees that the Borrower will cause or require as a condition precedent to any conveyance, transfer, assignment or any other disposition of the Project prior to the termination of the Qualified Project Period provided herein (the "Transfer") that the transferee of the Project, pursuant to the Transfer, assume in writing, in a form acceptable to the Issuer and the Trustee, all duties and obligations of the Borrower under the Regulatory Agreement, including this section in the event of a subsequent Transfer by the transferee prior to expiration of the Qualified Project Period provided therein (the "Assumption Agreement"). The Borrower shall deliver the Assumption Agreement to the Issuer prior to the Transfer. No Transfer shall operate to release the Borrower from its obligations under the Regulatory Agreement, arising before the date of the Transfer. A transfer between the Borrower and the Issuer in order to facilitate a payment in lieu of taxes agreement under which the Borrower remains the owner of the Project for federal tax purposes shall not be a Transfer for purposes of the Regulatory Agreement. Furthermore, a transfer from the Issuer to the Borrower upon the Borrower's exercise of a purchase option in connection with the payment in lieu of taxes agreement shall not be a Transfer for purposes of the Regulatory Agreement.

Term

The Regulatory Agreement and all and each of the provisions thereof shall become effective upon its execution and delivery, and shall remain in full force and effect for the periods provided therein and, except as otherwise provided in this section, shall terminate in its entirety at the end of the Qualified Project Period, it being expressly agreed and understood that the provisions thereof are intended to survive the retirement of the Bonds, discharge of the Loan and termination of the Indenture and the Loan Agreement.

Notwithstanding the foregoing, the provisions of the Regulatory Agreement, in the case of the Trustee, survive the term of the Regulatory Agreement or the replacement of the Trustee, but only as to claims arising from events occurring during the term of the Regulatory Agreement or the Trustee's tenure as Trustee under the Indenture, and shall, in the case of the Issuer, survive the term of the Regulatory Agreement, but only as to claims arising from events occurring during the term of the Regulatory Agreement.

The terms of the Regulatory Agreement to the contrary notwithstanding, the requirements set forth therein shall terminate and be of no further force and effect in the event of involuntary noncompliance with the provisions of the Regulatory Agreement caused by fire, seizure, requisition, foreclosure or transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the Issuer or the Trustee from enforcing the provisions thereof, or condemnation or a similar event, but only if, within a reasonable period thereafter, either the portion of the Bonds attributable to the Project is retired or amounts received as a consequence of such event are used to provide a project which meets the requirements of the Code set forth in the Regulatory Agreement. The provisions of the preceding sentence shall cease to apply and the requirements referred to therein shall be reinstated if, at any time during the Qualified Project Period after the termination of such requirements as a result of involuntary noncompliance due to foreclosure, transfer of title by deed in lieu of foreclosure or similar event, the Borrower or any related person (within the meaning of Section 147(a)(2) of the Code) obtains an ownership interest in the Project for tax purposes; provided, however, that any reinstatement of such provisions shall only be in effect during any period of time such Borrower or related person holds such ownership interest. The Borrower hereby agrees that, following any foreclosure, transfer of title by deed in lieu of foreclosure or similar event, neither the Borrower nor any related person as described above (other than a limited partner of the Borrower or any related person (within the meaning of Section 147(a)(2) of the Code) to such limited partner that is otherwise subject to the immediately preceding sentence) will obtain an ownership interest in the Project for tax purposes.

Upon the termination of the terms of the Regulatory Agreement, the parties thereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms thereof (which shall be prepared, completed and recorded at the expense of the Borrower); provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of the Regulatory Agreement in accordance with its terms.

Covenants To Run with the Land

The Borrower subjects the Project (including the Project Site) to the covenants, reservations and restrictions set forth in the Regulatory Agreement. The Issuer and the Borrower declare their express intent that the covenants, reservations and restrictions set forth therein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in title to the Project; provided, however, that on the termination of the Regulatory Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument thereafter executed 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 and restrictions are set forth in such contract, deed or other instruments.

No breach of any of the provisions of the Regulatory Agreement shall impair, defeat or render invalid the lien of any mortgage, deed of trust or like encumbrance made in good faith and for value encumbering the Project or any portion thereof.

Default; Enforcement

If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in the Regulatory Agreement, and if such default remains uncured for a period of 30 days after written notice thereof shall have been given by the Issuer or the Trustee to the Borrower, then the Trustee shall declare an "Event of Default" to have occurred thereunder provided, however, that if the default stated in the notice is of such a nature that it cannot be corrected within 30 days, such default shall not constitute an Event of Default thereunder so long as (i) the Borrower institutes corrective action within said 30 days and diligently pursues such action until the default is corrected, and (ii) in the opinion of Bond Counsel, the failure to cure said default within 30 days will not adversely affect the Tax-exempt status of interest on the Bonds.

The Issuer and the Trustee each agree that the Mortgage Lender and the Investor Limited Partner may act to cure any default hereunder and that they shall accept such cure as though made by the Borrower.

Following the declaration of an Event of Default thereunder, the Trustee may, at its option and subject to the provisions of the Indenture, take any one or more of the following steps:

- (i) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform its obligations and covenants thereunder or enjoin any acts or things which 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 of the books and records of the Borrower pertaining to the Project; and
- (iii) enforce the obligations, covenants and agreements of the Borrower thereunder by an action for specific performance.

The Trustee shall have the right, in accordance with the Regulatory Agreement and the provisions of the Indenture, subject to such consent, approval or knowledge of the Issuer or other third parties as the Indenture may require, to exercise any or all of the rights or remedies of the Issuer under the Regulatory Agreement, provided that prior to taking any such act the Trustee shall give the Issuer written notice of its intended action. All fees, costs and expenses of the Trustee incurred in taking any action pursuant to Regulatory Agreement shall be the sole responsibility of the Borrower.

After the Indenture has been discharged, the Issuer may act on its own behalf to declare an “Event of Default” to have occurred and to take any one or more of the steps specified hereinabove to the same extent and with the same effect as if taken by the Trustee.

In the event the Borrower shall fail to submit to the Trustee the Income Certifications or the Certificates of Continuing Program Compliance at the times set forth in the Regulatory Agreement and the Issuer or the Trustee shall determine to inspect the books and records of the Borrower to determine whether the Borrower is in compliance with the terms of the Regulatory Agreement, the Borrower shall, upon demand by the Issuer or the Trustee, pay all expenses and costs of the Issuer and the Trustee in determining whether or not the Borrower is in compliance with the terms of the Regulatory Agreement.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

\$20,000,000*

**Knoxville's Community Development Corporation
Multifamily Housing Revenue Bonds
(Union at Smoky Mountain),
Series 2026**

This Continuing Disclosure Agreement, dated as of June 1, 2026 (this "Continuing Disclosure Agreement"), is executed and delivered by Union at Smoky Mountain, LP, a Tennessee limited partnership (the "Borrower"), and Argent Trust Company, a Tennessee state-chartered trust company, 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 June 1, 2026 (the "Indenture") between Knoxville's Community Development Corporation (the "Issuer") and Argent Trust Company, a Tennessee state-chartered trust company, as trustee (the "Trustee"). 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 of the Borrower 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 Argent Trust Company, a Tennessee state-chartered trust company, 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, 2026, 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 file a report with the Borrower and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided.

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

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

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

Section 5. Reporting of Listed Events.

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

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulty;

- (iv) Unscheduled draws on credit enhancements reflecting financial difficulty;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Borrower. For purposes of this clause (xii), any such event shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or paying agent or the change of the name of a trustee or paying agent, if material;
- (xv) Incurrence of a financial obligation of the Borrower, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Borrower, any of which affect security holders, if material;
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Borrower, any of which reflect financial difficulties; and
- (xvii) The Project's being placed in service for purposes of qualifying the property for low-income housing tax credits. Notice of the Project's being placed in service from the Borrower to the Dissemination Agent shall be in the form attached as Exhibit D hereto. Notice of the Project's being placed in service from the Dissemination Agent to the Municipal Securities Rulemaking Board shall be in the form attached as Exhibit C hereto.

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

(b) The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any potential Listed Event, pursuant to subsection (c) of this Section 5 or otherwise, provide the Disclosure Representative with notice by email. While the Dissemination Agent is also the Trustee, the Dissemination

Agent shall be deemed to have actual knowledge of those items listed in clauses (i), (iii) (solely with respect to funds held by the Trustee), (iv), (v), (vii), (viii), (ix), (x) and (xiv) above without the Dissemination Agent's having received notice of such event. While the Dissemination Agent is not also the Trustee, the Dissemination Agent shall not be deemed to have actual knowledge of any items listed in clauses (i) - (xvii) above without the Dissemination Agent having received written notice of such event. For purposes of providing notice to the Disclosure Representative, the Dissemination Agent shall assume that the unscheduled draws described in clauses (iii) and (iv) reflect financial difficulty.

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

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

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

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

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

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

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the Borrower will describe such amendment in the next Annual Report and will include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information being presented by the Borrower. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change will be given in the same manner as for a Listed Event under Section 5(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, or specific performance by court order, to cause the Borrower or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement will not be deemed an Event of Default under the Indenture or the Loan Agreement, dated as of June 1, 2026, between the Issuer and the Borrower, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Continuing Disclosure Agreement will be an action to compel performance.

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

Section 9. Reserved.

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

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

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

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

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

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

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

If to the Borrower:

Union at Smoky Mountain, LP
c/o The Annex Group
8680 Edison Plaza Drive
Fishers, IN 46038
Attention: Luke Jager
Emails: ljager@theannexgrp.com, sam@theannexgrp.com and mreese@theannexgrp.com

If to the Dissemination Agent:

Argent Trust Company
c/o Argent Institutional Trust Company
101 West Ohio Street, Suite 660
Indianapolis, IN 46204
Attention: John Alexander
Email: jalexander@argentfinancial.com

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

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. This Continuing Disclosure Agreement shall terminate upon the conversion of the Bonds to the Permanent Mode. The Dissemination Agent shall be fully discharged at the time any such termination is effective. The Borrower's and the Dissemination Agent's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption, tender, conversion or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Borrower shall give notice of such termination in a filing with the MSRB, provided the Dissemination Agent shall provide written notice upon the conversion of the Bonds to the Permanent Mode.

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

[Signature pages to follow]

[Borrower's Signature Page to the Continuing Disclosure Agreement]

UNION AT SMOKY MOUNTAIN, LP,
a Tennessee limited partnership

By: Union at Smoky Mountain GP Corporation
a Tennessee nonprofit corporation
its General Partner

By: _____
Benjamin M. Bentley
President

[Signatures continued on next page]

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

ARGENT TRUST COMPANY, as Dissemination Agent

By: _____
Authorized Officer

EXHIBIT A

ANNUAL REPORT

\$20,000,000*

**Knoxville's Community Development Corporation
Multifamily Housing Revenue Bonds
(Union at Smoky Mountain),
Series 2026**

CUSIP: _____

Annual report for the period ending December 31, _____

THE PROJECT

Name of the Project:	Union at Smoky Mountain
Address:	0 Lovell Road, Knoxville, Tennessee
Number of Units:	100

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: Knoxville's Community Development Corporation
Name of Issue: Multifamily Housing Revenue Bonds (Union at Smoky Mountain), Series 2026
Name of Borrower: Union at Smoky Mountain, LP
CUSIP: _____
Date of Issuance: June __, 2026

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

DATED: _____

ARGENT TRUST COMPANY, as Dissemination Agent

By: _____
Authorized Officer

cc: Borrower

EXHIBIT C

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

Name of Issuer: Knoxville’s Community Development Corporation
Name of Bond Issue: Multifamily Housing Revenue Bonds (Union at Smoky Mountain), Series 2026
Name of Borrower: Union at Smoky Mountain, LP
Name of Project: Union at Smoky Mountain
Address of Project: 0 Lovell Road, Knoxville, Tennessee
Date of Issuance: June __, 2026

NOTICE IS HEREBY GIVEN as per the requirements of the Continuing Disclosure Agreement, dated as of June 1, 2026, between the above-referenced borrower (the “Borrower”) and Argent Trust Company, 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: _____

ARGENT TRUST COMPANY, as Dissemination Agent

By: _____
Authorized Officer

cc: Borrower

EXHIBIT D

FORM OF NOTICE OF PLACED IN SERVICE

\$20,000,000*

**Knoxville's Community Development Corporation
Multifamily Housing Revenue Bonds
(Union at Smoky Mountain),
Series 2026**

The undersigned hereby provides notice to Argent Trust Company, a Tennessee state-chartered trust company, as dissemination agent (the "Dissemination Agent") that the multifamily rental housing facility known as Union at Smoky Mountain (the "Project") has been placed in service in accordance with the Trust Indenture, dated as of June 1, 2026, between Knoxville's Community Development Corporation (the "Issuer") and Argent Trust Company, a Tennessee state-chartered trust company, as trustee (the "Trustee"), pursuant to which the above-captioned bonds were issued.

UNION AT SMOKY MOUNTAIN, LP,
a Tennessee limited partnership

By: Union at Smoky Mountain GP Corporation
a Tennessee nonprofit corporation
its General Partner

By: _____
Benjamin M. Bentley
President

* Preliminary; subject to change.

APPENDIX F

FORM OF BOND COUNSEL OPINION

June __, 2026

Knoxville's Community Development Corporation
Knoxville, Tennessee

Union at Smoky Mountain, LP
Knoxville, Tennessee

Stifel, Nicolaus & Company, Incorporated
Denver, Colorado

Argent Trust Company
Indianapolis, Indiana

**Re: \$20,000,000* Knoxville's Community Development Corporation
 Multifamily Housing Revenue Bonds (Union at Smoky Mountain) Series 2026**

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Knoxville's Community Development Corporation (the "Issuer") of the referenced bonds (the "Bonds") which are dated the date hereof. In such capacity, we have examined the law and such certified proceedings and other papers as deemed necessary to render this opinion.

The Bonds are issued pursuant to a Trust Indenture dated as of June 1, 2026 (the "Indenture"), between the Issuer and Argent Trust Company, as trustee (the "Trustee"). Under the terms of a Loan Agreement dated as of June 1, 2026 (the "Agreement"), among the Issuer and Union at Smoky Mountain, LP, a Tennessee limited partnership (the "Borrower"), the Borrower has agreed to make payments to be used to pay when due the principal of, premium, if any, and interest on the Bonds, and such payments and other revenues under the Agreement and certain rights of the Issuer under the Agreement have been assigned by the Issuer pursuant to the Indenture as security for the Bonds. The Bonds are payable solely from the Trust Estate pledged to the Trustee under the Indenture.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer and the Borrower contained in the Agreement, the certified proceedings and other certifications of public officials and others furnished to us, and certifications furnished to us by or on behalf of the Borrower (including certifications as to the use of bond proceeds which are material to paragraph 4 below), without undertaking to verify the same by independent investigation.

The use and operation of the Project will be subject to the provisions of the Land Use Restriction Agreement (the "Restrictive Covenants"), among the Issuer, the Borrower and the Trustee. The Restrictive Covenants will require that (i) at least 20% of the residential units of the Project be occupied at all times by individuals or families (with appropriate adjustments for family size) whose income is 50% or less of area median gross income, within the meaning of Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"), for the Qualified Project Period, as defined in the Restrictive Covenants, and (ii) that the Project be owned, managed and operated as residential rental property, all as required by Section 142(d)(1) of the Code.

Based on our examination, and assuming continued compliance by the Issuer and the Borrower with certain covenants in the Agreement, the Restrictive Covenants and the Indenture which are designed to insure that interest on the Bonds remains excluded from gross income for federal income tax purposes, we are of the opinion that, under existing law:

* Preliminary; subject to change.

1. The Issuer is duly incorporated, validly existing and in good standing under the laws of the State of Tennessee with the corporate power and authority to enter into and perform its obligations under the Agreement and the Indenture and to issue the Bonds.

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

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

4. Interest on the Bonds is excludable from gross income for federal income tax purposes, except for interest on any Bond for any period during which such Bond is held by a "substantial user" of the facilities financed by the Bonds or a "related person" within the meaning of Section 147(a) of the Code. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer and the Borrower comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. The Issuer and/or the Borrower have covenanted to comply with such requirements. Failure to comply with such requirements could cause the interest on the Bonds to be so includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxation in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

6. It is not necessary in connection with the sale of the Bonds to register the Bonds under the Securities Act of 1933, as amended, or to qualify the Indenture under the Trust Indenture Act of 1939, as amended.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors, and by equity principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,