

WHEN RECORDED RETURN TO:

Fredrick H. Olsen
BALLARD SPAHR ANDREWS & INGERSOLL
201 South Main, Suite 1200
Salt Lake City, Utah 84111

E 1367 112 B 2214 P 1142
JAMES ASHAUER, DAVIS CNTY RECORDER
1997 DEC 12 2:49 PM FEE 56.00 DEP DJM
REC'D FOR AMERICA WEST TITLE AGENCY INC

SE 12 4N 2W

12-066-0054

CLEARFIELD CITY, UTAH
Issuer

and

FIRST TRUST NATIONAL ASSOCIATION
Trustee

and

OAKSTONE, L.C.
a Utah limited liability company
Owner

TAX REGULATORY AGREEMENT

Dated as of November 1, 1997

\$12,100,000
Clearfield City, Utah
Multifamily Housing Mortgage Revenue Bonds
(FHA Insured Mortgage Loan--Oakstone Apartments Project)
Series 1997 A

and

\$3,090,000
Clearfield City, Utah
Multifamily Housing Mortgage Revenue Bonds
(FHA Insured Mortgage Loan--
Oakstone Apartments Project)
Series 1997B (Federally Taxable)

THIS Tax Regulatory Agreement (the "Tax Regulatory Agreement") is entered into as of November 1, 1997, by and among the Clearfield City, Utah (the "Issuer"), a political subdivision and public body politic and corporate duly organized and existing under the laws of the State of Utah, First Trust National Association, as trustee (the "Trustee") under a Trust Indenture dated as of November 1, 1997 (the "Indenture") and Oakstone, L.C., a Utah limited liability company (the "Owner").

WITNESSETH:

WHEREAS, the Issuer is issuing its \$12,100,000 Multifamily Housing Mortgage Revenue Bonds (FHA Insured Mortgage Loan--Oakstone Apartments Project) Series 1997A (the "Series 1997A Bonds") and its \$3,090,000 Multifamily Housing Mortgage Revenue Bonds (FHA Insured Mortgage Loan--Oakstone Apartments Project) Series 1997B (Federally Taxable) (the "Series 1997B Bonds" and together with the Series 1997A Bonds the "Series 1997 Bonds"), for the purpose of funding a Mortgage Loan to the Owner to finance the acquisition, construction and improvement of a residential multifamily facility intended for rental to persons of low income, located in Davis County, Utah (the "Project"), legally described at Appendix "I" hereto (such land, with all buildings, fixtures, equipment and improvements now or hereafter constructed or installed thereon, is herein referred to as the "Project");

WHEREAS, all parties to this Tax Regulatory Agreement have joined in this Tax Regulatory Agreement to restrict the use of the Project as provided herein to preserve the exclusion from gross income of interest on the Series 1997A Bonds for federal income tax purposes.

NOW, THEREFORE, the Owner does hereby impose upon the Project the following covenants, restrictions, charges and easements, which shall run with the land and shall be binding and a burden upon the Project and all portions thereof, and upon any purchaser, grantee, developer or lessee of any portion of the Project and any other person or entity having any right, title or interest therein and upon the respective heirs, executors, administrators, devisees, successors and assigns of any purchaser, grantee, company or lessee of any portion of the Project and any other person or entity having any right, title or interest therein, for the length of time that this Tax Regulatory Agreement shall be in full force and effect.

Section 1. Definitions. Unless otherwise expressly provided herein or unless the context clearly requires otherwise, the terms defined above shall have the meanings set forth above and the following terms shall have the respective meanings set forth below for the purposes hereof:

"Adjusted Income" means the anticipated total annual income of the family or individual for the certification year, determined in accordance with the criteria prescribed by the Secretary of Housing and Urban Development under section 8(f)(3) of the United States Housing Act of 1937, as amended, for purposes of determining whether a family is a lower-income family within the meaning of section 8(f)(1) of the Act. The "certification year" means the 12-month period which begins on the date on which the person first occupies the Unit on a rental basis, or signs a lease with respect to the Unit, whichever occurs first or an anniversary thereof, as applicable.

"Area" means the Salt Lake City-Ogden, Utah Primary Metropolitan Statistical Area.

"Bond Counsel" means any attorney or firm of attorneys with nationally recognized expertise in the area of tax-exempt multifamily financing, as approved by the Issuer.

"Code" means the Internal Revenue Code of 1986, as heretofore amended, and (unless the contract shall clearly indicate a contrary intent) as it may hereafter be amended from time to time and the Treasury regulations thereunder.

"Delivery Date" means the date the Bonds are initially issued and delivered to the original purchasers thereof.

"Dwelling Units" means the units of multifamily residential housing comprising the Project.

"Financing Agreement" means the Financing Agreement dated as of November 1, 1997, between the Issuer and the Owner.

"Functionally Related and Subordinate" shall mean and include facilities for use by tenants, for example, swimming pools, other recreational facilities, parking areas and other facilities which are reasonably required for the Project, for example, heating and cooling equipment, trash disposal equipment and units for resident managers or maintenance personnel; provided that the same are of a character and size commensurate with the character and size of the Project.

"Issuer" means Clearfield City, Utah.

"Median Income for the Area" means, as of any date, the median income for the Area as most recently determined by the Secretary of Housing and Urban Development under Section 8 of the United States Housing Act of 1937, as amended, or if programs under Section 8 are terminated, Median Income for the Area determined under the method used by the Secretary prior to such termination.

"Mortgage" means that certain mortgage, dated as of December 1, 1997, from the Owner to the Trustee, granting a security interest in the Project to secure payment of the Mortgage Loan.

"Mortgage Loan" means the mortgage loan to be made to the Owner pursuant to the terms of the Financing Agreement from proceeds of the Series 1997 Bonds.

"Occupancy Date" means the first date on which at least 10% of the Dwelling Units in the Project are first occupied.

"Owner" means Oakstone, L.C., a Utah limited liability company and its respective successors and assigns with respect to the ownership of the Project.

"Project" means the Project Site and all buildings, structures, fixtures, equipment and other improvements now or hereafter constructed or located upon the Project Site.

"Project Site" means the real property described in Appendix "I" attached hereto.

"Qualified Project Period" means a period beginning on the Occupancy Date and ending on the latest of (i) the date which is 15 years after the date on which at least 50% of the Dwelling Units in the Project are first occupied, (ii) the first day on which no tax-exempt private activity bond issued with respect to the Project is outstanding, or (iii) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates.

"Qualifying Tenants" means individuals or families whose Adjusted Income is 60% or less of the Median Income for the Area. Determinations under the preceding sentence shall include adjustments for family size. Notwithstanding the foregoing, the occupants of a Dwelling Unit shall not be considered to be Qualifying Tenants if all the occupants are students (as defined in Section 151(e)(4) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code. For purposes of determining Qualifying Tenants the combined Adjusted Income of all occupants of a Dwelling Unit, whether or not legally related, shall be used.

"Series 1997 Bonds" means the Series 1997A Bonds and the Series 1997B Bonds.

"Series 1997A Bonds" means the Clearfield City, Utah Multifamily Housing Mortgage Revenue Bonds (FHA Insured Mortgage Loan--Oakstone Apartments Project) Series 1997A authorized by, and at any time outstanding pursuant to, the Indenture.

"Series 1997B Bonds" means the Clearfield City, Utah Multifamily Housing Mortgage Revenue Bonds (FHA Insured Mortgage Loan--Oakstone Apartments Project) Series 1997B (Federally Taxable) authorized by, and at any time outstanding pursuant to, the Indenture.

"Treasury Regulations" means the regulations of the Department of the Treasury, Internal Revenue Service under Section 142(d) of Code or predecessor Code sections.

Section 2. Residential Rental Property. The Owner hereby agrees that the Project shall be owned, managed and operated as a "qualified residential rental project" as such phrase is utilized in Section 142(d) of the Code, and, that each Dwelling Unit shall be rented or available for rental on a continuous basis during the longer of the term of the Series 1997A Bonds or the Qualified Project Period. To that end the Owner hereby represents, covenants and agrees as follows:

- (a) that the Project was constructed and equipped as a qualified residential rental project, and the Owner shall develop, own, manage and operate the Project as a qualified residential rental project containing residential Dwelling Units and facilities Functionally Related and Subordinate to such Dwelling Units, in accordance with Section 142(d) of the Code and related Treasury Regulations;
- (b) that each Dwelling Unit in the Project contains complete and separate facilities for living, sleeping, eating, cooking (a cooking range, refrigerator and sink) and sanitation (including bathing) for a single person or a family;
- (c) that none of the Dwelling Units in the Project shall at any time be utilized on a transient basis; that none of the Dwelling Units in the Project shall be leased or rented for a period of less than 30 days; and that neither the Project nor any portion thereof shall be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, retirement home, sanitarium, rest home, trailer park or court or by a cooperative housing corporation (as defined in Section 216(b)(1) of the Code);
- (d) that once available for occupancy each Dwelling Unit in the Project must be rented or available for rental on a continuous basis to members of the general public for the longer of the period during which the Series 1997A Bonds are outstanding or the Qualified Project Period;
- (e) that the Dwelling Units in the Project shall be leased and rented to members of the general public in compliance with the Treasury Regulations and this Tax Regulatory Agreement, except for any Dwelling Units rented under the Section 8 Program, which will be leased to eligible tenants in accordance with Section 8 Program constraints and regulations;
- (f) that substantially all (i.e., not less than 95%) of the Project shall consist of proximate buildings or structures located on one or more contiguous tracts of land which have similarly constructed Dwelling Units financed pursuant to a common plan together with Functionally Related and Subordinate facilities,

all of which shall be owned by the same "person" (as such term is used in the Treasury Regulations) for federal tax purposes;

(g) that the Owner will not on the basis of age, sex, religion, race, color, creed, familial status, source of income, disability or national origin discriminate in the sale, lease or rental of any part of the Project, nor deny to any eligible applicant the opportunity to rent any Dwelling Unit in the Project on the basis of age, sex, religion, race, color, creed, familial status, source of income, disability or national origin. The Owner will not advertise or in any other way make statements to occupants or prospective occupants of the Project to the effect that occupancy is restricted or in any other way limited by or on the basis of age, sex, religion, race, color, creed, familial status, source of income, disability or national origin; and

(h) that no building or structure in the Project containing fewer than five Dwelling Units shall be occupied by the Owner or a related party.

Section 3. Qualifying Tenants. To the end of satisfying the requirements of Section 142(d) of the Code and the Treasury Regulations thereunder relating to income limits during the Qualified Project Period, the Owner hereby represents, covenants and agrees as follows:

(a) At all times during the Qualified Project Period, at least 40% of the total completed Dwelling Units (include both occupied and vacant Dwelling Units) in the Project shall be occupied solely by Qualifying Tenants; provided that for purposes of satisfying the requirement that 40% of the completed Dwelling Units be occupied solely by Qualifying Tenants, the following principles apply:

(i) The determination of whether the income of a resident of a Dwelling Unit in the Project exceeds the applicable income limit shall be made at least annually on the basis of the current income of the resident. If the income of a resident of a Dwelling Unit in the Project did not exceed the applicable income limit upon commencement of such resident's occupancy of such Dwelling Unit (or, as of any prior determination under the preceding sentence) the income of such resident shall be treated as continuing to not exceed the applicable income limit. The preceding sentence shall cease to apply to any resident whose income as of the most recent annual determination exceeds 140% of the applicable limit if after such determination, but before the next determination, any Dwelling Unit of comparable or smaller size in the Project is occupied by any resident whose income exceeds the applicable income limit.

(ii) A Dwelling Unit shall be treated as occupied by a Qualifying Tenant until reoccupied, other than for a temporary period, at which time

the character of the Dwelling Unit shall be redetermined, provided that in no event shall such temporary period exceed 31 days.

(b) If necessary, the Owner, together with its successors and assigns, shall refrain from renting Dwelling Units to persons other than Qualifying Tenants in order to avoid violating the requirement that at all times during the Qualified Project Period at least 40% of the completed Dwelling Units in the Project shall be occupied by Qualifying Tenants.

(c) The Owner together with its successors and assigns shall obtain and maintain on file a sworn income certification in the form attached as Appendix "III" with respect to a sufficient number of Dwelling Units in the Project to satisfy the covenant set forth in Section 3(a) hereinabove and each such certification shall be in such form, signed by such person or persons, and obtained at such time or times, all as required hereby and by the Treasury Regulations under Section 142(d) of the Code, or in such other form and manner, signed by such person or persons, and obtained at such time or times, all as may be required by applicable rules, rulings, procedures, official statements, regulations or policies now or hereafter promulgated or proposed by the United States Department of the Treasury or the Internal Revenue Services with respect to obligations issued under Section 142(d) of the Code, and shall promptly deliver from time to time upon request of the Issuer or the Trustee, a copy of each such certification to the Issuer and the Trustee as requested together with such additional certifications as the Issuer or the Trustee may reasonably require with respect to the requirements of Section 142(d) of the Code and the Treasury Regulations thereunder.

(d) The Owner shall submit to the Secretary of Treasury (at such time and in such manner as the Secretary shall prescribe) an annual certification as to whether the Project continues to meet the requirements of Section 142(d). Any failure to comply with the provisions of the preceding sentence may subject to the Owner to penalties under the Code.

(e) The Owner, together with its successors and assigns, shall prepare and submit to the Trustee on or before the first day of each month during the Qualified Project Period beginning on the first day of the month following initial occupancy of any Dwelling Unit, a Certificate of Continuing Program Compliance, a form of which is attached hereto as Appendix "II", executed by the Owner, its successors or assigns.

Section 4. [Reserved].

Section 5. Covenants Run with the Land; Term. The Owner hereby declares its express intent that the covenants, restrictions, charges and easements set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon

the Owner's successors in title including any purchaser, grantee, developer or lessee of any portion of the Project and any other person or entity having any right, title or interest therein and upon the respective heirs, executors, administrators, devisees, successors and assigns of any purchaser, grantee, developer or lessee of any portion of the Project and any other person or entity having any right, title or interest therein. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof or interest therein shall contain an express provision making such conveyance subject to the covenants, restrictions, charges and easements contained herein; provided, however, that any such contract, deed or other instrument shall conclusively be held to have been executed, delivered and accepted subject to such covenants, regardless of whether or not such covenants are set forth or incorporated by reference in such contract, deed or other instrument. Unless sooner modified or terminated in accordance with Section 8 hereof and except as provided in Section 3 hereof the covenants contained herein shall continue in full force and effect until the later of (i) payment in full of the Bonds or (ii) the expiration of the Qualified Project Period.

Section 6. Uniformity; Common Plan. The provisions hereof shall apply uniformly to the entire Project to establish and carry out a common plan for the use, development and improvement of the Project Site.

Section 7. Remedies; Enforceability. In the event of a violation or attempted violation of any of the provisions hereof, the Issuer or any governmental entity succeeding to the Issuer's functions, the Trustee and the persons who shall have been owners of the Series 1997A Bonds at any time while the Series 1997A Bonds were outstanding may institute and prosecute any proceeding at law or in equity to abate, prevent or enjoin any such violation or attempted violation, or to recover monetary damages caused by such violation or attempted violation. The provisions hereof are imposed upon and made applicable to the Project and shall run with the land and shall be enforceable against the Owner and each purchaser, grantee, developer or lessee of the Project or any portion thereof of interest therein, at any time and from time to time, and the respective heirs, legal representatives, successors and assigns of the Owner and each such purchaser, grantee, developer or lessee. No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage or waive the right of any party entitled to enforce the same or obtain relief against or recover for the continuation or repetition of such breach or violation or any similar breach or violation thereof at any later time or times. The Owner hereby agrees to pay, indemnify and hold the Issuer and the Trustee and their successors harmless from any and all costs, expenses and fees, including all reasonable attorneys' fees which may be incurred by the Issuer or the Trustee in enforcing or attempting to enforce this Tax Regulatory Agreement following any default on the part of the Owner hereunder or their successors, whether the same shall be enforced by suit or otherwise; together with all costs, fees and expenses which may be incurred in connection with any amendment to this Tax Regulatory Agreement (or to the Financing Agreement) or otherwise by the Issuer at the request of the Owner (including the reasonable fees and expenses of Bond Counsel in connection with any opinion to be rendered hereunder).

Section 8. Amendment; Termination. The Owner shall cause this Tax Regulatory Agreement to be duly recorded (or the terms hereof to be incorporated into a deed to be duly recorded) in the office of public records in the county where the Project is located as an encumbrance upon the Project Site and the Owner shall deliver to the Trustee a copy of a title insurance policy or other evidence of such recording and an opinion of counsel in form and substance satisfactory to Trustee to the effect that this Tax Regulatory Agreement is a legal, valid and binding agreement enforceable in accordance with its terms against the Owner. Prior to the effective date of any transfer of title to the Project, the Owner shall deliver to Trustee an opinion of counsel in form and substance satisfactory to Trustee to the effect that this Tax Regulatory Agreement is a legal, valid and binding agreement of all persons acquiring any right, title or interest in or to the Project or any part thereof.

The provisions hereof shall not be amended, revised or terminated prior to the stated term hereof except by an instrument in writing duly executed by the Issuer, the Trustee (so long as any Series 1997A Bonds are outstanding), HUD, and the Owner and duly recorded. The Issuer's consent to any such amendment, revision or termination (whether or not the Bonds shall then be outstanding) shall be given only upon receipt of:

(a) an opinion of Bond Counsel that such amendment, revision or termination will not adversely affect the exclusion from federal income of interest on the Series 1997A Bonds for gross income tax purposes; or

(b) (i) evidence satisfactory to the Issuer that there has occurred an involuntary noncompliance caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in federal law or action of a federal agency after the date of issue which prevents the Issuer from enforcing this Tax Regulatory Agreement or condemnation or similar event, but only if within a reasonable period thereafter the Series 1997A Bonds are paid in full and retired; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time during the Qualified Project Period subsequent to the termination of such provisions as the result of the foreclosure of the lien of the Mortgage or the delivery of a deed in lieu of foreclosure or a similar event, the Owner or any related person (within the meaning of Section 1.103-10(e) of the Regulations under Section 103 of the Code) obtains an interest in the Project which constitutes an ownership interest therein for federal income tax purposes, and (ii) an opinion of Bond Counsel that termination of this Tax Regulatory Agreement in relation thereto will not adversely affect the exclusion from gross income of interest on the Series 1997A Bonds for federal income tax purposes.

An opinion of Bond Counsel as herein provided shall become applicable upon delivery of such opinion to the Issuer and the Trustee. Upon expiration or sooner termination of this Tax Regulatory Agreement and upon written request to the Owner the Issuer shall take such reasonable actions as necessary upon the advice of its legal counsel

to remove this Tax Regulatory Agreement from the public records relating to the Project Site.

Notwithstanding any other provisions hereof, this Tax Regulatory Agreement shall be amended to conform to the requirements of HUD or any amended Treasury Regulations (proposed or final), or any legislative enactment or final decision by a court of competent jurisdiction affecting the tax-exempt status of the interest on the Series 1997A Bonds when the same becomes applicable.

Section 9. No Conflict with Other Documents. Except as otherwise provided in Section 13 hereof, the Owner warrants that it has not executed and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that in any event, the requirements of this Tax Regulatory Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith.

Section 10. Severability. The invalidity of any clause, part or provision of this Tax Regulatory Agreement shall not affect the validity of the remaining portions thereof.

Section 11. Notices. All notices to be given pursuant to this Tax Regulatory Agreement shall be in writing and shall be deemed given when mailed by certified or registered mail, return receipt requested, to the parties hereto at the addresses set forth below, or to such other place as a party may from time to time designate in writing, if to the Trustee: First Trust National Association, c/o U.S. Bank National Association, 107 South Main Street, Suite 303, Salt Lake City, Utah, 84111, Attention: Corporate Trust Department; if to the Owner: Oakstone, L.C., Prowswood Companies, 4855 South 900 East, Salt Lake City, Utah, 841107; if the Issuer: Clearfield City, Utah, 140 East Center Street, Clearfield, Utah 84105, Attention: City Manager.

Section 12. Governing Law. This Tax Regulatory Agreement shall be governed by the laws of the State of Utah.

Section 13. Subordination.

(a) Notwithstanding any provision of this Tax Regulatory Agreement to the contrary, the parties hereto acknowledge and agree that all of their respective rights and powers hereunder are subordinate and subject to the National Housing Act, HUD, related administrative requirements, and the FHA Documents (as such terms are defined in the Indenture), together with any and all amounts from time to time secured thereby, and interest thereon, and to all of the terms and provisions of the Mortgage, and any and all documents and agreements executed by the Owner as required by FHA or the Lender in connection with the Mortgage Loan.

(b) No failure on the part of the Owner to comply with the provisions of this Tax Regulatory Agreement shall serve as a basis for a default on the Mortgage Loan;

(c) Enforcement of the provisions of this Tax Regulatory Agreement shall not result in any claim under the Mortgage Loan or any claim against the Project, Mortgage Loan proceeds, proceeds of the loan insured by the Mortgage, any reserve or deposit required by HUD in connection with the Mortgage Loan or against the rents or other income from the Project (other than available "surplus cash," "distributions" and "residual receipts," (as such terms are defined in the applicable FHA regulatory agreement, and duly authorized for release by HUD).

(d) The Owner shall not be deemed to be in violation of this Tax Regulatory Agreement if it shall take (or refrain from taking) any actions required (or prohibited) by HUD pursuant to the National Housing Act, applicable mortgage insurance regulations, related administrative requirements, and, if applicable, Section 8 of the U.S. Housing Act of 1937 and regulations promulgated thereunder.

(e) This Tax Regulatory Agreement and the restrictions hereunder are subject to and subordinate to the liens and security interests granted by the Mortgage. In the event of foreclosure or deed in lieu of foreclosure, this Tax Regulatory Agreement and the restrictions hereunder will automatically and immediately terminate and shall thereafter be of no further force and effect.

Section 14. Appendices. The appendices attached hereto are hereby incorporated and made a part hereof.

Section 15. Counterparts. This Tax Regulatory 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.

IN WITNESS WHEREOF, the parties have caused this Tax Regulatory Agreement to be signed by their respective, duly authorized representatives, as of the day and year first written above.

OAKSTONE, L.C., a Utah limited liability company

By: Clearfield Affordable Housing, L.C.
Managing Member

By: _____
Manager

CLEARFIELD CITY, UTAH

By: *[Signature]*
Mayor

Attest:

By: *[Signature]*
City Recorder

FIRST TRUST NATIONAL ASSOCIATION, as Trustee

By: _____

Title: _____

IN WITNESS WHEREOF, the parties have caused this Tax Regulatory Agreement to be signed by their respective, duly authorized representatives, as of the day and year first written above.

OAKSTONE, L.C., a Utah limited liability company

By: Clearfield Affordable Housing, L.C.
Managing Member

By: 
Manager
CLEARFIELD CITY, UTAH

By: _____
Mayor

Attest:

By: _____
City Recorder

FIRST TRUST NATIONAL ASSOCIATION, as Trustee

By: K. R. Galbraith
Title: Vice President

STATE OF UTAH)
)
COUNTY OF SALT LAKE)

:SS.

E 1367112 B 2214 P 1155

On this 14th day of December 1997, before me, the undersigned Notary Public, personally appeared [Signature] who acknowledged himself/herself to be an authorized officer of Oakstone, L.C., and that he/she is an officer being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself/herself as such officer.

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

[Signature]
Notary Public

My Commission Expires:

2-22-98




STATE OF UTAH)
)
) ss.
)
COUNTY OF SALT LAKE)

E 1367112 B 2214 P 1156

On this 17 day of December 1997, before me, the undersigned Notary Public, personally appeared Neldon E. Hamblin, who acknowledged himself to be the Mayor, of Clearfield City, Utah and that he is an officer authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the Issuer by himself as such officer.

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

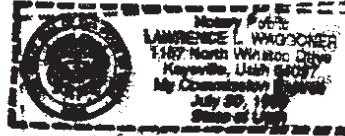


Notary Public

My Commission Expires:

7/30/00

(S E A L)



-RECORDER'S MEMO-
LEGIBILITY OF TYPING OR PRINTING
UNSATISFACTORY IN THE DOCUMENT
WHICH RECEIVED

STATE OF UTAH)
)
) :ss.
COUNTY OF SALT LAKE)

E 1367112 B 2214 P 1158

On this 8th day of December 1997, before me, the undersigned Notary Public, personally appeared Kim R. Gubrecht, who acknowledged himself/herself to be an authorized officer of First Trust National Association, and that he/she is an officer being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of said bank by himself/herself as such officer.

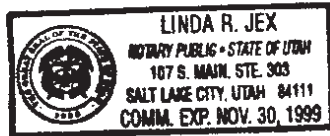
IN WITNESS WHEREOF I hereunto set my hand and official seal.

Linda R. Jex
Notary Public

My Commission Expires:

11-30-99

(S E A L)



APPENDIX "I"

Description of Project Site 1367112 B 2214 P 1159

Real Property located in Davis County, Utah, to wit:

A Part of The Southeast quarter of Section 12, Township 4 North, Range 2 West, Salt Lake Base and Meridian, U.S. Survey. Beginning at a point being 676.50 feet North 00°06'05" East along the section line and 33.00 feet West of the Southeast corner of Section 12 (Basis of bearing: North 00°06'05" East from the Southeast corner of Section 12 Along the Section line to the East quarter corner): thence as follows: North 89°52'13" West 685.84 feet along the adjoining property line; thence North 89°52'40" West 388.75 feet along the adjoining property line; thence North 29°53'42" West 431.79 feet along the railroad row fence; thence North 00°44'07" West 267.28 feet along the railroad row fence; thence North 89°47'52" East 428.29 feet along an existing chain link fence; thence South 89°44'36" East 371.08 feet; thence South 00°06'05" West 321.07 feet; thence South 89°44'36" East for 495.00 feet to the West line of 1000 East Street; thence South 00°06'05" West 320.61 feet along said street, to the point of beginning.

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

The undersigned hereby certifies as follows:

1. The undersigned has read and is thoroughly familiar with the provisions of the following:

- a. Financing Agreement (the "Financing Agreement") dated as of November 1, 1997, by and between the Owner and the Clearfield City, Utah.
- b. Mortgage and Mortgage Note (as defined in the Financing Agreement).
- c. Tax Regulatory Agreement (as defined in the Financing Agreement).

2. At least ____% of the total completed Dwelling Units (include both completed and vacant Dwelling Units) in the Project have been occupied by Qualifying Tenants at all times since the later of the Occupancy Date or the date of the last Certificate of Continuing Program Compliance delivered pursuant to the Tax Regulatory Agreement.

3. Attached hereto as Exhibit "A" is the annual certification with respect to the Project required to be filed with the Secretary of Treasury for the preceding year, together with proof of mailing thereof.

4. The Owner is not in default under any of the above documents and instruments except as set forth in Exhibit "B" attached hereto and hereby incorporated herein by reference.

5. Words and phrases used in this certificate shall have the same meanings herein as in the Financing Agreement and Tax Regulatory Agreement.

DATED: _____, 19__.

OAKSTONE, L.C., a Utah limited liability company

By: Clearfield Affordable Housing, L.C.
Managing Member

By: _____
Manager

THIS PAGE WAS BLANK
OR NOT FILLED IN AT
TIME OF RECORDING
JAMES ASHAUER
Davis County Recorder

INCOME VERIFICATION

RE: [address of Project]

DATE: _____

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

1.	2.	3.	4.	5.
Name of Members of the Household	Relationship to Head of Household	Age	Social Security Number, if any	Place of Employment
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

- 6. The Total Anticipated Income of all the above persons (including anticipated income of a family head or spouse of family head who is temporarily absent) during the 12-month period beginning on the date (earlier of the date of initial occupancy or date of lease execution) set forth above is \$ _____. (See reverse for definition of income and worksheet. Total to include amounts set forth in 7.a below.)
- 7. If any of the members of the household has savings, stocks, bonds, equity in real property or other form of capital investment whose total value exceeds \$5,000, provide:
 - 7.1. the total value of all such assets owned by the members of the household less reasonable costs that would be incurred in disposing of such assets: \$ _____, and
 - 7.2. the amount of income expected to be derived from such assets in the 12-month period commencing this date: \$ _____.
- 8. 8.1. Will all of the persons listed in column 1 above (other than preschool age children) be or have they been full-time students during five calendar months of this calendar year at an educational institution (other than a correspondence school) with regular faculty and students?

Yes _____ No _____
- 8.2. (Complete only if the answer to Question 8.1 is "Yes"). Is any such person married and eligible to file a joint federal income tax return?

Yes _____ No _____

We acknowledge that all of the above information is relevant to the status under federal income tax law of the interest on Bonds issued to provide permanent financing for the Project and declare under penalty of perjury that the foregoing is true and correct. We consent to the disclosure of such information to the issuer of such Bonds, the holders of such Bonds, any trustee acting on their behalf and any authorized agent of the Treasury Department or Internal Revenue Service. We acknowledge that it is a criminal offense to make a willfully false statement or misrepresentation to any department or agency of the United States.

Date: _____

Head of Household _____

Spouse _____

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- RECORDED'S BUREAU -
PROPERTY OF TYPIST OR PRINTING
OFFICE - RETURN TO THE OFFICE
OF THE RECORDED'S BUREAU

{Backside}

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a. anticipated income includes:

Wages, salary, overtime pay (before payroll deductions)	\$ _____
Commissions, Fees	_____
Tips, Bonuses, All Other Personal Compensation	_____
All Net Income from Business or Real or Personal Property or a Profession (only straight line depreciation is allowed)	_____
Withdrawals of Cash or Assets from Business, Profession or Investment (no deduction for amortization of capital indebtedness is allowed)	_____
Interest, dividends and other net income from real or personal property	_____
Periodic Payments (Social Security, Annuities, Insurance Policies, Retirement Funds, Pensions, Disability or Death Benefits, Etc.)	_____
Payments in Place of Earnings (Unemployment, Workers Compensation and Severance Pay)	_____
Public Assistance	_____
Periodic Allowances (Alimony, Child Support)	_____
Regular Contributions or Gifts	_____
Regular Pay, Special Pay (Except for Hostile Fire) and Allowances for Members of Armed Forces	_____
Earned Income Tax Credits in Excess of Income Tax Liability	_____
Total Anticipated Income for the Household	\$ _____

b. anticipated income does not include:

- (i) temporary, nonrecurring or sporadic income (including occasional gifts);
- (ii) amounts that are specifically for or in reimbursement of medical expenses;
- (iii) lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlement for personal or property losses;
- (iv) amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books, equipment, materials, supplies, transportation and miscellaneous personal expenses of the student, but in either case only to the extent used for such purpose (any amount that is available for subsistence is to be included in income);
- (v) special pay to a family member serving in the Armed Forces who is exposed to hostile fire; income from employment of children (including foster children) under the age of 18 years;
- (vi) foster child care payments; income of a live-in aid, as defined in 24 CFR §813.102;
- (vii) amounts received under training programs funded by HUD;
- (viii) amounts received by a disabled person that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self Sufficiency; or
- (ix) amounts received by a participant in any other public assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care etc.) and which are made solely to allow participation in a specific program; amounts specifically excluded by any other Federal Statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the United States Housing Act of 1937.

FOR COMPLETION BY PROJECT SPONSOR ONLY:

1. Calculation of Adjusted Income:
 - a. Enter amount entered for entire household in 6 above: \$ _____
 - b. If the amount entered in 7.1 above is greater than \$5,000, enter:
 - (i) the product of the amount entered in 7.1 above as multiplied by the current passbook savings rate as determined by HUD: \$ _____
 - (ii) the amount entered in 7.2 above: \$ _____
 - (iii) line (i) minus line (ii) (if less than \$0, enter \$0) \$ _____
 - c. TOTAL ADJUSTED INCOME (Line 1.a plus line 1.b(iii)): \$ _____

2. Qualification as Qualifying Tenants:
 - a. Is the amount entered in line 1.c equal to or less than 60% of Median Income for the Area adjusted for family size?
Yes _____ No _____
 - b. (i) If line 2.a is "Yes", and 8.1. above is "No", then the household qualifies as Qualifying Tenants.
(ii) If line 2.a. is "Yes", 8.1. above is "Yes" and 8.2. above is "Yes", then the household qualifies as Qualifying Tenants.

3. Number of apartment unit assigned: _____
4. Monthly rent: _____
5. (Check One)
_____ The household does not qualify as Qualifying Tenants.
_____ The household qualifies as Qualifying Tenants.

SPONSOR

By _____
Ba _____

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Davis County Recorder