

WHEN RECORDED, RETURN TO:
Fredrick H. Olsen
Ballard Spahr Andrews & Ingersoll, LLP
201 South Main Street, Suite 600
Salt Lake City, Utah 84111

ENT 22093;2004 PG 1 of 21
RANDALL A. COVINGTON
UTAH COUNTY RECORDER
2004 Feb 27 1:54 pm FEE 50.00 BY LJ
RECORDED FOR INTEGRATED TITLE

AMENDED AND RESTATED TAX REGULATORY AGREEMENT

Dated as of February 1, 2004

among

UTAH HOUSING CORPORATION
as Issuer,

U.S. BANK NATIONAL ASSOCIATION
as Trustee,

and

DIAMOND FORK APARTMENTS AT SPANISH FORK, L.P.,
a Utah limited partnership
as Borrower

Relating to

\$3,525,000
Utah Housing Corporation
Multifamily Housing Revenue Refunding Bonds
(Diamond Fork Apartments Project)
Series 2004

AMENDED AND RESTATED TAX REGULATORY AGREEMENT

THIS AMENDED AND RESTATED TAX REGULATORY AGREEMENT (the "Tax Regulatory Agreement"), which amends, restates in its entirety and supersedes the Tax Regulatory Agreement dated as of June 1, 2001 and recorded June 21, 2001, as Entry No. 60734:2001, Utah County Recorder's Office, is entered into as of February 1, 2004, by and among the Utah Housing Corporation (the "Issuer"), a body politic and corporate constituting a public corporation of the State of Utah, U.S. Bank National Association, as trustee (the "Trustee") under a Trust Indenture dated as of February 1, 2004 (the "Indenture") and Diamond Fork Apartments at Spanish Fork, L.P., a Utah limited partnership (the "Borrower").

WITNESSETH:

WHEREAS, the Issuer has previously issued its Multifamily Housing Revenue Bonds (Diamond Fork Project) Series 2001 (the "Prior Bonds") which proceeds were used to fund a loan to the Borrower to finance the acquisition and construction of a residential multifamily housing project intended for rental to persons of low and moderate income, located in Spanish Fork, Utah, the legal site of which is 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, the Issuer has determined to issue and sell its Multifamily Housing Revenue Refunding Bonds (Diamond Fork Apartments Project) Series 2004 in the principal amount of \$3,525,000 (the "Bonds") for the purpose of refinancing the Project and redeeming the Prior Bonds; and

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 Bonds for federal income tax purposes.

NOW, THEREFORE, the Borrower 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 42 USC §1437a(b)(4), for purposes of determining whether a family is a low-income family within the meaning of 42 USC §1437a(b)(2). 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 Provo-Orem, Utah, Metropolitan Statistical Area.

“Average Remaining Unit Income” means the total Adjusted Income of all individuals occupying the Remaining Dwelling Units divided by the total number of such Units.

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

“Bonds” means the Utah Housing Corporation Multifamily Housing Revenue Refunding Bonds (Diamond Fork Apartments Project) Series 2004 authorized by, and at any time outstanding pursuant to, the Indenture.

“Borrower” means Diamond Fork Apartments at Spanish Fork, L.P., a Utah limited partnership, and its respective successors and assigns with respect to the ownership of the Project.

“Code” means the Internal Revenue Code of 1986, as heretofore amended; each reference to the Code shall be deemed to include (a) any successor internal revenue law and (b) the applicable regulations whether final, temporary or proposed under the Code or such successor law. Any reference to a particular provision of the Code shall be deemed to include (a) any successor provision of any successor internal revenue law and (b) the applicable regulations, whether final, temporary or proposed, under such provision or successor provision.

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

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

“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 the Utah Housing Corporation and its successors and assigns.

“Loan and Financing Agreement” means the Loan and Financing Agreement dated as of February 1, 2004 between the Issuer and the Borrower, as amended, modified, supplemented or restated from time to time.

“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.

“Moderate Income Tenants” means persons or families of moderate income determined by the Issuer under the Act and satisfying the requirements set forth in Section 4 hereof.

“Mortgage Loan” means the mortgage loan made to the Borrower pursuant to the terms of the Loan and Financing Agreement from proceeds of the Bonds.

“Note” means the promissory note executed by the Borrower in a principal amount equal to the principal amount of the Mortgage Loan.

“Occupancy Date” means the first date after the Bonds are issued on which at least 10% of the Dwelling Units in the Project are first occupied.

“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, (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, or (iv) the date which is 51 years after the Delivery Date.

“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(c)(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 utilized.

“Remaining Dwelling Units” means all Dwelling Units other than those required to be occupied by Qualifying Tenants under Section 3 of this Tax Regulatory Agreement and other than a manager’s unit.

“Security Instrument” means the Deed of Trust, Security Agreement and Assignment of Rents and Leases dated as of February 1, 2004, together with all riders and exhibits, securing the Note, executed by the Borrower with respect to the Project, as it may be amended, modified, supplemented or restated from time to time, or any security instrument executed in substitution therefor, as such substitute security instrument may be amended, modified, supplemented or restated from time to time.

“Servicing Agent” means the entity acting in such capacity with respect to the Bonds, initially MuniMae Portfolio Services, LLC, a Maryland limited liability company.

“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 Borrower 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. To that end the Borrower hereby represents, covenants and agrees as follows:

(a) the Project shall be constructed and equipped as a qualified residential rental project, the Borrower 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 and each Dwelling Unit shall be similarly constructed and shall be rented or available for rental as required by Section 142(d) of the Code (residents being entitled to exclusive possession of such Dwelling Units);

(b) 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) none of the Dwelling Units in the Project shall at any time be utilized on a transient basis; none of the Dwelling Units in the Project shall be leased or rented for a period of less than 60 days; and 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) preferential access to Dwelling Units will not be provided to any persons for use in their trades or businesses and, once available for occupancy, each Dwelling Unit in the Project shall be rented or available for rental on a continuous basis to members of the general public (excluding corporations or other non-individual legal entities) during the Qualified Project Period;

(e) 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) 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) the Borrower 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 Borrower 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, age, sex, religion, race, color, creed, familial status, source of income, disability or national origin; and

(h) no building or structure in the Project containing fewer than five Dwelling Units shall be occupied by the Borrower or a related party (within the meaning of Section 1.103-10(e) of the Regulations) to the Borrower.

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, the Borrower 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 (including both occupied and vacant Dwelling Units) in the Project shall be occupied solely by Qualifying Tenants; provided that for purposes of satisfying such requirement, the following general principles shall 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 such 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; however, 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 which was occupied by a Qualifying Tenant shall be treated as occupied by a Qualifying Tenant until reoccupied, other than for a temporary period of not to exceed 31 days, at which time the character of the Dwelling Unit shall be redetermined.

(b) If necessary, the Borrower shall refrain from renting Dwelling Units to persons other than Qualifying Tenants in order to avoid violating the covenant set forth in Section 3(a) above.

(c) The Borrower shall obtain and maintain on file a sworn income certification in the form attached as Appendix III hereto with respect to the occupants of a sufficient number of Dwelling Units in the Project to satisfy the covenant set forth in Section 3(a) above; and each such certification shall be in such form, signed by such person or persons, and obtained at such time or times, as is required hereby and by the applicable Treasury Regulations under Section 142(d) of the Code and shall promptly deliver to the Issuer or the Trustee, upon request, a copy of each such certification together with such additional certifications as the Issuer or the Trustee may reasonably require with respect thereto. The Borrower shall verify that the income provided by an applicant is accurate by taking the following steps as a part of the verification process: (1) obtain a federal income tax return for the most recent tax year, (2) obtain a written verification of income and employment from the applicant's current employer, or (3) if an applicant is unemployed or did not file a tax return for the previous calendar year, obtain other verification of such applicant's income satisfactory to the Issuer.

(d) The Borrower shall submit to the Secretary of Treasury (at such time and in such manner as the Secretary shall prescribe) the annual certification required by Section 142(d)(7) of the Code (currently IRS form 8703) 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 the Borrower to penalties under the Code. The Borrower shall deliver a copy of all annual certifications submitted to the Secretary of Treasury, together with proof of mailing, to the Issuer and the Servicing Agent within 30 days of submission to the Secretary of the Treasury.

(e) The Borrower shall prepare and submit to the Issuer and the Servicing Agent on or before the first day of each June and December during the Qualified Project Period beginning on the first day of the June or December, as applicable, following the initial occupancy of any Dwelling Unit, a Certificate of Continuing Program Compliance in the form attached hereto as Appendix II or as amended by the Issuer, duly executed by an authorized representative of the Borrower. In the event the Borrower is unable to deliver any Certificate of Continuing Program Compliance on a timely basis, the Borrower shall furnish to the Issuer, in writing, a detailed explanation of the reasons for such failure or inability to provide such Certificate of Continuing Program Compliance.

Section 4. Moderate Income Tenants and Rent Restrictions. (a) At all times during the Qualified Project Period, Remaining Dwelling Units shall be occupied by individuals or families (herein, "Moderate Income Tenants") whose Adjusted Income shall not cause the Average Remaining Unit Income to exceed 80% of Median Income for the Area. The provisions of Section 42(g) of the Code which relate to the treatment of units occupied by individuals whose incomes rise above the imputed income limitation shall be applicable in determining Average Remaining Unit Income. The Borrower shall maintain records evidencing compliance with such requirement.

(b) The Borrower also covenants that the gross rent with respect to each Dwelling Unit in the Project shall not exceed 30% of the imputed income limitation applicable to such Unit as determined in accordance with Section 42(g) of the Code, except that for Remaining Dwelling Units the imputed income limitation shall be based upon 80% of Median Income for the Area. Determinations of the imputed income limitation shall include adjustments for family size. The Borrower shall maintain records evidencing compliance with such requirement.

(c) The Issuer and the Trustee may inspect all records of the Borrower with respect to the Project upon reasonable notice.

Section 5. Covenants Run with the Land. The Borrower 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 Borrower's successors in title including any purchaser, grantee 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 the Borrower and 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.

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 owners of the Bonds 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; provided, however, that without the prior written

consent of the Servicing Agent neither the Trustee nor the Issuer may accelerate the Bonds or exercise any remedies available under the Security Instrument. The provisions hereof are imposed upon and made applicable to the Project and shall run with the land and shall be enforceable against the Borrower 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. 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 Borrower 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 Borrower hereunder, 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 the Tax Regulatory Agreement (or to the Loan and Financing Agreement) or otherwise by the Issuer at the request of the Borrower (including the reasonable fees and expenses of Bond Counsel in connection with any opinion to be rendered hereunder).

Section 8. Amendment; Term; Termination. The Borrower 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 Borrower shall deliver to the Trustee and the Issuer a copy of a title insurance policy or other evidence of such recording and an opinion of counsel in form and substance satisfactory to the Trustee, the Servicing Agent and the Issuer to the effect that this Tax Regulatory Agreement is a legal, valid and binding agreement enforceable in accordance with its terms against the Borrower. Prior to the effective date of any transfer of title to the Project, the Borrower shall deliver to the Trustee, the Servicing Agent and the Issuer an opinion of counsel in form and substance satisfactory to the Issuer 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.

This Tax Regulatory Agreement and the covenants made by the Borrower herein shall remain in full force and effect until the expiration of the Qualified Project Period, provided that upon payment in full of the Bonds, all references in this Tax Regulatory Agreement to the Trustee shall be deemed to be references to the Issuer, and the Trustee shall have no further duties hereunder. The provisions hereof shall not be amended, revised or terminated prior to such stated term, except by an instrument in writing duly executed by the Issuer, the Trustee (so long as any Bonds are outstanding) and the Borrower (with a copy to the Servicing Agent) and duly recorded. The Issuer's consent to any such amendment, revision or termination 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 gross income of interest on the Bonds for federal income tax purposes and such other evidence as may be

requested by the Issuer that such amendment, revision or termination will not adversely affect the public policy utilized in the formulation of the Qualified Project Period on the date hereof; 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 Issuer 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 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 Security Instrument or the delivery of a deed in lieu of foreclosure or a similar event, the Borrower 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 Bonds for federal income tax purposes.

Upon expiration or sooner termination of this Tax Regulatory Agreement and upon written request to the Borrower, 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 any amended Treasury Regulations (proposed or final), or any legislative enactment or final decision by a court of competent jurisdiction if affecting the tax-exempt status of the interest on the Bonds when the same becomes applicable.

Section 9. Sale or Transfer of the Project. The Borrower intends to hold the Project for its own account, has no current plans to sell, transfer or otherwise dispose of the Project, and hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project, or any portion thereof without having first delivered to the Issuer, the Servicing Agent and the Trustee (i) reasonable evidence satisfactory to the Issuer that the Borrower's purchaser or transferee has assumed in writing and in full, the Borrower's duties and obligations under this Tax Regulatory Agreement and the Loan and Financing Agreement, acknowledgment of which shall be provided to the Borrower at its request, (ii) an opinion of counsel to the transferee that the transferee has duly assumed the obligations of the Borrower under this Tax Regulatory Agreement and the Loan and Financing Agreement and that such obligations and this Tax Regulatory Agreement and the Loan and Financing Agreement are legal, valid, binding and enforceable on the transferee, (iii) evidence acceptable to the Issuer that either (A) the purchaser or assignee has experience in the ownership, operation and management of rental housing projects

such as the Project without any record of material violations of discrimination restrictions or other state or federal laws or regulations applicable to such projects, or (B) the purchaser or assignee agrees to retain a property management firm with the experience and record described in subparagraph (A) above, (iv) evidence acceptable to the Issuer that no event of default exists under this Tax Regulatory Agreement, the Loan and Financing Agreement, or the Security Instrument and payment of all fees and expenses of the Issuer and the Trustee are current, and (v) an opinion of Bond Counsel to the effect that such sale will not adversely affect the exclusion of interest on any Bond from the gross income of the recipients thereof for federal income tax purposes, except with respect to interest on any Bond during any period such Bond is held by a "substantial user" or a "related person" within the meaning of Section 147(a) of the Code. The foregoing requirements under subsections (iii) and (iv) of this Section 9 shall not be required and apply to a transfer by foreclosure or deed-in-lieu or other similar transfer and no provisions of this Section 9 shall operate to limit any restrictions on transfers that are set forth in the Loan and Financing Agreement or any other document. It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of the provisions of this Section 9 shall be null, void and without effect, shall cause a reversion of title to the Borrower, and shall be ineffective to relieve the Borrower of its obligations under this Tax Regulatory Agreement. Not less than 60 days prior to consummating any sale, transfer or disposition of any interest in the Project, the Borrower shall deliver to the Issuer and the Trustee a notice in writing explaining the nature of the proposed transfer.

Section 10. No Conflict with Other Documents. The Borrower 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 11. 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 12. 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: 15 West South Temple, 2nd Floor, Salt Lake City, Utah, 84101, Attention: Corporate Trust Service; if to the Borrower: Diamond Fork Apartments at Spanish Fork, L.P., 132 South 600 East, Salt Lake City, Utah, 84102, Attention: Peter S. Cooke; if to the Issuer: Utah Housing Corporation, 554 South 300 East, Salt Lake City, Utah 84111, Attention: President and if to the Servicing Agent, MuniMae Portfolio Services, LLC, 621 East Pratt Street, 3rd Floor, Baltimore, Maryland 21202, Attention: Director, Asset Management.

Section 13. Governing Law. This Tax Regulatory Agreement shall be governed by the laws of the State of Utah.

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.


DIAMOND FORK APARTMENTS AT
SPANISH FORK, L.P.,
a Utah limited partnership

By: Diamond Fork Apartments, L.C., a
Utah limited liability company,
General Partner

By: PSC Development Company,
a Utah corporation, Manager

By: 
Peter S. Cooke
President

UTAH HOUSING CORPORATION

By: 
William H. Erickson, President

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: 
Authorized Officer

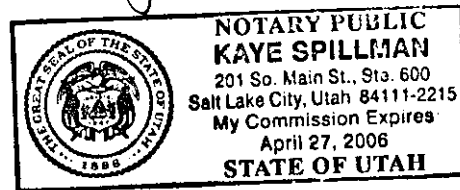
STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

On this 25th day of February, 2004, before me, the undersigned Notary Public, personally appeared Peter S. Cooke, who acknowledged himself to be the President of PSC Development Company which is the Manager of Diamond Fork Apartments, L.C. which is the general partner of Diamond Fork Apartments at Spanish Fork, L.P. and that he is a representative being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such authorized representative.

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

Kaye Spillman


Notary Public



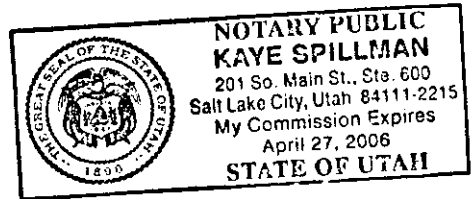
STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

On this 11th day of February, 2004, before me, the undersigned Notary Public, personally appeared William H. Erickson, who acknowledged himself to be the President of Utah Housing Corporation 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



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

On this 25 day of February, 2004, before me, the undersigned Notary Public, personally appeared Kim B. Galbraith, who acknowledged himself/herself to be an authorized officer of U.S. Bank 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.

Kaye Spillman
Notary Public

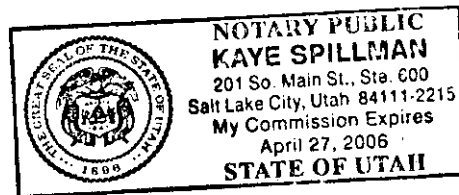


EXHIBIT "A"

!!! ENT 22093:2004 PG 17 of 21

Beginning at a fence corner on the Southerly line of 400 North (SR-147) and the Easterly line of U.S. Highway 6, located East 130.51 feet and South 77.12 feet from the Northwest corner of Section 20, Township 8 South, Range 3 East, Salt Lake Base and Meridian; thence North $83^{\circ}12'28''$ East 202.80 feet; thence along said right of way and along the arc of a 2245.43 foot radius curve to the right 286.12 feet through a central angle of $07^{\circ}18'03''$, the chord of which bears North $89^{\circ}20'14''$ East 285.93 feet to a point near a fence corner and a point 35.00 feet West of the centerline of the existing railroad track; thence along a line close to the existing fence and 35.00 feet West of and parallel to the existing track and along the arc of a 1944.86 foot radius curve to the left 282.03 feet through a central angle of $08^{\circ}18'31''$, the chord of which bears South $10^{\circ}56'47''$ West 281.78 feet; thence South $89^{\circ}33'25''$ West 15.12 feet to a point which is 50.00 feet West of the centerline of said track; thence along a line 50.00 feet West of and parallel to said tracks and along the arc of a 1959.86 foot radius curve to the left 330.84 feet through a central angle of $09^{\circ}40'19''$, the chord of which bears South $01^{\circ}54'02''$ West 330.45 feet to a fence line; thence South $89^{\circ}32'03''$ West along said fence line 160.37 feet to the Easterly right of way line of U.S. Highway 6 and to a point on the fence line along said right of way; thence North $22^{\circ}58'13''$ West along said right of way and fence line 357.515 feet; thence North $23^{\circ}10'20''$ West along said right of way and fence line 273.985 feet to the point of beginning.

Parcel Identification No's. 27-29-0027 and 27-29-0033.

APPENDIX II

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

The undersigned hereby certifies as follows:

1. The undersigned has read and is familiar with the provisions of the following:
 - a. Loan and Financing Agreement (the "Loan and Financing Agreement") dated as of February 1, 2004, by and between the Borrower and the Utah Housing Corporation (the "Issuer");
 - b. Security Instrument and Note (as defined in the Loan and Financing Agreement); and
 - c. Tax Regulatory Agreement (as defined in the Loan and Financing Agreement).
2. At least ____% of all Dwelling Units in the Project, including vacant Dwelling Units, have been occupied by Qualifying Tenants or, as to vacant Dwelling Units, have been deemed to have been occupied by Qualified Tenants, at all times since the later of (i) the Occupancy Date or (ii) the dated date of the last Certificate of Continuing Program Compliance delivered to the Issuer pursuant to the Tax Regulatory Agreement.
3. Having certified that at least 40% of the Dwelling Units in the Project have been rented to Qualifying Tenants, the Remaining Dwelling Units (including both occupied and vacant Dwelling Units) in the Project have been occupied by individuals whose income does not cause the Average Remaining Unit Income to exceed 80% of the Median Income for the Area at all times since the dated date of the last Certificate of Continuing Program Compliance delivered to the Issuer.
4. Attached hereto is a copy of 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.
5. The Borrower is not in default under any of the agreements referred to in paragraph 1 above.
6. Words and phrases used in this certificate shall have the same meanings herein as in the Loan and Financing Agreement and Tax Regulatory Agreement.

DATED: _____

DIAMOND FORK APARTMENTS AT SPANISH
 FORK, L.P.,
 a Utah limited partnership

By: Diamond Fork Apartments, L.C., a Utah
 limited liability company, General Partner

By: PSC Development Company,
 a Utah corporation, Manager

By: _____
 Peter S. Cooke,
 President

APPENDIX III

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. Name of Members of the Household	2. Relationship to Head of Household	3. Age	4. Social Security Number, if any	5. 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 or anniversary thereof) set forth above is \$_____. (See reverse for definition of income and worksheet. Total to include amounts set forth in 7.2 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 and included in 6 above: \$_____.

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 12-month period 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 Issuer of the United States.

Date: _____

Head of Household

Spouse

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 business expansion expenditures or 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 lieu of Earnings (Unemployment and Disability Compensation, Workers Compensation and Severance Pay)	_____
Welfare Assistance	_____
Periodic Allowances (Alimony, Child Support)	_____
Regular Contributions or Gifts	_____
Regular Pay, Special Pay and Allowances for Members of Armed Forces (Except for Hostile Fire)	_____
 Total Anticipated Income for the Household	 \$ _____

b. anticipated income does not include:

- (i) income from employment of children (including foster children) under the age of 18 years;
- (ii) foster child and foster adult care payments (usually persons with disabilities unrelated to the tenant family who are unable to live alone);
- (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 that are specifically for or in reimbursement of medical expenses for any family member
- (v) income of a live-in aide, as defined in 24 CFR Section 5.403;
- (vi) the full amount of student financial assistance paid directly to the student or the educational institution;
- (vii) special pay to a family member serving in the Armed Forces who is exposed to hostile fire;
- (viii) amounts received under training programs funded by HUD;
- (ix) amounts received by a person with a disability 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;
- (x) amounts received by a participant in any other publicly 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;
- (xi) amounts received (not to exceed \$200 per month) by a resident from a project owner for performing a service for the owner on a part-time basis that enhances the quality of life in the development (such as lawn maintenance, hall monitoring, or fire patrol);
- (xii) incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff;
- (xiii) temporary, nonrecurring or sporadic income (including gifts);
- (xiv) reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;
- (xv) earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse);
- (xvi) adoption assistance payments in excess of \$480 per adopted child;
- (xvii) deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts;
- (xviii) amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;
- (xix) amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or
- (xx) 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 any program to which the exclusions set forth in 24 CFR Section 5.609(c) apply.

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 _____

Its _____