

APR 9333-06

9883958

WHEN RECORDED RETURN TO:
Fredrick H. Olsen
BALLARD SPAHR ANDREWS & INGERSOLL, LLP
201 South Main Street, Suite 600
Salt Lake City, Utah 84111

9883958
10/23/2006 8:32:00 AM \$58.00
Book - 9369 Pg - 70-92
Gary W. Ott
Recorder, Salt Lake County, UT
AFFILIATED FIRST TITLE
BY: eCASH, DEPUTY - EF 23 P.

TAX REGULATORY AGREEMENT
Dated as of October 1, 2006

UTAH HOUSING CORPORATION

and

WELLS FARGO BANK, NATIONAL ASSOCIATION

and

LIBERTY COMMONS ASSOCIATES, L.C.
a Utah limited liability company

and

TRIPLE S INVESTMENTS CO., LLC,
a Utah limited liability company

and

SCS CLOCKTOWER, L.L.C.,
a Utah limited liability company

and

CPLC PROPERTIES, LLC,
a Utah limited liability company

Utah Housing Corporation
Multifamily Housing Revenue Bonds
(Liberty Commons Apartments Project)
Series 2006A-1
and

Utah Housing Corporation
Taxable Multifamily Housing Revenue Bonds
(Liberty Commons Apartments Project)
Series 2006A-2

DMWEST #1182181 v6

TAX REGULATORY AGREEMENT

THIS TAX REGULATORY AGREEMENT (the "Regulatory Agreement") is entered into as of October 1, 2006, by and among Utah Housing Corporation (the "Issuer"), a body politic and corporate constituting a public corporation of the State of Utah created pursuant to Title 9, Section 4, Part 9, Utah Code Annotated 1953, as amended (the "Act"), Wells Fargo Bank, National Association, as trustee (the "Trustee") under a related Trust Indenture dated as of October 1, 2006 (the "Indenture"), Liberty Commons Associates, L.C., a Utah limited liability company (the "Borrower"), Triple S Investments Co., LLC, a Utah limited liability company ("Triple S"), SCS Clocktower L.L.C., a Utah limited liability company ("SCS") and CPLC Properties, LLC, a Utah limited liability company ("CPLC" and together with Triple S and SCS referred to as the "Property Owners").

WITNESSETH:

WHEREAS, the Issuer is issuing its \$14,000,000 Utah Housing Corporation Multifamily Housing Revenue Bonds (Liberty Commons Apartments Project) Series 2006A-1 (the "Series A-1 Bonds") and \$3,135,000 Utah Housing Corporation Taxable Multifamily Housing Revenue Bonds (Liberty Commons Apartments Project) Series 2006A-2 (the "Series A-2 Bonds" and together with the Series A-1 Bonds, the "Bonds") for the purpose of funding a Mortgage Loan to the Borrower to finance the acquisition, construction and equipping of a residential multifamily housing project intended for rental to persons of low and moderate income, to be located in West Valley City, 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"); and

WHEREAS, the Property Owners have leased the Project Site to the Borrower under the terms and conditions of a Ground Lease dated as of October 1, 2006, which Ground Lease anticipates that the Property Owners will agree to restrictions to the use of the Project Site which are reasonably necessary for the issuance of the Bonds and funding a Mortgage Loan for development of the Project; and

WHEREAS, all parties to this Regulatory Agreement have joined in this Regulatory Agreement to restrict the use of the Project as provided herein to preserve the exclusion from gross income of interest on the Series A-1 Bonds for federal income tax purposes.

NOW, THEREFORE, the Borrower and Property Owners 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 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 (capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Indenture):

“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 such 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 or such other area as may be designated by HUD in which the Project is located.

“Average Remaining Unit Income” means the total 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 housing financing approved by the Issuer.

“Bonds” means the Utah Housing Corporation Multifamily Housing Revenue Bonds (Liberty Commons Apartments Project) Series 2006A-1 and the Utah Housing Corporation Taxable Multifamily Housing Revenue Bonds (Liberty Commons Apartments Project) Series 2006A-2 authorized by, and at any time outstanding pursuant to, the Indenture.

“Borrower” means Liberty Commons Associates, L.C., a Utah limited liability company, and its respective successors and assigns with respect to the ownership of the Project.

“Code” means the Internal Revenue Code of 1986, as 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 purchaser 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 exclusively 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 and, as to size, does not exceed that necessary to service the requirements of the residents of the Project.

“Issuer” means Utah Housing Corporation.

“Loan Agreement” means the Loan Agreement dated as of October 1, 2006 among the Issuer, the Trustee and the Borrower, as amended, modified, supplemented or restated from time to time.

“Low Income 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 Low Income 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 Low Income Tenants the combined Adjusted Income of all occupants of a Dwelling Unit, whether or not legally related, shall be utilized.

“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 individuals or families who satisfy the requirements of Section 4 of this Regulatory Agreement.

“Mortgage Loan” means the mortgage loan to be made to the Borrower pursuant to the terms of the Loan Agreement from proceeds of the Bonds for the purpose of providing funds to the Borrower to finance the acquisition, construction and equipping of the Project.

“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.

“Property Owners” means Triple S Investments Co., LLC, a Utah limited liability company (“Triple S”), SCS Clocktower L.L.C., a Utah limited liability company (“SCS”), and CPLC Properties, LLC, a Utah limited liability company.

“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 date on which the Bonds are issued.

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

“Security Instrument” means the Fee Mortgage and/or the Leasehold Mortgage, together with all riders and exhibits, securing the promissory notes, 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 therefore, as such substitute security instrument may be amended, modified, supplemented or restated from time to time.

“Treasury Regulations” means the regulations of the Department of the Treasury, Internal Revenue Service under Section 142(d) of the 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 six months; none of the residents of the Project are residing at the Project for any ancillary purpose unrelated to housing

(the Project being the sole residence of such residents during their occupancy); 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 connection with 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 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 Regulatory Agreement;

(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. Low Income Tenants. To the end of satisfying the requirements of Section 142(d) of the Code and related Treasury Regulations 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 Low Income 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 the date 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 Low Income Tenant shall be treated as occupied by a Low Income 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 Low Income 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 within 30 days of submission to the Secretary of Treasury.

(e) The Borrower shall prepare and submit to the Issuer on or before the first day of each January 1 and July 1 during the Qualified Project Period beginning on the first day of January or July following the initial occupancy of any Dwelling Unit, a Certificate of Continuing Program Compliance 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 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) At all times during the Qualified Project Period, 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 and Property Owners hereby declares their express intent that the covenants, restrictions, charges and easements set forth herein shall be covenants running with the land and shall pass to and be binding upon the Borrower's and Property Owner's respective 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, Property Owners 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, 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 Borrower, the Property Owners 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 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 Regulatory Agreement (or to the Loan 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 Regulatory Agreement 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 Issuer to the effect that this Regulatory Agreement is a legal, valid and binding agreement enforceable in accordance with its terms against the Borrower and Property Owners. Prior to the effective date of any transfer of title to the Project, the Borrower shall deliver to the Trustee and the Issuer an opinion of counsel in form and substance satisfactory to the Issuer to the effect that this 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.

Except as otherwise set forth herein, this Regulatory Agreement and the covenants made by the Borrower and Property Owners herein shall remain in full force and effect until the expiration of the Qualified Project Period and the provisions hereof may not be amended or revised 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), the Borrower and the Property Owners and duly recorded. The Issuer's agreement to execute any such amendment or revision shall be given only upon receipt of an opinion of Bond Counsel that such amendment or revision will not adversely affect the exclusion from gross income of interest on the Series A-1 Bonds for federal income tax purposes.

This Agreement shall terminate upon receipt of (1) evidence satisfactory to the Issuer that there has occurred an involuntary noncompliance caused by fire, seizure, requisition, change in federal law or action of a federal agency after the Delivery Date which prevents the Issuer from enforcing this Regulatory Agreement or foreclosure, transfer of title by deed in lieu of foreclosure, 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) obtains an interest in the Project which constitutes an ownership interest therein for federal income tax purposes.

Upon expiration or sooner termination of this Regulatory Agreement and upon written request of the Borrower, the Property Owners, or any lender (including, initially, Citicorp North America, Inc. as the initial purchaser of the Bonds), or their respective successors and assigns, the Issuer shall take such actions as shall be necessary upon the advice of its legal counsel to remove this Regulatory Agreement from the public records relating to the Project Site.

Notwithstanding any other provisions hereof, this 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 necessary to maintain the tax-exempt status of the interest on the Series A-1 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 voluntarily sell, transfer or otherwise dispose of the Project, or any portion thereof without having first delivered to the Issuer 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 Regulatory Agreement, the Security Instrument and the Loan

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 Regulatory Agreement, the Security Instrument and the Loan Agreement and that such obligations and this Regulatory Agreement, the Security Instrument and the Loan 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 has retained 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 Regulatory Agreement, the Loan 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 Series A-1 Bonds from the gross income of the recipients thereof for federal income tax purposes, except with respect to interest on any Series A-1 Bonds during any period such Series A-1 Bonds is held by a "substantial user" or a "related person" within the meaning of Section 147(a) of the Code. A voluntary sale by the Borrower shall not include a transfer by deed in-lieu of foreclosure or comparable conversion of the Mortgage Loan. It is hereby expressly stipulated and agreed that any voluntary 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 Regulatory Agreement. Not less than 60 days prior to consummating any voluntary 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 Regulatory Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith. Notwithstanding the above, the provisions of Section 4 of this Agreement shall be subject and subordinate to the provisions of any extended use agreement between the Issuer and the Borrower relating to low income tax credits for the Project.

Section 11. Severability. The invalidity of any clause, part or provision of this Regulatory Agreement shall not affect the validity of the remaining portions thereof.

Section 12. Notices. All notices to be given pursuant to this 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: Wells Fargo Bank, National Association, 299 South Main Street, 12th Floor, Salt Lake City, Utah, 84101, Attention: Corporate Trust Service; if to the Borrower: Liberty Commons Associates, L.C., 6440 South Wasatch Boulevard, Suite 100, Salt Lake

City, Utah 84093, Attention: Mark Cornelius, with a copy to the Registered Owner of the Bonds, and to Wachovia Affordable Housing, Community Development Corporation, 301 South College Street, TW-17, Charlotte, NC 28288-0173, Attention: Michael Loose, and to John Simon, Esq., Sidley Austin LLP, One South Dearborn, Chicago, IL 60603, and to James F. Powers, Esq., Senior Vice President and Assistant General Counsel, Wachovia Corporation, One Wachovia Center, TW-31, 301 South College Street, Charlotte, NC 28288-0630, and to Dennis K. Poole, Esq., Poole & Associates, L.C., 4543 South 700 East, Suite 200, Salt Lake City, Utah 84107; if to the Issuer: Utah Housing Corporation, 2479 S. Lake Park Boulevard, West Valley City, Utah 84120, Attention: President; if to the Property Owners: Triple S Investments Co, LLC, SCS Clocktower, L.L.C., and CPLC Properties, LLC, 6440 South Wasatch Boulevard, Suite 100, Salt Lake City, Utah 84093, Attention: Mark Cornelius, with a copy to Wachovia Affordable Housing, Community Development Corporation, 301 South College Street, TW-17, Charlotte, NC 28288-0173, Attention: Michael Loose, and to John Simon, Esq., Sidley Austin LLP, One South Dearborn, Chicago, IL 60603, and to Dennis K. Poole, Esq., Poole & Associates, L.C., 4543 South 700 East, Suite 200, Salt Lake City, Utah 84107.

Section 13. Governing Law. This 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.

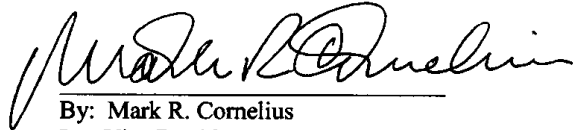
Section 15. Counterparts. This Regulatory Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 16. Termination of Trustee's Duties. After the date on which no Bonds remain outstanding as provided in the Indenture, the Trustee shall no longer have any duties or responsibilities under this Regulatory Agreement and all references to the Trustee in this Regulatory Agreement shall be deemed references to the Issuer.

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

LIBERTY COMMONS ASSOCIATES,
L.C., a Utah limited liability company

By: Cowboy Partners, L.C., a Utah
limited liability company, its
Manager

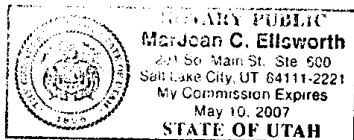


By: Mark R. Cornelius
Its: Vice President

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

On this 19th day of October, 2006, before me, the undersigned Notary Public, personally appeared Mark Cornelius, who acknowledged himself to be the Vice President of Cowboy Partners, L.C. who is the Manager of Liberty Commons Associates, L.C., a Utah limited liability company, and that he executed the foregoing instrument for the purposes therein contained by signing the name of the limited liability company by himself as such officer.

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


NOTARY PUBLIC

(Signature Page to Tax Regulatory Agreement – Liberty Commons Apartments)

S-1

UTAH HOUSING CORPORATION

By: [Signature]
William H. Erickson, President

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

On this 29th day of September, 2006, 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.



[Signature]
NOTARY PUBLIC

(Signature Page to Tax Regulatory Agreement – Liberty Commons Apartments)

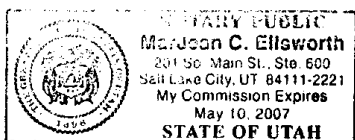
WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By: Kaletha
Authorized Officer

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

On this 19th day of October, 2006, before me, the undersigned Notary Public, personally appeared Kirk Jensen, who acknowledged himself/herself to be an authorized officer of Wells Fargo 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.



Marjean C. Ellsworth
NOTARY PUBLIC

(Signature Page to Tax Regulatory Agreement – Liberty Commons Apartments)

TRIPLE S INVESTMENTS CO., LLC,
a Utah limited liability company

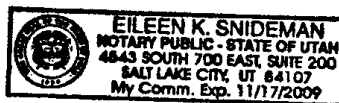
By: 
Name: _____
Title:

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

On this 19 day of October, 2006, before me, the undersigned Notary Public, personally appeared BOYD ANDERSON, who acknowledged himself/herself to be the MANAGER of Triple S Investments Co., LLC, a Utah limited liability company, and that he/she executed the foregoing instrument for the purposes therein contained by signing the name of the limited liability company by himself/herself as such officer.

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


NOTARY PUBLIC



(Signature Page to Tax Regulatory Agreement – Liberty Commons Apartments)

SCS CLOCKTOWER, L.L.C.,
a Utah limited liability company

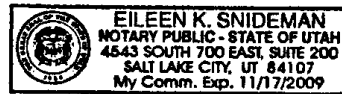
By: [Signature]
Name:
Title:

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

On this 19 day of October, 2006, before me, the undersigned Notary Public, personally appeared SCOT C. SAFFORD, who acknowledged himself/herself to be the MANAGER of SCS Clocktower, L.L.C., a Utah limited liability company, and that he/she executed the foregoing instrument for the purposes therein contained by signing the name of the limited liability company by himself/herself as such officer.

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

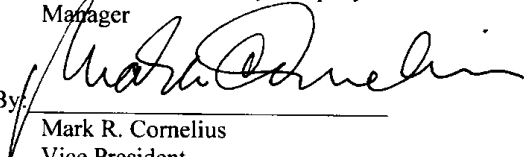
Eileen K. Snideman
NOTARY PUBLIC



(Signature Page to Tax Regulatory Agreement – Liberty Commons Apartments)

CPLC PROPERTIES, LLC,
a Utah limited liability company

By: Cowboy Partners, L.C.,
a Utah limited liability company, its
Manager

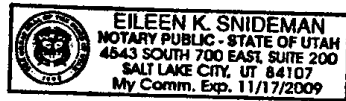
By: 
Mark R. Cornelius
Vice President

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

On this 18 day of October, 2006, before me, the undersigned Notary Public, personally appeared Mark Cornelius, who acknowledged himself to be the Vice President of Cowboy Partners, L.C. who is the Manager of CPLC Properties, LLC, a Utah limited liability company, and that he executed the foregoing instrument for the purposes therein contained by signing the name of the limited liability company by himself as such officer.

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


NOTARY PUBLIC



(Signature Page to Tax Regulatory Agreement – Liberty Commons Apartments)

APPENDIX I

DESCRIPTION OF PROJECT SITE

Real Property located in Salt Lake County, Utah, to wit:

Lot 4, Highbury Commons at Lake Park Subdivision, West Valley City, Utah according to the official plat thereof on file and of record in the office of the Salt Lake County Recorder, Utah.

(TX # 14-25-102-001)

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 Agreement (the "Loan Agreement") dated as of October 1, 2006, by and among the Borrower, Wells Fargo Bank, National Association and Utah Housing Corporation (the "Issuer");
 - (b) Mortgage and Notes (as defined in the Loan Agreement); and
 - (c) Regulatory Agreement (as defined in the Loan Agreement).
2. At least 40% of all Dwelling Units in the Project, including vacant Dwelling Units, have been occupied by Low Income 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 Regulatory Agreement.
3. Having certified that at least 40% of the Dwelling Units in the Project have been rented to Low Income Tenants, the Remaining Dwelling Units (including both occupied and vacant Dwelling Units) in the Project have occupied by individuals whose income does not cause the Average Remaining Unit Income to exceed 80% of 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. The gross rent with respect to each Dwelling Unit has not exceeded 30% of the imputed income limitation applicable to such Unit as determined in accordance with Section 42(g) of the Code (except that for the Remaining Dwelling Units the imputed income limitation shall be based upon 80% of Median Income for the Area) at all times since the dated date of the last Certificate of Continuing Program Compliance delivered to the Issuer.
5. 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.
6. The Borrower is not in default under any of the agreements referred to in paragraph 1 above.
7. Words and phrases used in this certificate shall have the same meanings herein as in the Loan Agreement and Regulatory Agreement.

DATED: _____.

Liberty Commons Associates, L.C., a Utah
limited liability company

By: _____, as managing
member

By: _____
Name: _____
Title: _____

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: \$_____.
8. 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 _____

(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

[Backside]

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 (Except for Hostile Fire) and Allowances for Members of Armed Forces | _____ |
| Total Anticipated Income for the Household | \$ _____ |

b. anticipated income does not include:

- (i) temporary, nonrecurring or sporadic income (including 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 student financial assistance paid directly to the student or the educational institution;
- (v) income from employment of children (including foster children) under the age of 18 years;
- (vi) special pay to a family member serving in the Armed Forces who is exposed to hostile fire;
- (vii) foster child care payments;
- (viii) income of a live-in aid, as defined in 24 CFR §5.608;
- (ix) amounts received under training programs funded by HUD;
- (x) 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;
- (xi) 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;
- (xii) earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse);
- (xiii) adoption assistance payments in excess of \$480 per adopted child;
- (xiv) deferred periodic amounts from supplemental security income and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts; or
- (xv) other amounts specifically excluded in 24 CFR §5.609(c).

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 Low Income 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 Low Income Tenants.
(ii) If line 2.a. is "Yes", 8.1. above is "Yes" and 8.2. above is "Yes", then the household qualifies as Low Income Tenants.
3. Number of apartment unit assigned: _____
4. Monthly rent: _____
5. (Check One)
- _____ The household does not qualify as Low Income Tenants.
- _____ The household qualifies as Low Income Tenants.

SPONSOR

By: _____
Its _____