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DECLARATION OF RESTRICTIVE COVENANTS
AND REGULATORY AGREEMENT

Between and Among

ALABAMA HOUSING FINANCE AUTHORITY,

and

FIRST ALABAMA BANK,
as Trustee,

and

ROYAL OAKS, LTD.

Dated as of July 1, 1985

Relating to:

\$5,200,000
ALABAMA HOUSING FINANCE AUTHORITY
MULTI-FAMILY HOUSING REVENUE BONDS, 1985 SERIES E
(ROYAL OAKS APARTMENTS PROJECT)

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DECLARATION OF RESTRICTIVE COVENANTS
AND REGULATORY AGREEMENT

This DECLARATION OF RESTRICTIVE COVENANTS AND REGULATORY AGREEMENT dated as of July 1, 1985 (together with any amendments or supplements hereto, this "Regulatory Agreement") is made and entered into between and among the ALABAMA HOUSING FINANCE AUTHORITY, a public corporation and instrumentality under the laws of the State of Alabama (together with any successor to its rights, duties and obligations, the "Issuer"), FIRST ALABAMA BANK, a banking association organized and existing under the laws of the State of Alabama and authorized to accept and execute trusts of the type contemplated by the Indenture (as hereinafter defined), with its principal corporate trust office in Birmingham, Alabama (together with any successor trustee or co-trustee serving as such under the Indenture, the "Trustee"), and ROYAL OAKS, LTD., a limited partnership organized under the laws of the State of Alabama (the "Borrower").

WITNESSETH:

WHEREAS, the Issuer is authorized under the provisions of Title 24, Chapter 1A of the Code of Alabama, 1975 (Section 24-1A-1 et. seq.), as supplemented and amended (the "Act") to issue one or more series of its revenue bonds and loan, the proceeds thereof to finance residential rental housing facilities for the public purpose of assisting persons of low and moderate income in Alabama to obtain decent, safe and sanitary housing at rentals they can afford; and

WHEREAS, the Issuer adopted a Bond Resolution on May 24, 1985 (the "Bond Resolution") pursuant to which the Issuer found and determined that the Project (as hereinafter defined) qualifies for financing under the Act and pursuant to such Bond Resolution the Issuer agreed to issue its bonds to provide for the financing of the Project; and

WHEREAS, the Issuer is a duly constituted public corporation and instrumentality, within the meaning of those terms in the Regulations of the Department of the Treasury and the rulings the Internal Revenue Service prescribed and promulgated pursuant to Section 103 of the Internal Revenue Code of 1954, as amended (together with any successor statute thereto, the "Code"); and

WHEREAS, the Act authorizes the Issuer to promote the development of adequate residential housing within the State by purchasing loans from certain mortgage lenders, so as to enable such mortgage lenders to make loans to persons, firms, corporations, partnerships or other entities for the purpose of developing or providing residential housing; and

WHEREAS, in furtherance of the purposes of the Act and as part of the Issuer's plan of financing multifamily housing, the Issuer proposes to issue its revenue bonds designated "Alabama Housing Finance Authority Multifamily Housing Revenue Bonds, 1985 Series E (Royal Oaks Apartments Project)", in the aggregate principal amount of \$5,200,000 (the "Bonds"), and to use the proceeds to purchase a mortgage loan from SOUTHTRUST BANK OF ALABAMA, NATIONAL ASSOCIATION (the "Lender"), which mortgage loan is being made to the Borrower (the "Loan") to finance the cost of a 200-unit multifamily residential rental development located within Hoover, Alabama (the "Project"); and

WHEREAS, in connection with such financing, the Borrower has agreed to rent or lease at least 20% of the dwelling units in the Project to families or individuals of low and moderate income (within the meaning of Section 103(b)(12)(C) of the Code), and all of the units in the Project to Eligible Tenants (as hereinafter defined), all for the public purpose of assisting persons of low and moderate income within Hoover, Alabama to afford the costs of decent, safe and sanitary housing; and

WHEREAS, the Code and the regulations and rulings promulgated with respect thereto prescribe that the use and operation of the Project be restricted in certain respects and in order to ensure that the Project will be acquired, constructed, used and operated in accordance with the Code and the Act, the Issuer, the Trustee and the Borrower have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, construction, use and operation of the Project.

NOW THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Issuer, the Trustee and the Borrower hereby covenant, agree and declare as follows:

SECTION 1. DEFINITIONS AND INTERPRETATIONS. In addition to the terms defined in the Indenture and the Loan Agreement, the following terms shall have the respective meaning assigned to them in this Section 1 unless the context in which they are used clearly requires otherwise:

"Act" shall mean Title 24, Chapter 1A of the Code of Alabama, 1975 (Section 24-1A-1 et. seq.), as from time to time amended and supplemented.

"Bond Counsel" shall mean an attorney-at-law or a firm of attorneys of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America.

"Bondholder" or "holder" or "borrower of the Bonds" shall have the meaning assigned thereto in the Indenture.

"Bond Issuance Date" shall mean the date on which the Bonds are to be issued, being on or about July 24, 1985.

"Bonds" shall mean Alabama Housing Finance Authority Multi-Family Housing Revenue Bonds, 1985 Series E (Royal Oaks Apartments Project) issued in the aggregate original principal amount of \$5,200,000 and any other obligations of the Issuer authorized, authenticated and delivered under the Indenture.

"Borrower" shall mean Royal Oaks, Ltd., a limited partnership organized under the laws of the State of Alabama, or the Person or Persons who shall succeed to the ownership of all or any part of the Project in accordance with the provisions of Section 5.1 of the Loan Agreement.

"Certificate of Continuing Program Compliance" shall mean the certificate from the Borrower in substantially the form set forth in Exhibit C hereto.

"Code" shall mean the Internal Revenue Code of 1954, as amended.

"Completion Certificate" shall mean the certificate of completion of the Project required to be delivered to the Issuer and the Trustee by the Borrower pursuant to Section 2(g) of this Regulatory Agreement and Section 3.4 of the Loan Agreement.

"Completion Date" shall mean the date of the completion of the construction of the Project, as that date shall be certified as provided in Section 2(g) of this Regulatory Agreement and Section 3.4 of the Loan Agreement.

"Costs of the Project" shall mean those costs and expenses which may be paid or for which the Borrower may be reimbursed under Section 3.3 of the Loan Agreement.

"Determination of Taxability" shall have the meaning assigned thereto in Section 8.1 of the Loan Agreement.

"Eligible Income Limit" shall mean the level of annual income determined from time to time by the Issuer as constituting the maximum income which qualifies as low or moderate income under the Act. As of the date of this Regulatory Agreement, the Authority has established \$38,000 of adjusted gross income per year plus \$1,750 for each exemption permitted for federal income tax purposes to the prospective tenant, as the current Eligible Income Limit.

"Eligible Tenants" shall mean and include any person whose income, together with the income of all persons who intend to reside with such person in one dwelling unit, did not, for the immediately preceding tax year, exceed the then prevailing Eligible Income Limit.

"Indenture" shall mean the Indenture of Trust, dated as of July 1, 1985, between the Issuer and the Trustee.

"Issuer" shall mean Alabama Housing Finance Authority, a public corporation and instrumentality under the laws of the State of Alabama.

"Lender" shall mean SouthTrust Bank of Alabama, National Association, a national banking association.

"Loan Agreement" shall mean the Loan Agreement, dated as of July 1, 1985, between the Lender and the Borrower.

"Loan Documents" shall mean this Regulatory Agreement, the Loan Agreement, the Note, the Mortgage and all other documents and instruments executed and delivered by the Borrower to evidence and secure the indebtedness of the Borrower with respect to the Project Loan, as such documents, instruments and agreements may be amended and supplemented from time to time.

"Lower-Income Tenants" shall mean and include individuals or families with adjusted income, calculated in the manner prescribed in Treasury Regulation Section 1.167(k)-3(b)(3) as it shall be in effect on the Bond Issuance Date, which does not exceed eighty percent (80%) of the median gross income for the area in which the Project is located, determined in a manner consistent with determinations of median gross income made under the leased housing program established under Section 8 of the United States Housing Act of 1937, as amended. In no event, however, will the occupants of a unit be considered to be of low and moderate income if all the occupants are students, no one of which is entitled to file a joint return.

"Mortgage" shall mean the Mortgage and Security Agreement dated as of July 1, 1985, from the Borrower, as mortgagor, to the Lender, as mortgagee, securing the obligations of the Borrower under the Loan Agreement, the Note and the other Loan Documents, as such Mortgage is from time to time amended and supplemented.

"Note" shall mean the Promissory Note in the form of Exhibit B to the Loan Agreement, executed and delivered by the Borrower under the Loan Agreement to evidence the obligation of the Borrower to repay an amount on the Project Loan sufficient to pay the Bonds.

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"Official Action Resolution" shall mean the action taken by the Issuer on February 22, 1985, pursuant to which the Issuer committed to issue the Bonds.

"Person" shall mean natural persons, firms, partnerships, associations, corporations, trusts and public bodies.

"Project" shall mean the facilities described in Exhibit A hereto, as may be amended from time to time.

"Project Loan" shall mean the loan made to the Borrower by the Lender pursuant to the Loan Agreement to finance the cost of acquiring, constructing and equipping the Project and costs incidental thereto and to the issuance of the Bonds.

"Purchaser" shall mean Capital Holding Corporation, located in Louisville, Kentucky, and any of the affiliates of such corporation which may from time to time own any of the Bonds.

"Qualified Costs of the Project" shall mean the actual costs incurred to acquire, construct and equip the Project which (i) are incurred after February 22, 1985, (ii) are chargeable to the Project's capital account or would be so chargeable either with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs, within the meaning of Treasury Regulation Section 1.103-8(a)(1), and if charged or chargeable to the Project's capital account are or would have been deducted only through an allowance for depreciation, and (iii) are made exclusively with respect to residential units and facilities functionally related and subordinate thereto within the meaning of Section 103(b)(4)(A) of the Code and the Regulations promulgated thereunder.

"Qualified Project Period" shall mean the period beginning on the later of (a) the first day on which at least ten percent (10%) of the residential units in the Project are first occupied or (b) the Bond Issuance Date, and ending on the later of the date (x) which is ten (10) years after the date on which at least fifty percent (50%) of the residential units in the Project are first occupied, (y) which is a Qualified Number of Days after the date on which any of the residential units in the Project is first occupied or (z) on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937, as amended, terminates. "Qualified Number of Days" means fifty percent (50%) of the longest term of any Bond, or in the case of a refunding of the Bonds, fifty percent (50%) of the sum of the period the Bonds were outstanding plus the longest term of any refunding obligations.

"Regulations" shall mean the Income Tax Regulations promulgated or proposed under the Code by the Department of the Treasury.

"Regulatory Agreement" shall mean this Declaration of Restrictive Covenants and Regulatory Agreement.

"State" shall mean the State of Alabama.

"Tenant Income Certificate" shall mean the certificate in substantially the form set forth in Exhibit B hereto.

"Trustee" shall mean First Alabama Bank, a banking association organized and existing under the laws of Alabama or any successor trustee and any separate or co-trustee serving as such under the Indenture.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Regulatory Agreement and all of the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for the convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 1 notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the Sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provision hereof or in ascertaining intent, if any question of intent shall arise.

SECTION 2. CONSTRUCTION OF THE PROJECT. The Borrower hereby represents, warrants, covenants and agrees as follows:

(a) The Borrower has incurred a substantial binding obligation to commence acquisition and construction of that portion of the Project comprising residential rental units, pursuant to which the Borrower is obligated to expend at least the lesser of \$100,000 or 2-1/2% of the costs of such acquisition and construction. Acquisition or construction of the Project has commenced as of the date hereof or will be commenced within six (6) months following the date hereof. The Borrower shall proceed with due diligence to complete the acquisition and construction of the Project substantially in accordance with the Plans and Specifications (as defined in the Loan Agreement), including any and all supplements, amendments, conditions and deletions thereto or therefrom, which Plans and Specifications shall be provided to the Issuer; provided, however, that any such supplements,

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amendments, additions or deletions shall not materially impair the effective use of the Project for the purposes contemplated by this Agreement, and shall not adversely affect the tax-exempt status of interest on the Bonds or the qualification of the Project as a multifamily housing project within the meaning of the Act. The Borrower has good and sufficient title to the site of the Project to enable it to complete the acquisition and construction of the Project, and to use the Project, as contemplated by this Agreement. The Borrower reasonably expects to complete the acquisition and construction of the Project and to expend the full amount of the Project Loan for Qualified Costs of the Project before June 26, 1987.

(b) The costs of constructing or acquiring the Project which are to be financed out of proceeds from the Bonds (plus any investment earnings thereon), as certified to by the Borrower and confirmed by Edward Bailey, Architect, are set forth in the Project Cost Certificate attached hereto as Exhibit D.

(c) Acquisition and construction of the Project were or will be commenced after February 22, 1985, the date of official action by the Issuer in which the Issuer expressed its intention to issue its revenue bonds to finance the Project, and the Project and all portions thereof will be first placed into service on or after the date of the first authentication and delivery of the Bonds. The Borrower will not at any time sell, convey, lease, license or otherwise transfer the Project or any interest therein if such sale, conveyance, lease, license or other transfer would result in less than "substantially all" (within the meaning of Section 103(b) of the Code and the regulations thereunder) of the proceeds of the Bonds (including investment earnings) being used for land or property of a character subject to the allowance for depreciation under Section 167 of the Code. The Borrower will not, during the five-year period following the date of the first authentication and delivery of the Bonds, sell, convey, lease, license or otherwise transfer or permit the sale, conveyance, lease, license or other transfer of, the Project or any interest therein to any company, partnership, person or other entity of any kind which (i) was a "substantial user" (within the meaning of Section 103(b) of the Code and the Regulations thereunder) of all or any portion of the Project (or a "related person" with respect to any such substantial user) at any time during the five-year period preceding February 22, 1985, and (ii) receives, directly or indirectly, proceeds of the Bonds in an amount equal to five percent (5%) or more of \$5,200,000, the face amount of the Bonds.

(d) The Project is located on a single tract of land and no buildings or structures which are not proximate to the Project are being financed under a common plan with the Project. For purposes of this Regulatory Agreement, buildings or structures are "proximate" if they are located on a single tract of land; "tract" means any parcel or parcels of land which are contiguous

except for the interposition of a road, street, stream or similar property; and parcels are "contiguous" if their boundaries meet at one or more points.

(e) All of the proceeds of the Project Loan shall be applied to pay or reimburse Costs of the Project and none of the proceeds of such loan shall be applied to pay or reimburse costs or expenses other than Costs of the Project.

(f) The Borrower shall submit to the Trustee prior to or upon the date of each disbursement hereunder a Requisition Certificate (as defined in Section 3.3 of the Loan Agreement), which shall include a statement certifying that the full amount of such disbursement will be applied to pay or reimburse Costs of the Project and that no portion of such disbursement will be applied to pay or reimburse costs or expenses other than Costs of the Project.

(g) Upon the completion of the Project, the Borrower shall submit to the Issuer and the Trustee a certificate of the Completion Date in accordance with Section 3.4 of the Loan Agreement.

(h) The average reasonably expected economic life of the facilities to be financed with the proceeds of the Bonds, as of the first date upon which any residential unit of the Project shall be available for rental to any member of the general public subsequent to any acquisition, construction or rehabilitation financed in whole or in part from proceeds of the Project Loan calculated in conformance with the provisions of Section 103(b)(4) of the Code, will not be less than 36 years.

SECTION 3. THE PROJECT TO BE RESIDENTIAL RENTAL PROPERTY. The Borrower hereby represents, warrants, covenants and agrees as follows:

(a) The Project is being acquired and constructed for the purpose of providing residential rental property, and the Borrower shall own, manage and operate the Project as a residential rental project comprised of residential units and facilities functionally related and subordinate thereto, in accordance with Section 103(b)(4)(A) of the Code and Regulations Section 1.1038(b)(4), as the same may be amended from time to time to the extent applicable to the Bonds. The Project shall consist of a building or structure or "proximate" buildings, or structures, each containing one or more similarly constructed residential units, and facilities which are functionally related and subordinate to such units. Each such building or structure shall be a discrete edifice or other man-made construction consisting of independent (i) foundation, (ii) outer walls, and (iii) roof, and containing five (5) or more similarly constructed units.

(b) Substantially all (not less than 95%) of the Project shall consist of residential units which are similar in quality and type of construction and amenities, together with facilities which are functionally related and subordinate to such units.

(c) Each residential unit in the Project shall contain separate and complete facilities for living, sleeping, eating, cooking and sanitation.

(d) None of the residential units in the Project shall at any time be used on a transient basis and neither the Project nor any portion thereof shall ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitarium, rest home or trailer park or court for use on a transient basis. Prior to commencing occupancy in any unit in the Project a tenant shall execute a written lease which shall be effective for a term of at least six (6) months.

(e) The residential units in the Project shall be made available for lease by members of the general public and the Borrower shall not give preference in renting residential units in the Project to any particular class or group of persons, other than Eligible Tenants and Lower-Income Tenants as provided herein.

(f) At no time shall either the Borrower or any Affiliate (as defined in the Loan Agreement) occupy a residential unit in the Project.

(g) The Project will be located entirely within the territorial boundaries of Hoover, Alabama.

(h) Any functionally related and subordinate facilities (e.g., parking areas, swimming pool, tennis courts, etc.) which are to be included as part of the Project will be made available to all tenants on an equal basis. Fees will only be charged with respect to the use thereof if the charging of fees is customary for the use of such facilities at similar residential rental properties in the surrounding area. In any event, any fees charged will not be discriminatory or exclusionary as to the low or moderate income tenants.

Unless the provisions of this Section 3 are amended as permitted in accordance with Section 17 hereof, the provisions of this Section 3 shall remain in effect throughout the Qualified Project Period; provided, however, that after payment in full of the Note, the Borrower may be discharged from its obligations under this Section 3 to the extent that the same are assumed by a successor in interest to the Borrower which is approved in writing by the Issuer, and which satisfies the requirements of Section 5.1 of the Loan Agreement.

SECTION 4. CONTINUOUS RENTAL REQUIRED. The Borrower hereby represents, covenants, agrees and warrants that for the longer of the Qualified Project Period or the period during which any portion of the Bonds remain outstanding or unpaid under the Indenture, once each unit in the Project is available for occupancy such unit shall be rented or available for rental to members of the general public on a continuous basis.

SECTION 5. LOWER-INCOME TENANTS. To the end of satisfying the requirements of Section 103(b)(4)(A) of the Code relating to individuals of low and moderate income during the Qualified Project Period, the Borrower hereby represents, covenants, agrees and warrants as follows:

(a) At all times during the Qualified Project Period, at least twenty percent (20%) of the completed residential units in the Project shall be occupied solely by Lower-Income Tenants; provided that for purposes of satisfying the requirement that twenty percent (20%) of the completed residential units be occupied solely by Lower-Income Tenants, the following principles apply: (i) a unit occupied by an individual or family who at the commencement of the occupancy is a Lower-Income Tenant shall be treated as occupied by such an individual or family during their tenancy in such unit, even though they subsequently cease to be a Lower-Income Tenant; and (ii) such unit shall be treated as occupied by a Lower-Income Tenant until reoccupied, for other than a temporary period (not to exceed 31 days), at which time the character of the unit shall be redetermined.

(b) If necessary, the Borrower shall refrain from renting residential units to persons other than Lower-Income Tenants in order to avoid violating the requirement that at all times during the Qualified Project Period at least twenty percent (20%) of the occupied residential units in the Project shall be occupied by Lower-Income Tenants.

(c) The Borrower shall obtain and maintain on file a sworn and notarized Tenant Income Certificate in the form of Exhibit B attached hereto with respect to every occupant in the Project, signed by the tenant or tenants (i.e., the persons whose names appear on the lease), and obtained by the Borrower prior to such tenant or tenants signing a lease with respect to a unit and commencing occupancy therein, as required by the Issuer and the Regulations under Section 103(b) of the Code and Regulations Section 1.167(k)-3(b) as it shall be in effect on the Bond Issuance Date, or in such other form and manner, signed by such person or persons, and obtained at such time or times, all as may be required by the Issuer or by applicable rules, rulings, procedures, official statements, regulations or policies now or hereafter promulgated or proposed by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 103(b)(4)(A) of the Code, and

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shall promptly deliver a copy of each such Certification to the Issuer and the Trustee, together with such certifications of the Borrower with respect thereto as the Issuer or the Trustee may require.

(d) The Borrower shall prepare and submit to the Issuer and the Trustee at the beginning of the Qualified Project Period and on or before the first day of January, April, July and October of each year during the Qualified Project Period and within thirty (30) days after the final day of each month in which any residential unit in the Project is occupied or reoccupied, a Certificate of Continuing Program Compliance executed by an authorized representative of the Borrower.

SECTION 6. RESIDENTIAL PROJECT FOR ELIGIBLE TENANTS AND LOWER-INCOME TENANTS. The Issuer, the Borrower and the Trustee hereby declare their understanding, intent and agreement, that, in addition to the requirements contained in Sections 2, 3, 4 and 5 hereof, the Borrower hereby represents, covenants, agrees and warrants as follows:

(a) At all times, commencing with the initial occupancy of the Project, each and every residential unit in the Project which is at any time occupied will be occupied solely by Eligible Tenants.

(b) Any duly authorized representative of the Issuer or the Trustee will be permitted to inspect the books and records of the Borrower pertaining to the incomes of any and all tenants residing in the Project.

(c) All tenant lists, applications, and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Borrower which is unrelated to the Project and shall be maintained, as required by the Issuer, the Trustee and the Purchaser (so long as the Purchaser owns any of the Bonds) from time to time, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the Issuer, the Trustee or the Purchaser (so long as the Purchaser owns any of the Bonds). Failure to keep such lists and applications or to make them available to the Issuer or the Trustee will be a default hereunder.

(d) All tenant leases shall be expressly subordinate to the Mortgage securing the Project Loan and shall contain clauses, among others, wherein each individual lessee agrees to permit the Borrower to terminate his lease if directed to do so by the Issuer, or take such other action as may be directed by the Issuer, in order to cure a default in the Loan Documents caused by a failure to comply with the provisions of this Regulatory Agreement and, if the lessee executed a Tenant Income Certificate

in the form attached hereto as Exhibit B, such lessee shall: (i) certify the accuracy of the statements made in such Tenant Income Certificate, and (ii) agree under the terms of his lease that the family income and other eligibility requirements shall be deemed substantial and material obligations of his tenancy, that he will comply with all requests for information with respect thereto from the Borrower, the Trustee or the Issuer, and that his failure to provide accurate information in the Tenant Income Certificate or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of his tenancy.

The provisions of this Section 6 shall apply throughout the Qualified Project Period.

SECTION 7. TAX-EXEMPT STATUS OF THE BONDS. The Borrower and the Issuer, each hereby represents, warrants and agrees that to the best of its ability:

(a) It will not take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the exemption from federal income taxation of the interest on the Bonds and, if it should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omission promptly upon obtaining knowledge thereof.

(b) It will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the Issuer and the Trustee, to comply fully with all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations, the exemption of the interest on which is subject to compliance with Section 103(b)(4)(A) of the Code.

(c) It will file or record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Issuer and the Trustee, in order to ensure that the requirements and restrictions of this Regulatory Agreement will be binding upon all borrowers of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the county in which the Project is located.

SECTION 8. NOTICE OF NONCOMPLIANCE. As soon as is reasonably possible, the Borrower shall notify the Trustee and the Issuer of the existence of any situation or the occurrence of any event of which the Borrower has notice and which event would violate any of the provisions of this Regulatory Agreement or cause the interest on the Bonds to become subject to federal income taxation.

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SECTION 9. RELIANCE. The Issuer and the Borrower hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all persons interested in the legality and validity of the Bonds, and in the exemption from federal income taxation of the interest on the Bonds. In performing their duties and obligations hereunder, the Issuer and the Trustee may rely upon statements and certificates of the Borrower and Lower-Income Tenants and Eligible Tenants, and upon audits of the books and records of the Borrower pertaining to occupancy of the Project. In addition, the Issuer and the Trustee may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any taken or suffered by the Issuer or the Trustee hereunder in good faith and in conformity with such opinion. The Trustee's duties, responsibilities and liabilities hereunder are governed by and subject to the terms of the Indenture.

SECTION 10. SALE OR TRANSFER OF THE PROJECT. In addition to complying with the provisions of Section 5.1 of the Loan Agreement, the Borrower hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project, or any portion thereof (other than for individual tenant use as contemplated hereunder), without obtaining the prior written consent of the Issuer and the Trustee, which consent shall be promptly given and conditioned solely upon receipt by the Issuer and the Trustee of (a) evidence reasonably satisfactory to the Issuer and the Trustee that the Borrower's purchaser or transferee has assumed in writing and in full, and is reasonably capable of performing and complying with, the Borrower's duties and obligations under this Regulatory Agreement, and (b) an opinion of counsel of the transferee that the transferee has duly assumed the obligations of the Borrower under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee and at least five (5) days prior to any such transfer an opinion of Bond Counsel that such transfer will not cause or result in interest on the Bonds becoming subject to federal income taxation, and (c) a written consent to such transfer from the Purchaser (so long as the Purchaser owns any of the Bonds). It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this Section 10 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.

SECTION 11. TERM. This Regulatory Agreement shall become effective upon its execution and delivery. Unless the Trustee, the Issuer and the Purchaser (so long as the Purchaser owns any of the Bonds) shall have received a written opinion of Bond Counsel addressed to each of them to the effect that such early termination of this Regulatory Agreement will not adversely affect the exemption from federal income taxation of interest on

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the Bonds, and the Issuer and the Purchaser (so long as the Purchaser owns any of the Bonds) shall have consented to such termination, this Regulatory Agreement shall remain in full force and effect for a term equal to the longer of the period during which any portion of the Bonds remains outstanding or the Qualified Project Period, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bonds and expiration of the Indenture, the Loan Agreement, the Note and the Mortgage. Notwithstanding the immediately preceding sentence, this Regulatory Agreement, and all and several of the terms hereof, shall terminate and be of no further force and effect in the event of (a) involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, foreclosure or delivery of a deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the date hereof which prevents the Issuer and the Trustee from enforcing the requirements hereof, condemnation or other similar event and (b) the payment in full and retirement of the Bonds within a reasonable period thereafter; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be automatically reinstated if, at any time subsequent to the termination of the Mortgage or the delivery of a deed in lieu of foreclosure or similar event, the Borrower or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for federal income tax purposes. Upon the termination of all and several of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be a necessary prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

SECTION 12. COVENANTS TO RUN WITH THE LAND. The Borrower hereby subjects the Project to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Issuer, the Trustee and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land to the extent permitted by law and shall pass to and be binding upon the Borrower's successors in title to the Project throughout the term of this Regulatory Agreement. Each and every contract, deed, mortgage or other instrument hereinafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

SECTION 13. ENFORCEMENT. If the Borrower defaults in the performance or observation of any covenant, agreement or

obligation of the Borrower set forth in this Regulatory Agreement, and if such default remains uncured for a period of thirty (30) days after written notice thereof shall have been given to the Borrower by the Issuer, the Purchaser (so long as the Purchaser owns any of the Bonds) or the Trustee, then the Trustee, acting on its behalf or on behalf of the Issuer, shall declare an "Event of Default" to have occurred hereunder, and, at its option, may take any one or more of the following steps:

(a) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Issuer or the Trustee hereunder;

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

(c) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder; or

(d) if the foregoing are insufficient to achieve compliance by the Borrower with the terms hereof, require the Trustee to declare a default under the Mortgage, to accelerate the indebtedness evidenced by the Note and to proceed with foreclosure under the Mortgage.

The Trustee shall have the right, in accordance with this Section 13 and the provisions of the Indenture, without the consent, approval or knowledge of the Issuer or any person other than the Purchaser (so long as the Purchaser owns any of the Bonds), to exercise any or all of the rights or remedies of the Issuer hereunder. All fees, costs and expenses of the Trustee incurred in taking any action pursuant to this Section 13 shall be the sole responsibility of the Borrower.

The Issuer represents, warrants and covenants that it will exercise reasonable diligence to determine whether the Borrower is in compliance with this Regulatory Agreement and upon discovery of any noncompliance, or upon the receipt from the Borrower of notice of noncompliance pursuant to Section 8 hereof, will promptly institute action to correct such noncompliance, will diligently pursue such action and will attempt to correct such noncompliance within a reasonable period.

SECTION 14. RECORDING AND FILING. The Borrower shall cause this Regulatory Agreement and all amendments and supplements hereto to be recorded and filed in the conveyance and real property records of the county in which the Project is located and

in such other places as the Issuer, the Trustee or the Purchaser (so long as the Purchaser owns any of the Bonds) may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording.

SECTION 15. PURCHASER AS THIRD-PARTY BENEFICIARY. It is acknowledged and agreed that the Purchaser shall be a third-party beneficiary of this Regulatory Agreement so long as the Purchaser owns any of the Bonds and that the Purchaser may (but shall have no obligation to) exercise any and all rights and remedies of the Trustee and the Issuer hereunder in the name of the Issuer and/or the Trustee or in its own name.

SECTION 16. GOVERNING LAW. This Regulatory Agreement shall be governed by the laws of the State.

SECTION 17. AMENDMENTS. This Regulatory Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the county in which the Project is located. The parties hereto acknowledge that, so long as the Purchaser owns any of the Bonds, the Purchaser is a third-party beneficiary to this Regulatory Agreement, and that no amendment affecting the rights of the Purchaser may occur without the prior written consent of the Purchaser.

SECTION 18. NOTICE. Any notice required to be given hereunder shall be given by certified or registered mail, postage prepaid, return receipt requested, at the addresses specified below, or at such other addresses as may be specified in writing by the person in question:

Issuer:	Alabama Housing Finance Authority Finance Department State Capitol Building Montgomery, Alabama 36130 Attention: Chairman
Trustee:	First Alabama Bank 417 North 20th Street Post Office Box 10247 Birmingham, Alabama 35202 Attention: Corporate Trust Department
Borrower:	Royal Oaks, Ltd. 1813 First Avenue North Birmingham, Alabama 35203
Purchaser:	Capital Holding Corporation Post Office Box 32830 Louisville, Kentucky 40232 Attention: Asset Management Department

SECTION 19. SEVERABILITY. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereby shall not in any way be affected or impaired thereby.

IN WITNESS WHEREOF, the Issuer, the Trustee and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all on the date first written hereinabove.

ALABAMA HOUSING FINANCE AUTHORITY

By:

[Signature]
Its Chairman

(SEAL)

ATTEST:

[Signature]
Asst. Secretary

FIRST ALABAMA BANK,
AS TRUSTEE

By:

[Signature]
Its Vice President
VICE PRESIDENT
CORPORATE TRUST MANAGER

(SEAL)

ATTEST:

[Signature]
Its:

ROYAL OAKS, LTD.

By:

[Signature]
Its General Partner

By:

[Signature]
Its General Partner

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STATE OF ALABAMA

COUNTY OF JEFFERSON

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that Shulton E. Alred and Patricia H. Terry, whose names as Chairman and Ass't Secretary of the ALABAMA HOUSING FINANCE AUTHORITY, a public corporation and instrumentality under the laws of the state of Alabama, are signed to the foregoing Regulatory Agreement and who are known to me, acknowledged before me on this day that, being informed of the contents of said instrument, they, as such officers and with the full authority, executed the same voluntarily for and as the act of said Board.

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GIVEN under my hand and official seal of office at Birmingham this 24th day of July, 1985.

Lynn J. Thagard
NOTARY PUBLIC

(SEAL)

COMMISSION EXPIRES:

5/26/86

STATE OF ALABAMA
COUNTY OF ^{JEFFERSON} SHELBY

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that William C. Hulsey and Sims R. Beavers, whose names as general partners of ROYAL OAKS, LTD., an Alabama limited partnership, are signed to the foregoing Regulatory Agreement and who are known to me, acknowledged before me on this day that, being informed of the contents of said instrument, they, as such general partners and with full authority, executed the same voluntarily for and as the act of said limited partnership.

GIVEN under my hand and official seal of office this 24th day of July, 1985.

Lynn J. Magard
NOTARY PUBLIC

(SEAL)

COMMISSION EXPIRES:

5/26/86

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STATE OF ALABAMA
 JEFFERSON
COUNTY OF SHELBY

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that ROY D. BIRDWELL and DIANNE HARRINGTON whose names as VICE PRESIDENT ASSISTANT SECRETARY of FIRST ALABAMA BANK, an Alabama banking institution, are signed to the foregoing Regulatory Agreement and who are known to me, acknowledged before me on this day that, being informed of the contents of said instrument, they, as such officers and with full authority, executed the same voluntarily for and as the act of said association, as Trustee.

GIVEN under my hand and official seal of office this 24th day of July, 1985.

Lynn J. Magara
NOTARY PUBLIC

(SEAL)

COMMISSION EXPIRES:

5/26/86

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EXHIBIT A
(to Regulatory Agreement)

DESCRIPTION OF THE REAL ESTATE:

The land located in the City of Hoover, County of Shelby, State of Alabama, and described as follows:

DESCRIPTION: Commence at the Southeast corner of the Northwest Quarter of Section 30, Township 19 South, Range 2 West, Shelby County, Alabama; thence run in a Westerly direction along the South line of said Quarter Section for a distance of 2,300.55 feet; thence turn an angle to the right of 86 degrees and run in a Northwesterly direction along the Northeasterly right-of-way line of U.S. Highway #31 South for a distance of 1,096.84 feet; thence turn an angle to the right of 101 degrees, 03 minutes, 10 seconds and run in an Easterly direction for a distance of 346.16 feet; thence turn an angle to the left of 71 degrees, 19 minutes, 50 seconds and run in a Northeasterly direction for a distance of 580.0 feet; thence turn an angle to the right of 18 degrees, 59 minutes, 22 seconds and run in a Northeasterly direction for a distance of 525.54 feet; thence turn an angle to the right of 101 degrees, 40 minutes 03 seconds and run in a Southeasterly direction for a distance of 526.96 feet; thence turn an angle to the right of 31 degrees, 30 minutes and run in a Southeasterly direction for a distance of 176.65 feet; thence turn an angle to the right of 0 degrees, 14 minutes, 53 seconds and run in a Southeasterly direction 60.00 feet to the point of beginning of the following described curve; thence turn an angle from the last described course to the left of 90 degrees to the tangent of a curve to the left having a central angle of 26 degrees, 08 minutes, 31 seconds and the radius of 438.82 feet; thence run along the arc of said curve in a Northeasterly direction 200.21 feet to the point of beginning; from the point of beginning thus obtained, thence turn an angle to the right from the tangent, if extended to the last described curve, of 98 degrees, 10 minutes, 47 seconds and run in a Southeasterly direction 453.07 feet; thence turn an angle to the left of 79 degrees, 02 minutes and run in a Northeasterly direction 437.50 feet; thence turn an angle to the left of 69 degrees, 12 minutes and run in a Northeasterly direction 106.97 feet; thence turn an angle to the right of 69 degrees, 12 minutes and run in a Northeasterly direction 135.01 feet; thence turn an angle to the right of 51 degrees, 22 minutes, 30 seconds and run in a Southeasterly direction 128.00 feet; thence turn an angle to the left of 51 degrees, 22 minutes, 30 seconds and run in a Northeasterly direction 506 feet; thence turn an angle to the left of 92 degrees, 14 minutes and run in a Northwesterly direction 128 feet; thence turn an angle to the left of 31 degrees, 36 minutes, 13 seconds and run in a Northwesterly direction 200 feet; thence turn an angle to the left of 35 degrees, 58 minutes, 40 seconds and run in a Northwesterly direction 82.00 feet; thence turn an angle to the right of 66 degrees, 44 minutes, 03 seconds and run in a Northwesterly direction 190 feet; thence turn an angle to the left of 49 degrees, 03 minutes, 36 seconds and run in a Northwesterly direction 256.06 feet to a point on the South right-of-way line of Woods of Riverchase Drive; thence turn an angle to the left of 63 degrees, 36 minutes, 40 seconds to the tangent of a curve to the left, having a central angle of 1 degree, 25 minutes, 23 seconds and a radius of 382.25 feet; thence run along the arc of said curve to the left in a Southwesterly direction along said South line of Woods of Riverchase Drive 9.49 feet to the end of said curve; thence continue along the tangent, if extended to the last described curve, and run in a Southwesterly direction along the South line of said Woods of Riverchase Drive 61.24 feet to the point of beginning of a curve to the right, said curve having a central angle of 45 degrees, 57 minutes, 43 seconds and a radius of 402 feet; thence run along the arc of said curve to the right along said right-of-way line in a Southwesterly direction 322.48 feet to the end of said curve and the point of beginning of a curve to the left, said curve having a central angle of 62 degrees and a radius of 342 feet; thence run along the arc of said curve to the left and along said right-of-way line in a Southwesterly direction 370.08 feet to the end of said curve and the point of beginning of a curve to the right, said curve having a central angle of 24 degrees, 03 minutes, 59 seconds and a radius of 438.82 feet; thence run along the arc of said curve to the right along said right-of-way line in a Southwesterly direction 184.32 feet to the point of beginning, said parcel containing 648,965 square feet.

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DESCRIPTION OF THE FACILITIES:

Multifamily housing apartment project containing 200-one and two bedroom units, plus two lighted tennis courts, swimming pool and clubhouse, located on approximately 14.9 acres at the South side of Woods of Riverchase Drive, Hoover, Alabama.

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EXHIBIT B
(to Regulatory Agreement)
TENANT INCOME CERTIFICATE

[NAME OF PROJECT] _____

Name of Tenant (i.e., person whose name appears on the lease) _____

Address of Apartment _____

Apartment Number _____

Some or all of the cost of the apartment development in which you are to lease an apartment was financed by bonds issued for the benefit of the borrower. Interest paid on those bonds is intended to be exempt from federal income tax. In order to qualify for that exemption there are certain requirements which must be met with respect to the apartment building and its tenants. To satisfy one of those requirements it is necessary for you to provide the information requested in this Tenant Income Certificate at the time you sign your lease.

I. ANTICIPATED INCOME

For each person who is expected to occupy the unit at any time during the next twelve months please provide the following information:

<u>Name</u>	<u>Annual Salary/ Wages*</u>	<u>Other Income**</u>	<u>Total Income</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

* State the gross amount of compensation, before any payroll deductions, including any bonuses, overtime pay, tips, commissions or fees anticipated to be received during the next twelve months.

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** Other income generally includes income anticipated to be received from any source whatsoever during the next twelve months, including but not limited to:

- (a) interest and dividends;
- (b) rental income;
- (c) net income from a profession or operation of a business;
- (d) payments in lieu of earnings, such as unemployment compensation;
- (e) periodic payments (not lump-sum payments) received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits;
- (f) periodic and determinable allowances, such as alimony and child support payments and regular contributions or gifts from persons not listed above; and

(g) public assistance, but if the public assistance payment includes an amount specifically designated for shelter and utilities which is subject to adjustment by the public assistance agency in accordance with the actual cost of shelter and utilities, the amount of public assistance income to be included shall consist of:

(1) the amount of the allowance or grant exclusive of the amount specifically designated for shelter and utilities, plus

(2) the maximum amount which the public assistance agency could in fact allow for the occupant for shelter and utilities.

Do not include in the amount of other income shown above the following items:

(a) casual, sporadic or irregular payments you may receive;

(b) amounts which are specifically for or in reimbursement of the cost of medical expenses;

(c) 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 settlements for personal or property losses;

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(d) amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment; provided that any amounts of such scholarships, or payments to veterans not used for the above purposes which are available for subsistence are to be included in income;

(e) the special pay to a serviceman head of a family away from home and exposed to hostile fire;

(f) relocation payments made pursuant to Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;

(g) foster child care payments;

(h) the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged the occupants of the dwelling unit;

(i) payments received pursuant to participation in the following volunteer programs under the ACTION Agency:

(1) National Volunteer Antipoverty Programs which include VISTA, Service Learning Programs and Special Volunteer Programs; and

(2) National Older American Volunteer Programs for persons aged 60 and over which include Retired Senior Volunteer Programs, Foster Grandparent Program, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience, Service Corps of Retired Executives (SCORE) and Active Corps of Executives (ACE).

II. CAPITAL ASSETS

If any of the persons listed above has any savings, stocks, bonds, real estate or other form of capital investment (except for necessary items such as furniture, automobiles, etc.), please provide the following information:

(a) the total value of all such assets presently owned by all such persons: \$ _____, and

(b) the amount of income expected to be derived from such assets in the 12-month period commencing this date (which should be included in "other income" shown above): \$ _____.

III. STUDENTS

(a) Will all of the persons listed above be or have they been full-time students during five calendar months of this calendar year at an educational institution (other than a correspondence school) with regular faculty and students?

Yes _____ No _____

(b) Is any such full-time student married and eligible to file a joint federal income tax return?

Yes _____ No _____

I, the undersigned, certify that I have read and answered fully, frankly and personally each of the foregoing questions and requests for information for all persons who are to occupy the unit in the above Project. I acknowledge that all of the above information is relevant to the status under federal income tax law of the interest on bonds issued to finance the Project containing the unit which I intend to occupy. I consent to the disclosure of this information to the issuer of such bonds, the borrowers of such bonds and any agent acting on their behalf.

I certify under penalty of perjury that the foregoing is true and correct.

Executed this _____ day of _____, at _____, Alabama.

Tenant

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STATE OF _____)
County of _____) SS

On the _____ day of _____, 19____, personally
appeared before me _____, the signer of the
above certification, who duly acknowledged to me that he/she
executed the same.

(SEAL)

Notary Public

My Commission expires:

Residing in:

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IV. FOR COMPLETION BY BORROWER OF APARTMENT DEVELOPMENT

(a) Anticipated Income Computation:

- (1) Total income from Part I. \$ _____
- (2) If 10% of the amount shown on Line II(a) exceeds the amount on Line II(b), enter the amount of such excess \$ _____
- (3) Anticipated Income ((1) + (2)) \$ _____

(b) Insert an [X] in the bracket opposite whichever one of the following statements is applicable:

- [] (1) Because total Anticipated Income is less than \$ _____, the apartment is occupied by Low or Moderate Income-Tenants.
- [] (2) The apartment is not occupied as provided in (1) above, but is occupied by one or more occupants whose Anticipated Income does not exceed \$ _____.
- [] (3) The apartment is not occupied as provided in (1) or (2) above.

(c) The number of units in the Project which are presently occupied is _____.

(d) The number of units occupied by low or moderate income tenants (i.e., occupants' Anticipated Income does not exceed \$ _____ based upon Tenant Income Certificates on file) is _____. The number of units which were previously occupied by low or moderate income tenants but have been vacated and have not been reoccupied (other than for a temporary period of no more than 31 days) is _____. The sum of the units described in this paragraph (d) is equal to _____% of the total number of occupied units from paragraph (c) above.

(e) The number of units occupied by persons whose total anticipated income does not exceed \$ _____ is _____ which is equal to _____% of the total number of occupied units.

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The undersigned hereby certifies that he or she is the _____ of Royal Oaks, Ltd. and that the above determinations and calculations have been completed to the best knowledge of the undersigned after due inquiry, and the undersigned does not believe or have any reason to believe that the information in the Tenant Income Certificate is inaccurate or has been given falsely.

Date _____, 19__

ROYAL OAKS, LTD.

By _____
Its _____

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EXHIBIT C
(to Regulatory Agreement)

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

The undersigned being a general partner of Royal Oaks, Ltd., a Alabama _____ partnership, (the "Borrower",) has read and is thoroughly familiar with the provisions of the various Loan Documents associated with the Borrower's participation in the Multifamily Housing Program of Alabama Housing Finance Authority (the "Issuer"), such documents including:

1. the Regulatory Agreement dated as of July 1, 1985 among the Borrower, the Issuer and SouthTrust Bank of Alabama, National Association, as Trustee (the "Trustee");

2. the Loan Agreement dated as of July 1, 1985 between the Borrower and the Issuer; and

3. the Installment Note dated _____ between the Borrower and the Issuer representing the Borrower's obligation to repay the loan made to it by the Issuer pursuant to the Loan Agreement described above.

As of the date of this certificate, the following number of residential units in the Project (i) are occupied by Lower-Income Tenants (as such term is defined in the Regulatory Agreement) or (ii) were previously occupied by Lower-Income Tenants and have been vacant and not reoccupied except for a temporary period of no more than 31 days, as indicated:

Number of units occupied
by Lower-Income Tenants _____

Number of units previously occupied
by Lower-Income Tenants (vacated and not
reoccupied except for a temporary period
of no more than 31 days) _____

Total _____

The total number of occupied residential units in the Project is _____. The total number of units occupied or previously occupied by Lower-Income Tenants as shown above is _____% of the total number of occupied units.

The undersigned hereby certifies that the Borrower is not in default under any of the terms and provisions of the above documents.

ROYAL OAKS, LTD.

By: _____
Its General Partner

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EXHIBIT D
(to Regulatory Agreement)

PROJECT COST CERTIFICATE

The following is a detailed listing of the major items of cost to be paid in connection with the construction or acquisition of the Project:

[LIST OF COSTS]

The costs set forth above have been computed in accordance with generally accepted accounting principles consistently applied and represent the undersigned's best estimate as of the date hereof of the costs of acquiring or constructing the Project which are to be financed out of proceeds from the Bonds. The defined terms used herein shall have the same meaning as set forth in the Regulatory Agreement.

ROYAL OAKS, LTD.

By _____
Its General Partner

The undersigned acted as [architect or contractor] with respect to the construction or acquisition of the Project and hereby confirms that the costs set forth above as certified to by the Borrower represent the best estimate as of the date hereof of the costs of constructing or acquiring the Project. The defined terms used herein shall have the same meaning as in the Regulatory Agreement.

STATE OF ALA. SHELBY CO.
I CERTIFY THIS
INSTRUMENT IS FILED

1985 JUL 24 PM 2:21

Thomas A. [Signature]
JUDGE OF THE COURT

[ARCHITECT OR CONTRACTOR]

RECORDING FEES

	Recording Fee	\$ <u>85⁰⁰</u>
D-1	Index Fee	<u>100</u>
	TOTAL	\$ <u>86⁰⁰</u>

