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**REGULATORY AGREEMENT
AND DECLARATION OF RESTRICTIVE COVENANTS**

among

DOUBLE LAKE VENTURES, LLC
Owner

and

ALABAMA HOUSING FINANCE AUTHORITY
Issuer

and

THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A.
Trustee

Dated as of March 1, 2000

Relating to

\$6,000,000
Alabama Housing Finance Authority
Multi-Family Housing Refunding Revenue Bonds
(Turtle Lake Project)
2000 Series A

and

\$1,080,000
Alabama Housing Finance Authority
Taxable Multi-Family Housing Revenue Bonds
(Turtle Lake Project)
2000 Series B

Inst. # 2000-07423

• 03/08/2000-07423
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SHELBY COUNTY JUDGE OF PROBATE
033 CJ1 88.50

**REGULATORY AGREEMENT
AND DECLARATION OF RESTRICTIVE COVENANTS**

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (the "Regulatory Agreement"), is made and entered into as of March 1, 2000, by and among **DOUBLE LAKE VENTURES, LLC**, a Georgia limited liability company (together with its successors and assigns hereinafter referred to as the "Owner"), **ALABAMA HOUSING FINANCE AUTHORITY**, a public corporation and instrumentality of the State of Alabama, duly created, organized and existing under and pursuant to the laws of the State of Alabama (the "Authority"), and **THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A.**, a national banking association having a corporate trust office in Birmingham, Alabama, as Trustee (the "Trustee"),

WITNESSETH:

WHEREAS, the Authority has been created and organized pursuant to and in accordance with the provisions of Chapter 1A of Title 24 of the Code of Alabama 1975, as amended (the "Act"), for the purpose of providing a means of financing the costs of safe and sanitary single-family and multi-family dwelling units for citizens of the State of Alabama with low and moderate income; and

WHEREAS, the Act authorizes the Authority (a) to make loans to, or purchase mortgage loans from, certain mortgage lenders and servicers, so as to enable such lenders and servicers to make loans to finance real and personal properties located in the State of Alabama constituting single-family or multi-family dwelling units for occupancy by low and moderate income families; (b) to issue its revenue bonds for the purpose of obtaining moneys to purchase such loans and provide such financing, to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues and receipts of the Authority, including the revenues and receipts to be received by the Authority from or in connection with purchasing such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Authority in order to secure the payment of the principal of, premium, if any, and interest on such bonds; and

WHEREAS, Section 103(b)(4)(A) of the Internal Revenue Code of 1954, as amended (the "1954 Code"), provides that the interest on fully registered obligations issued by or on behalf of a state or a political subdivision thereof, substantially all of the proceeds of which are to be used to provide projects for residential rental property, shall be exempt from federal income taxation if, among other requirements, at least 20 percent of the dwelling units in the project (15 percent in the case of projects located in Target Areas, as hereinafter defined) are to be occupied by individuals of low or moderate income within the meaning of, and for the period required by, Section 103(b)(12)(B) of the 1954 Code; and

WHEREAS, on December 20, 1985, the Authority issued, sold and delivered its Multi-Family Housing Residential Development Bonds, 1985 Series Q (Alabama Federal Savings & Loan Association) in the principal amount of \$6,000,000 (the "Original Bonds"), pursuant to a Trust Indenture dated as of December 1, 1985, by and between the Authority and First Alabama Bank (as successor to Union Bank & Trust Company (the "Original Trustee")); and

WHEREAS, the proceeds of the Original Bonds were used by the Authority to purchase a mortgage loan (the "Original Loan") from Alabama Federal Savings & Loan Association (the "Original Lender") to Turtle Lake, Ltd. (the "Original Owner") to finance the acquisition and construction of that certain multi-family residential rental project known as Turtle Lake Apartments (the "Project"), located in Shelby County, Alabama; and

WHEREAS, the Original Owner, the Authority, the Original Trustee and the Original Lender entered into a Regulatory Agreement dated as of December 1, 1985; and

WHEREAS, the Original Owner transferred the Project to Balboa Investment Group II (the "Prior Owner") on October 12, 1995; and

WHEREAS, on September 17, 1996, the Authority issued, sold and delivered its Multi-Family Housing Refunding Revenue Bonds (Turtle Lake Project), 1996 Series F in the principal amount of \$6,000,000 (the "Prior Bonds"), pursuant to a Trust Indenture dated as of September 1, 1996, by and between the Authority and AmSouth Bank of Alabama; and

WHEREAS, the proceeds of the Prior Bonds were used by the Authority to purchase a mortgage loan (the "Prior Loan") from AmSouth Bank of Alabama (the "Prior Lender") to the Prior Owner to refund the Original Bonds; and

WHEREAS, the Prior Owner, the Authority and AmSouth Bank of Alabama entered into a Regulatory Agreement dated as of September 1, 1996; and

WHEREAS, the Prior Owner transferred the Project to the Owner on February 26, 1999; and

WHEREAS, Section 1313(a) of the Tax Reform Act of 1986 permits the issuance of current refunding bonds to refund the Prior Bonds, as a result of which certain requirements of the 1954 Code will continue to apply to the Project notwithstanding the enactment of the Internal Revenue Code of 1986, as amended (the "1986 Code"); and

WHEREAS, the Authority has determined to issue, sell and deliver its Multi-Family Housing Refunding Revenue Bonds (Turtle Lake Project), 2000 Series A in the principal amount of \$6,000,000 (the "Bonds") and its Taxable Multi-Family Housing Revenue Bonds (Turtle Lake Project), 2000 Series B in the aggregate principal amount of \$1,080,000 (the "Taxable Bonds"), pursuant to a Trust Indenture dated as of March 1, 2000 (the "Indenture"), by and between the Authority and the Trustee, in order to obtain moneys with which to purchase a new mortgage loan (the "Loan") to be originated by ARCS Commercial Mortgage Co., L.P., a California limited partnership, as the lender (the "Lender"), to the Owner to permit the Owner to refund the Prior Bonds and to pay certain costs relating to the refunding and the Project; and

WHEREAS, pursuant to regulations promulgated under Section 103(b)(4)(A) of the 1954 Code (the "Regulations") for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes, the restrictions imposed by Section 103(b)(4)(A) of the 1954 Code must be complied with by the Authority and the Owner for the period described below; and

WHEREAS, the Authority is willing to issue the Bonds and the Taxable Bonds and provide financing for the Project in consideration of the Owner's agreements herein to abide by the provisions of Section 103(b)(4)(A) of the 1954 Code, the Regulations and this Regulatory Agreement; and

WHEREAS, the Owner has reviewed and is willing to comply with the provisions of Section 103(b)(4)(A) of the 1954 Code, the Regulations, the applicable provisions of the 1986 Code and this Regulatory Agreement for the period set forth herein in consideration of the refinancing being provided for the Project from the proceeds of the Bonds and the Taxable Bonds, at interest rates and upon other terms which reflect a tax-exempt interest rate on the Bonds and a taxable interest rate on the Taxable Bonds; and

WHEREAS, the Indenture requires the execution and delivery of this Regulatory Agreement in order to establish certain terms and conditions relating to the acquisition, construction and operation of the Project;

NOW, THEREFORE, in consideration of the mutual promises and covenants hereinafter set forth, and of other valuable consideration, the Owner, the Authority and the Trustee agree as follows:

AGREEMENT

Section 1. Definitions and Interpretation. Unless the context clearly otherwise requires, each capitalized word or phrase appearing herein that is defined in the Indenture shall have the same meaning in this Regulatory Agreement that is given it in the Indenture. In addition thereto, unless the context clearly requires otherwise, the following terms shall have the following respective meanings set forth below for purposes of this Regulatory Agreement:

"Acquisition and construction" means acquisition, construction, rehabilitation, installation and equipping of the Project.

"Act" means Act No. 80-585 adopted at the 1980 Regular Session of the Legislature of the State of Alabama, as amended, and presently codified as Chapter 1A of Title 24 of the Code of Alabama of 1975.

"Authority" means Alabama Housing Finance Authority, a public corporation and instrumentality duly organized and existing under the Constitution and laws of the State of Alabama.

"Bonds" means the Authority's Multi-Family Housing Refunding Revenue Bonds (Turtle Lake Project), 2000 Series A, in the principal amount of \$6,000,000.

"Certificate", "Statement", "Request", "Requisition" and "Order" mean, respectively, a written certificate, statement, request, requisition or order executed as follows: (1) if of the Authority, by the Chairman, Vice Chairman, Secretary or Executive Director thereof, or such other person as may be designated and authorized to sign for the Authority, (2) if of any other person, by such person as may be designated and authorized to sign for such person. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

"Closing Date" means the date of delivery of the Bonds to the original purchasers thereof against payment therefor.

"Completion Certificate" means the Certificate of completion of acquisition and construction of the Project required by Section 2(i) of this Regulatory Agreement to be executed by the Owner and delivered to the Authority.

"Completion Date" means the date of substantial completion of acquisition and construction of the Project as set forth in the Completion Certificate.

"Date of Official Action" means the date on which the Authority adopted a resolution declaring its intent to issue the Original Bonds.

"Development Account" means the account established and maintained by Alabama Federal Savings & Loan Association with respect to the Original Loan to pay certain costs of the Project.

"Eligibility Certificate" means the certificate required by Section 6(b) of this Regulatory Agreement.

"Indenture" means that certain Trust Indenture dated as of March 1, 2000, by and between the Authority and the Trustee, pursuant to which the Bonds and the Taxable Bonds are issued and secured.

"Lender" means ARCS Commercial Mortgage Co., L.P., a California limited partnership, and any successors thereto under the Origination Agreement.

"Loan" means the loan to the Owner to be originated by the Lender and purchased by the Authority, to provide financing to prepay the Prior Loan and to refund the Prior Bonds and to pay costs relating to the refunding and the Project, and to be evidenced by the Note.

"Lower-Income Tenants" means and includes individuals of low or moderate income within the meaning of Section 103(b)(12)(C) of the 1954 Code and applicable regulations thereunder, as the same may be amended from time to time, which as of the date of this Regulatory Agreement and as applicable to the Project, includes individuals and families whose adjusted gross income (computed in the manner prescribed in Treasury Regulation §1.167(k)-3(b)(3) or any successor thereto) does not exceed 80 percent of the Median Gross Income for the Area, but which excludes occupants of a Unit if all of the occupants are students (as defined in Section 151(e)(4) of the 1954 Code), no one of whom is entitled to file a joint return under Section 6013 of the 1954 Code.

"Median Gross Income for the Area" means the median income for the area where the Project is located as determined by the Secretary of Housing and Urban Development under Section 8(f)(3) of the United States Housing Act of 1937, as amended, or if programs under Section 8(f) are terminated, median income determined under the method used by the Secretary prior to the termination.

"Minimum Rental Period" means the longer of (i) the period commencing on the date when the first Unit in the Project was available for occupancy and ending on the date the Bonds no longer remain outstanding, or (ii) the Qualified Project Period.

"Mortgage" means the Multifamily Mortgage, Assignment of Rents and Security Agreement dated as of the date hereof given by the Owner, as mortgagor, to the Authority and the Lender, as mortgagees, and securing the repayment of the Loan.

"1986 Code" means the Internal Revenue Code of 1986, as amended, and all regulations and rulings promulgated thereunder.

"1954 Code" means the Internal Revenue Code of 1954, as amended, and all regulations and rulings promulgated thereunder.

"Note" means the promissory note dated as of March 1, 2000, in the aggregate principal amount of the Bonds and the Taxable Bonds which note is secured by the Mortgage and evidences the Owner's obligation to repay the Loan.

"Occupancy Certificate" means the certain Occupancy Certificate required by Section 6(e) of this Regulatory Agreement to be delivered to the Authority and the Trustee by the Owner.

"Occupancy Restrictions" means those restrictions set forth in Section 6 of this Regulatory Agreement.

"Original Bonds" means the Authority's Multi-Family Residential Development Bonds, 1985 Series Q (Alabama Federal Savings & Loan Association), in the principal amount of \$6,000,000.

"Original Loan" means the loan made to the Original Owner, the proceeds of which provided financing for the Project.

"Original Owner" means Turtle Lake, Ltd.

"Origination Agreement" means the Origination and Sale Agreement, dated as of the date hereof, between the Authority and the Lender.

"Owner" means Double Lake Ventures, LLC, a Georgia limited liability company, its successors and assigns and any subsequent owner of the Project.

"Person" means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Prior Bonds" means the Authority's Multi-Family Housing Refunding Revenue Bonds (Turtle Lake Project), 1996 Series F issued on September 17, 1996 in the principal amount of \$6,000,000.

"Prior Loan" shall have the meaning given in the "Whereas" clauses to this Regulatory Agreement.

"Prior Owner" means Balboa Investment Group II.

"Project" means the multi-family rental project known as Turtle Lake Apartments, located at Turtle Lake Drive in Shelby County, Alabama. The Project is located on the real property described on Exhibit A attached hereto.

"Project Costs" means and includes the following costs:

- (a) the costs of architectural, engineering and design services related to the Project, including, without limitation, the costs of preparation of studies, surveys, reports, tests, plans and specifications;
- (b) the costs of legal, accounting, marketing and other special services related to the Project;
- (c) costs and fees incurred in connection with the Original Loan or the Loan;
- (d) fees and charges incurred in connection with applications to federal, state and local governmental agencies for any requisite approval or permits regarding the acquisition and construction of the Project;
- (e) costs incurred in connection with the acquisition of the site for the Project, including any necessary rights-of-way, easements or other interests in real or personal property;
- (f) costs incurred in connection with the acquisition, construction, rehabilitation, improvement or extension of the buildings, structures and facilities comprising the Project;
- (g) costs incurred in connection with the acquisition and installation of any machines, equipment, appliances, fixtures, appurtenances or personal property of any kind or nature (including without limitation equipment for cooking, heating and refrigeration), which are to comprise any part of the Project;
- (h) premiums for any necessary title, casualty, liability and other insurance purchased in connection with the Project or the Original Loan; and
- (i) other costs and expenses relating to the Project which are permitted by the Act and which are incurred for the purpose of providing multi-family residential rental property and facilities functionally related and subordinate thereto.

"Project Restrictions" means those restrictions set forth in Section 5 of this Regulatory Agreement.

"Qualified Project Costs" means Project Costs that are paid or incurred after the Date of Official Action for the Project and that are for either (i) the acquisition, construction, reconstruction or improvement of land or property subject to the allowance for depreciation under Section 167 of the 1954 Code, or (ii) payment of amounts which are, for federal income tax purposes, chargeable to the capital account of the Project or would be so chargeable either (a) with a proper

election by the Original Owner or (b) but for a proper election by the Original Owner to deduct such costs, within the meaning of Treasury Regulation Section 1.103-8(a)(1), as the same may be amended from time to time. Qualified Project Costs shall not include expenditures (i) to acquire land, to the extent such expenditures are 25% or more of the proceeds of the Original Bonds, and (ii) to acquire buildings or equipment therein or other structures the first use of which is not by the Original Owner unless "rehabilitation expenditures" within the meaning of Section 103(b)(17)(C) of the 1954 Code are made with respect to such buildings at least equal to 15% of the portion of such buildings and equipment therein financed with proceeds of the Original Bonds and at least equal to 100% of the portion of the cost of other structures financed with proceeds of the Original Bonds.

"Qualified Project Period" means the period beginning on the later of the date of issuance of the Original Bonds or the first day on which ten percent (10%) of the Units in the Project were first occupied, and ending on the later of (i) the date which is ten (10) years after the date on which at least fifty percent (50%) of the Units in the Project were first occupied, or (ii) the date which follows the date on which any of the Units in the Project were first occupied by a number of days equal to fifty percent (50%) of the total number of days representing the sum of (A) the period during which the Original Bonds were outstanding plus the period during which the Prior Bonds were outstanding plus (B) the stated term of the Bonds, or (iii) the date on which any assistance provided with respect to the Project under section 8 of the United States Housing Act of 1937 terminates. The Qualified Project Period may be extended by the Authority if necessary to conform to any change in law or regulation after the date hereof.

"Real Estate" means the real property upon which the Project is located, as described in Exhibit A hereto.

"Regulations" means the regulations promulgated under Section 103 of the 1954 Code and under the 1986 Code by the Secretary of the Treasury, as the same may be amended from time to time.

"Regulatory Agreement" means this Regulatory Agreement and Declaration of Restrictive Covenants, dated as of March 1, 2000, by and among the Authority, the Owner and the Trustee.

"State" means the State of Alabama.

"Target Area" means a census tract or area of the State identified by the Authority as being a qualified census tract or an area of chronic economic distress within the meaning of Section 103A of the 1954 Code and the applicable Treasury Regulations thereunder.

"Tax Certification" means the Owner's Tax Certification submitted to the Authority.

"Taxable Bonds" means the Authority's Taxable Multi-Family Housing Revenue Bonds (Turtle Lake Project), 2000 Series B, in the principal amount of \$1,080,000.

"Transfer" means a transfer of the Project subject to the restrictions set forth in Section 7 of this Regulatory Agreement.

"Transfer Restrictions" means those restrictions set forth in Section 7 of this Regulatory Agreement.

"Trustee" means The Bank of New York Trust Company of Florida, N.A., a national banking association, and its successors in trust under the Indenture.

"Unit" means an individual residential unit contained within the Project.

Unless the context clearly requires otherwise, words of masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Regulatory Agreement and all the

terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The terms and phrases used in the recitals of this Regulatory Agreement have been included for convenience of reference only and the meaning, construction and interpretation of all such terms and phrases for purposes of this Regulatory Agreement shall be determined by reference to this Section 1. 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 and shall never be considered or given any effect in construing this Regulatory Agreement or any provision hereof or in ascertaining intent, if any question of intent should arise. "Herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereafter", and other equivalent words refer to this Regulatory Agreement and not solely to the particular portion thereof in which any such word is used.

Section 2. Owner's Representations, Covenants and Agreements Concerning Organization and Power and Concerning Acquisition, Construction and Completion of the Project. The Owner hereby represents, covenants and agrees as follows:

(a) It is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Georgia, has power and authority to own its properties and to carry on its business as now being conducted, and is duly qualified to engage in such business wherever such qualification is required, including without limitation, the State.

(b) It has the power and authority to execute and deliver this Regulatory Agreement and to carry out the transactions contemplated hereby and has duly authorized the execution, delivery and performance of this Regulatory Agreement. This Regulatory Agreement constitutes a legal, valid and binding obligation of the Owner, enforceable in accordance with its terms. All consents, approvals, authorizations and orders of governmental or regulatory authorities which are required for the execution and delivery of this Regulatory Agreement, the Note, the Mortgage and related documents and the consummation of the transactions contemplated hereby and thereby have been obtained.

(c) Neither the execution nor delivery of this Regulatory Agreement, the consummation of the transactions contemplated hereby, nor the performance or fulfillment of or compliance with the terms and conditions hereof conflicts with or results in a breach of any of the terms, conditions or provisions of any agreement or instrument to which it is now a party or by which it is bound, or constitutes a default under any of the foregoing or violates any judgment, order, writ, injunction, decree, law, rule or regulation to which it is subject.

(d) It is knowledgeable and experienced in the construction and operation of multi-family rental housing facilities of the magnitude and nature undertaken in connection with the Project.

(e) It has furnished such opinion of its legal counsel and certified resolutions evidencing necessary or appropriate action required to execute this Regulatory Agreement and carry out the transactions contemplated by this Regulatory Agreement and all other documents as have been requested by other parties to said transactions through the date of execution and delivery hereof.

(f) Neither the Owner nor any "related person," as defined in Sections 103(b)(6)(C) and 103(b)(13) of the 1954 Code, is or will be a party to any agreement, formal or informal, pursuant to which it has or will purchase any of the Bonds.

(g) As of the date hereof, acquisition, construction and management of the Project are complete, and all of the moneys in the Development Account have been expended.

(h) All amounts disbursed from the Development Account were used to pay Project Costs, and at least 95% of the aggregate amounts so disbursed from the said Development Account were applied to pay or reimburse Qualified Project Costs.

(i) Prior to the date of issuance of the Bonds, if it has not already done so, the Owner will submit to the Authority a Completion Certificate substantially in the form of Exhibit B attached hereto.

(j) The Lender may disclose to, or make available for inspection and audit by, the Trustee and the Authority, or their agents, its books, records and account information relating to the Project and the Loan.

(k) The average reasonably expected economic life of the buildings, structures and fixtures included in the Project, measured from the later of the date of issuance of the Bonds or the date on which the Project is or was first available for occupancy, is at least equal to 33 years, as determined in accordance with Section 147(b) of the 1986 Code. The average maturity of the Bonds, 30 years, does not, therefore, exceed 120% of the average reasonably expected remaining economic life of the Project.

(l) The information contained in the Owner's Tax Certification is true, accurate and complete as of the date thereof, and the Owner will immediately notify the Authority and the Trustee of any material change in the information contained in the Tax Certification.

(m) The Project is located entirely within the State.

(n) The Owner acquired the Project from the Prior Owner on February 26, 1999.

Section 3. Term of Agreement. This Regulatory Agreement shall become effective upon the date hereof and shall terminate upon the earlier of (a) the termination of the Occupancy Restrictions as provided in paragraph (a) of Section 4 hereof, or (b) an early termination pursuant to the provisions of paragraph (b) of Section 4 hereof.

Section 4. Term of Restrictions.

(a) **Occupancy Restrictions.** The term of the Occupancy Restrictions set forth in Section 6 hereof shall commence immediately and remain in effect during the longer of (i) the period during which the Bonds remain outstanding or (ii) the Qualified Project Period. It is expressly agreed and understood that the provisions hereof are intended to survive the payment of the Bonds and the termination of the financing documents relating thereto, if such termination occurs prior to the end of the stated term thereof.

(b) **Early Termination of Restrictions.** This Regulatory Agreement and the restrictions hereunder shall cease to apply to the Project in the event of involuntary noncompliance as a result of unforeseen events such as fire, seizure requisition, foreclosure, transfer of title by a deed in lieu of foreclosure or other similar event, change in a federal law or an action of a federal agency after the date of issue that prevents the Authority or the Trustee from enforcing the provisions of this Regulatory Agreement, or condemnation or similar event provided (i) the Bonds are retired or (ii) any insurance proceeds or condemnation awards or other amounts received as a result of such loss or destruction are used to provide a project (a) which meets the requirements of Section 103(b)(4)(A) of the 1954 Code and Regulation Section 1.103-8(b) as amended, or any successor law or regulation; (b) with respect to which a regulatory agreement substantially to the effect of this Regulatory Agreement is recorded; and (c) which meets the requirements of Section 148 of the 1986 Code; provided however, that if this Regulatory Agreement is terminated by reason of the aforementioned foreclosure, transfer of title by deed in lieu of foreclosure or other similar event, and the Bonds then outstanding are retired within a reasonable period and the Project thereafter ceases to comply with Section 103(b)(4)(A) of the 1954 Code, the Owner or any related person, as defined in Regulation Section 1.103-10(e), during the period in which the Occupancy Restrictions are or would be in effect, covenants and agrees not to obtain an ownership interest in the Project for federal tax purposes.

Section 5. Project Restrictions. The Owner further represents, warrants and covenants that:

(a) The Project has been constructed for the purpose of providing residential rental property, as such phrase is used in Section 103(b)(4)(A) of the 1954 Code.

(b) The Project consists of a building or structure or several proximate buildings or structures that are located on a single tract of land or contiguous tracts of land that will be owned, for federal tax purposes, at all times by one Person, and may include facilities functionally related and subordinate thereto. As used herein, "tract" means any parcel or parcels of land which are contiguous except for the interposition of a road, street, stream or similar property. Parcels shall be considered contiguous if their boundaries meet at one or more points.

(c) If a Unit within a building or structure is occupied by the Owner, or any person who is related to the Owner under the 1954 Code or the 1986 Code, the building or structure must include no fewer than four Units not occupied by the Owner or such related person.

(d) All of the Units in the Project contain and will contain complete living, sleeping, eating, cooking, and sanitation facilities.

(e) None of the Units in the Project has been or will at any time during the Minimum Rental Period be used on a transient basis, or used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitarium, rest home or as a trailer park or court for use on a transient basis.

(f) Units occupied and to be occupied by Lower-Income Tenants are and shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to those Units which are available to other tenants.

(g) Restrictions on use of proceeds:

(1) None of the proceeds of the Original Loan (including investment earnings) has been used to provide a golf course, a country club, a massage parlor, a tennis club, a skating facility, a racquet sports facility, a hot tub facility, a suntan facility, or a racetrack;

(2) No more than twenty-five percent (25%) of the proceeds of the Original Loan (including investment earnings) have been used to provide a facility the primary purpose of which is any of the following: retail food and beverage services, automobile sales or service; or the provision of recreation or entertainment;

(3) None of the proceeds of the Original Loan (including investment earnings) has been used to provide a health club facility, an airplane, a skybox, or any other private luxury box, any facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises;

(4) No more than 25% of the proceeds of the Original Loan have been used, directly or indirectly, for the acquisition of land or any interest therein;

(5) All of the proceeds of the Original Loan (including investment earnings) have been expended; and

(6) All of the proceeds of the Loan are being used to redeem the Prior Bonds and to pay costs relating to the redemption and the Project.

(h) Units in the Project will be available for rent on a regular basis to the general public.

Section 6. Occupancy Restrictions. The Owner further represents, warrants and covenants that:

(a) At least 22.8% (i.e., at least 42 Units as long as the Project consists of 184 Units) of the Units of the Project (or at least 15% if the Project is located in a Target Area) shall be occupied (or treated as occupied as provided herein) or held available for occupancy, on a continuous basis, by Lower-Income Tenants. The determination of whether an individual or family qualifies as a Lower-Income Tenant shall be made only at the time the tenancy commences. Any Unit occupied by an individual or family who is a Lower-Income Tenant at the commencement of occupancy shall continue to be treated as if occupied by a Lower-Income Tenant during his or her tenancy in such Unit even though such individual or family subsequently ceases to be of low or moderate income. Any Unit vacated by a Lower-Income Tenant shall be treated as being occupied by such prior Lower-Income Tenant until reoccupied, other than for a temporary period not to exceed thirty-one (31) days, at which time the character of the Unit shall be redetermined. If necessary in order to comply with the Occupancy Restrictions, the next available Unit or Units in the Project shall be made available only to individuals or families qualifying as a Lower-Income Tenant.

(b) As a condition to occupancy, any individual or family intended to be a Lower-Income Tenant shall sign and deliver to the Owner an Eligibility Certificate in the form substantially of that attached hereto as Exhibit C or in such other form and manner as may be required or permitted by applicable rules, regulations or policies promulgated or proposed by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under or pursuant to Section 103(b)(4)(A) of the 1954 Code or Section 142 of the 1986 Code, in which the prospective Lower-Income Tenant certifies that he or she and his or her family qualify as a Lower-Income Tenant. In addition, such individual shall provide such other information, documents or certifications as are deemed necessary by the Authority or the Trustee to substantiate the Eligibility Certificate.

(c) The form of lease to be used by the Owner in renting any Units in the Project shall provide for termination of the lease and consent by the tenant to immediate eviction if the tenant does not qualify as a Lower-Income Tenant and has made a material misrepresentation with respect to the Eligibility Certificate.

(d) Eligibility Certificates shall be maintained on file at the Project with respect to each Lower-Income Tenant who resides in a Unit or resided therein during the immediately preceding calendar year, and the Owner shall, promptly upon request, file a copy thereof with the Authority and/or the Trustee.

(e) On the first day of each calendar quarter (or such other period as the Authority and the Trustee may subsequently establish with the approval of nationally recognized bond counsel), the Owner will submit to the Authority and the Trustee, an Occupancy Certificate, in the form substantially of that attached hereto as Exhibit D (or in such other form as may be required by the Authority from time to time), executed by the Owner, stating, inter alia, the percentage of Units of the Project which were occupied by Lower-Income Tenants at all times during the preceding calendar quarter and identifying Lower-Income Tenants who commenced or terminated occupancy of the Project during such calendar quarter.

Section 7. Transfer Restrictions. In addition to any other requirement imposed by the Mortgage, the Note or this Regulatory Agreement, the Owner further represents, covenants and agrees not to sell, transfer or otherwise dispose of the Project during the term of this Regulatory Agreement without obtaining the prior written consent of the Authority, which consent shall be conditioned solely upon (i) receipt of evidence satisfactory to the Authority that the purchaser or transferee has assumed in writing the Owner's duties and obligations under this Regulatory Agreement and the Loan, (ii) the Authority's reasonable satisfaction that the proposed purchaser or transferee is capable (both financially and operationally) of performing such duties and obligations, (iii) payment of any transfer charges then imposed by the Authority, and (iv) an opinion of nationally recognized bond counsel acceptable to the Authority stating in effect that

the proposed action, together with any other changes with respect to the Bonds made or to be made in connection with such action, will not adversely affect the exclusion from gross income of the interest on the Bonds for federal income tax purposes. Notwithstanding the foregoing, upon foreclosure, deed in lieu of foreclosure or comparable conversion of the Loan, Fannie Mae may become Owner of the Project without regard to the provisions of this Section 7. Subject to the preceding sentence, it is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this Section 7 shall be null, void and without effect, shall cause a reversion of title to the owner and shall be ineffective to relieve the owner of its obligations under this Regulatory Agreement. Nothing contained in this Section 7 shall affect any provision of the Mortgage or any other Bond Document or Mortgage Loan Document (as defined in the Financing Agreement) which requires the Owner to obtain the consent of any other Person as a precondition to sale, transfer or other disposition of the Project.

Section 8. Covenants to Run with the Land. The Owner hereby subjects the Project to the covenants, reservations, and restrictions set forth in this Regulatory Agreement. The Authority, the Trustee and the Owner 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 Owner's successors in title to the Project during the term of this Regulatory Agreement. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed, or other instruments.

Section 9. Burden and Benefit. The Authority, the Trustee and the Owner hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Owner's legal interest in the Project is rendered less valuable thereby. The Authority, the Trustee, and the Owner hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by low and moderate income persons, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Original Bonds, the Prior Bonds, the Bonds and the Taxable Bonds were issued.

Section 10. Enforcement.

(a) The Owner will permit any duly authorized representative of the Authority, the Trustee, the Department of the Treasury, the Internal Revenue Service or the Lender at all reasonable times to inspect any books and records of the Owner regarding the Project and with respect to the incomes of Lower-Income Tenants which pertain to compliance with the provisions of this Regulatory Agreement and Section 103(b)(4)(A) of the 1954 Code and any Treasury Regulations applicable thereto.

(b) In addition to the information specifically requested in Section 6(e) hereof, the Owner shall submit any other information, documents or certifications requested by the Authority or the Trustee which the Authority or the Trustee deems reasonably necessary to substantiate the Owner's continuing compliance with the provisions of this Regulatory Agreement and Section 103(b)(4)(A) of the 1954 Code and any Treasury Regulations applicable thereto.

(c) The Authority, the Owner and the Trustee each covenants that it will not knowingly take or permit any action to be taken that would adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds. Moreover, each covenants to take any lawful action (including amendment of this Regulatory Agreement as may be necessary, in the opinion of nationally recognized bond counsel) to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service from time to time pertaining to obligations issued under Section 103(b)(4)(A) of the 1954 Code or pursuant to Section 1313(a) of the Tax Reform Act of 1986 and affecting the Project.

(d) The Owner further covenants and agrees to inform the Authority, the Trustee and the Lender by written notice of any violation of the Owner's obligations hereunder within five (5) days of first discovering any such

violation. If any such violation is not corrected to the satisfaction of the Authority and the Trustee within the period of time specified by the Authority or the Trustee, which shall be at least thirty (30) days after the date any notice to the Owner is mailed, or within such further time as the Authority and the Trustee determine is necessary to correct the violation without loss of the exclusion from gross income of interest on the Bonds for federal income tax purposes, not, in any event, to exceed any limitations set by applicable Regulations, then without further notice, the Authority or the Trustee may declare a default under this Regulatory Agreement effective on the date of such declaration of default, and upon such default the Authority or the Trustee may take any one or more of the following steps, at its option:

(i) by mandamus or other suit, action or proceeding at law or in equity, require the Owner to perform its obligations and covenants hereunder, or enjoin any acts or things that may be unlawful or in violation of the rights of the Authority or the Trustee hereunder;

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

(iii) take whatever other action necessary or desirable to enforce the obligations, covenants and agreements of the Owner hereunder.

The Trustee shall have the right, in accordance with this Section 10(d) and the provisions of the Indenture, to exercise any or all of the Authority's rights or remedies hereunder.

(e) The Owner, the Authority and the Trustee each acknowledge that the primary purpose for requiring compliance by the Owner with the restrictions provided in this Regulatory Agreement is to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds, and that the Trustee on behalf of the registered owners from time to time of the Bonds, who are declared to be third-party beneficiaries of this Regulatory Agreement, shall be entitled for any breach of the provisions hereof, to all remedies both at law and in equity in the event of any default hereunder.

Section 11. Indemnification of the Authority and the Trustee. The Owner hereby covenants and agrees that it will indemnify and hold harmless the Trustee and the Authority and their respective officers, directors, officials, employees, agents, successors and assigns, from and against (i) any and all claims by or on behalf of any person arising from any cause whatsoever in connection with the Loan, the Bonds, the Taxable Bonds or the Project; (ii) any and all claims arising from any act or omission of the Owner or any of its agents, contractors, servants, employees or licensees, in connection with the Loan, the Bonds, the Taxable Bonds or the Project; and (iii) all costs, counsel's fees, expenses or liabilities incurred in connection with any such claim or fees, expenses or liabilities incurred in connection with any such claim or proceedings brought thereon (whether or not suit is brought, including, without limitation, costs of investigation); provided, however, that the foregoing indemnity shall not extend to damages, claims or expenses incurred by the Trustee as a result of actions taken by it in bad faith or otherwise arising from its own gross negligence or wilful misconduct. In the event that any action or proceeding is brought against the Authority or the Trustee or any of their officers, directors, officials, employees, agents successors and assigns with respect to which indemnity may be sought hereunder against the Owner, the Owner, upon written notice from the indemnified party, shall assume the investigation and defense thereof, including the employment of counsel (which, in the case of counsel for the Authority, shall be designated by the Authority) and the payment of all expenses. Any indemnified party shall have the right to employ separate counsel in any such action or proceeding and to participate in the investigation and defense thereof, and the Owner shall pay the reasonable fees and expenses of such separate counsel; provided, however, that unless such separate counsel is employed with the approval and consent of the Owner, or the indemnified party determines that a conflict of interest exists between the interests of the Owner and the interests of the indemnified party, the Owner shall not be required to pay the fees and expenses of such separate counsel (except in the case of counsel designated by the Authority).

Each party entitled to indemnification hereunder, as a condition of such indemnity, shall use its best efforts to cooperate with the Owner in the defense of any such action or claim. The Owner shall not be liable for any settlement

of any such action without its consent, but, if any such action is settled with the consent of the Owner or there be final judgment for the plaintiff in any such action, the Owner agrees to indemnify and hold harmless the indemnified parties from and against any loss, damage, judgment, liability, expense, cost or fees incurred by such indemnified party by reason of such settlement or judgment.

The indemnification provisions in this Regulatory Agreement shall survive the termination of this Regulatory Agreement.

Section 12. Duties of Trustee with Respect to Project. The Authority hereby imposes on the Trustee and the Trustee accepts the duty to oversee the Project on behalf of the Authority in order to monitor the Owner's compliance with the provisions of this Regulatory Agreement and to exercise reasonable efforts to cause the Owner to comply with the representations, covenants and agreements of the Owner contained herein. The Trustee hereby agrees to do the following in order to cause the Owner and the Project to comply with the requirements hereof:

(a) The Trustee shall review all reports submitted by the Owner with respect to the Project and shall notify the Owner and the Authority of any failure by the Owner to submit such reports as and when required;

(b) The Trustee shall review all Eligibility Certificates required to be obtained and maintained by the Owner hereunder in order to confirm the Owner's compliance with the provisions of Section 6 hereof; and

(c) The Trustee shall file with the Authority written quarterly reports on each January 15, April 15, July 15 and October 15, beginning April 15, 2000, setting forth a summary description of the results of its review of the items described in (a) and (b) above, including a certificate of the Trustee substantially in the form of Exhibit E to this Regulatory Agreement.

The Trustee may delegate performance of any or all of its duties under this Regulatory Agreement to any agent lawfully empowered to perform such duties, including, but not limited to, an affiliate or subsidiary of the Trustee, at any time upon giving the Authority thirty (30) days' advance written notice. Any such appointee may appoint a successor which shall be an institution possessing such experience and knowledge as renders it capable of fulfilling its obligations hereunder. However, any such delegation shall not relieve the Trustee of its responsibilities hereunder.

Section 13. Consideration. The Authority has determined to issue the Bonds to obtain moneys with which to purchase the Loan for the purposes, among others, of effectuating the refunding of the Prior Bonds. In consideration of the issuance of the Bonds and the Taxable Bonds by the Authority, the Owner has entered into this Regulatory Agreement. The Trustee acknowledges that the fees payable to it under the Indenture include compensation for the services rendered by it hereunder.

Section 14. Reliance. The Authority and the Owner hereby acknowledge and agree that the representations, covenants and agreements set forth herein may be relied upon by all persons interested in the legality and validity of the Bonds and the Taxable Bonds and in the exclusion from gross income for federal income tax purposes of the interest on the Bonds, including without limitation any owner of the Bonds. In performing their duties and obligations hereunder, the Authority and the Trustee may rely upon Statements and Certificates of the Owner and Lower-Income Tenants believed to be genuine and to have been executed by the proper person or persons, upon audits of the books and records of the Owner pertaining to occupancy of the Project and upon representations and warranties of the Owner made herein. In addition, the Authority 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 action taken or suffered by the Authority or the Trustee hereunder in good faith and in conformity with the opinion of such counsel.

Section 15. Amendment. The parties hereto agree to amend this Regulatory Agreement to reflect changes in Section 103(b)(4)(A) of the 1954 Code, the Regulations, the 1986 Code, the Tax Reform Act of 1986, any successor to any of the foregoing and the revenue rulings issued by the Internal Revenue Service, or in the interpretation thereof,

if necessary to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds. Otherwise this Regulatory Agreement may be amended only by a written agreement executed by the parties hereto.

Section 16. Severability. The invalidity of any clause, part or provision of this Regulatory Agreement shall not affect the validity of the remaining portions thereof.

Section 17. Notices. All notices to be given pursuant to this Regulatory Agreement shall be in writing and shall be deemed given when mailed by first-class 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.

The Owner:	Double Lake Ventures, LLC 695 Rotterdam Industrial Park Schenectady, NY 12306
The Authority:	Alabama Housing Finance Authority 2000 Interstate Park Drive Suite 408 Montgomery, Alabama 36109 Attn: Executive Director
The Trustee:	The Bank of New York Trust Company of Florida, N.A. The Financial Center 505 North 20th Street, Seventh Floor Birmingham, Alabama 35203 Attn: Corporate Trust Administration

A copy of each notice or certificate required to be given hereunder shall also be given to the Servicer at the following address:

ARCS Commercial Mortgage Co., L.P.
26901 Agoura Road
Suite 200
Calabasas Hills, CA 91801
Attention: Mortgage Servicing
Telephone: (818) 880-3300
Facsimile: (818) 880-3333

with a copy to:	ARCS Commercial Mortgage Co., L.P. 144 Second Avenue North, Suite 333 Nashville, TN 37201 Attention: Joseph H. Torrence Telephone: (615) 255-2727, ext. 204 Facsimile: (615) 256-5085
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Section 18. Governing Law. This Regulatory Agreement shall be governed by the laws of the State, except to the extent that the laws of the United States of America may prevail.

Section 19. Multiple Counterparts. This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument and each of which shall be deemed to be an original.

Section 20. Recordation. The covenants, obligations and duties of the Owner contained herein shall run with the Project, including the real property upon which the Project is located. This Regulatory Agreement and all amendments and supplements hereto shall be recorded and filed in such manner and in such places as the Authority or the Trustee may reasonably request, and the Owner shall pay all fees and charges incurred in connection therewith.

Section 21. Fannie Mae Rider. The provisions of the Fannie Mae Rider attached hereto are hereby incorporated in this Regulatory Agreement by this reference. In the event of a conflict between the provisions of this Regulatory Agreement and the provisions of the Fannie Mae Rider, the provisions of the Fannie Mae Rider shall govern.

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.

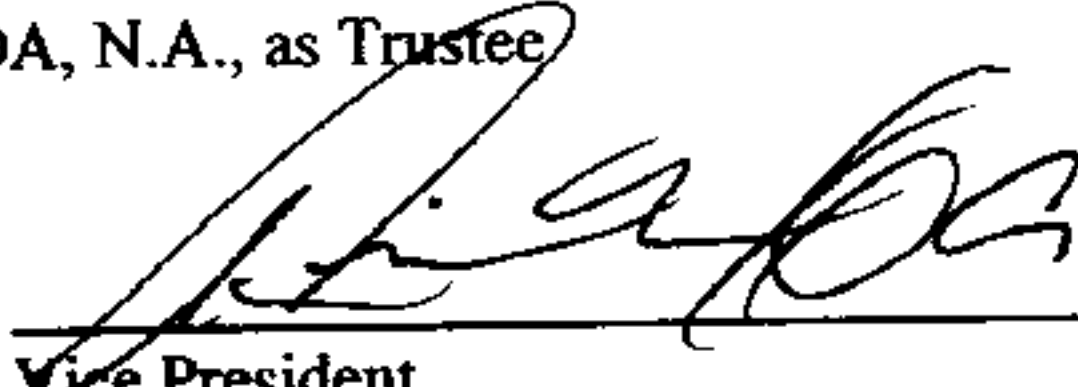
DOUBLE LAKE VENTURES, LLC,,
a Georgia limited liability company

By: GGL Ventures, LLC, a Georgia limited liability
company, its Manager

By: Rotterdam Ventures, Inc., a New York
corporation, its Manager

By: 
Dennis M. Trimarchi
Senior Vice President

THE BANK OF NEW YORK TRUST COMPANY OF
FLORIDA, N.A., as Trustee

By: 
Vice President

ALABAMA HOUSING FINANCE AUTHORITY

By: 
Vice Chairman of the Board of Directors

ACKNOWLEDGMENT OF OWNER

STATE OF ALABAMA)

COUNTY OF MONTGOMERY)

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that Dennis M. Trimarchi, whose name as Senior Vice President of Rotterdam Ventures, Inc., a New York corporation, as Manager of GGL Ventures, LLC, a Georgia limited liability company, as Manager of DOUBLE LAKE VENTURES, LLC, a Georgia limited liability company, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of such instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation, acting in the capacity as Manager of the limited liability company.

GIVEN under my hand and seal, this 6th day of March, 2000.

William Timothy Dyess
Notary Public

[NOTARIAL SEAL]

My Commission Expires: My Commission Expires 9-3-03

ACKNOWLEDGMENT OF TRUSTEE

STATE OF ALABAMA)

COUNTY OF MONTGOMERY)

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that Ann M. Harris, whose name as Vice President of The Bank of New York Trust Company of Florida, N.A., a national banking association, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of such instrument, she, as such officer and with full authority, executed the same voluntarily for and as the act of said Bank.

GIVEN under my hand and seal, this 6th day of March, 2000.

Vickie Wallace
Notary Public

[NOTARIAL SEAL]

My Commission Expires: _____

My Commission Expires May 16, 2003

ACKNOWLEDGMENT OF AUTHORITY

STATE OF ALABAMA)

COUNTY OF MONTGOMERY)

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that Ted B. Watts, whose name as Vice Chairman of the Board of Directors of ALABAMA HOUSING FINANCE AUTHORITY, a public corporation and instrumentality of the State of Alabama, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of such instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said public corporation.

GIVEN under my hand and seal, this 6th day of March, 2000.

Vickie Wallace

Notary Public

[NOTARIAL SEAL]

My Commission Expires: _____

My Commission Expires May 16, 2003

Exhibit A

A Tract of Land in the SW 1/4 of the NE 1/4 of Section 5, Township 19 South, Range 1 West, Shelby County, Alabama, Being more particularly described as follows:

Begin at the NE corner of said SW 1/4 of the NE 1/4; Thence run South 88 Degrees 52'53" West along the North line of said 1/4 - 1/4 Section for a distance of 661.23 feet; Thence run South 00 Degrees 04'49" East for a distance of 330.66 feet; Thence run South 88 Degrees 50'42" West for a distance of 258.06 feet to a Point on the Westerly right of way line of U.S. Highway #280; thence run South 06 Degrees 56'05" East along said right of way for a distance of 60.32 feet; thence leaving said right of way run North 88 degrees 57'56" East for a distance of 286.78 feet; to the Point of Beginning of a curve to the right having a central angle of 90 degrees 34'50" and a radius of 189.89 feet and a chord bearing of South 45 degrees 44'09" East, thence run along the arc of said curve for a distance of 300.18 feet; thence run South 00 degrees 46'20" East for a distance of 148.50 feet, thence run North 89 Degrees 27'15" East for a distance of 254.15 feet; thence run South 00 Degrees 00'03" East for a distance of 218.26 feet; thence run South 89 degrees 58'59" East for a distance of 176.0 feet to a point on the East line of said 1/4 - 1/4 Section thence run North 00 degrees 00'00" East along said East line for a Distance of 956.0 feet to the Point of Beginning., being situated in Shelby County, Alabama.

EXHIBIT B

COMPLETION CERTIFICATE

Date: _____

Alabama Housing Finance Authority
2000 Interstate Park Drive
Suite 408
Montgomery, Alabama 36130

Gentlemen:

This Completion Certificate is given by the undersigned with respect to Turtle Lake Apartments, Shelby County, Alabama (the "Project") as required by Section 2(i) of the Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement") dated as of March 1, 2000, among Alabama Housing Finance Authority, The Bank of New York Trust Company of Florida, N.A., as Trustee, and the undersigned. All terms used herein shall have the meanings assigned to them in the Regulatory Agreement.

The undersigned hereby certifies as follows:

1. Acquisition and construction of the Project was substantially completed on _____ [insert date] substantially in accordance with the approved Plans and Specifications, and all required governmental inspections regarding the Project have been successfully obtained and the Project is ready and available for occupancy.
2. The aggregate amount of the net proceeds of the Original Loan disbursed with respect to the Project is \$ _____.
3. At least 95% of the amount specified in paragraph 2 above has been applied or is being applied to pay or reimburse Qualified Project Costs related to the Project.
4.
 - (i) The first unit in the Project was completed and available for occupancy on _____ [insert date].
 - (ii) The first unit in the Project to be occupied was so occupied on _____ [insert date].
 - (iii) The date on which at least 10% of the units in the Project were first occupied was _____ [insert date].
 - (iv) The date on which at least 50% of the units in the Project were first occupied was _____ [insert date].

This Completion Certificate is given without prejudice to any rights against third parties which may exist on the date hereof or which may subsequently come into being.

DOUBLE LAKE VENTURES, LLC,,
a Georgia limited liability company

By: GGL Ventures, LLC, a Georgia limited liability
company, its Manager

By: Rotterdam Ventures, Inc., a New York
corporation, its Manager

By: _____
Its

EXHIBIT C

ELIGIBILITY CERTIFICATE

Re: Turtle Lake Apartments
Birmingham, Alabama

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	5. Place of Employment
(HEAD) _____		—	_____	_____
(SPOUSE) _____		—	_____	_____
_____	_____	—	_____	_____
_____	_____	—	_____	_____
_____	_____	—	_____	_____
_____	_____	—	_____	_____

If the tenant or tenants to whom this certificate relates do not qualify as Lower-Income Tenants, as defined in the Regulatory Agreement, the information in paragraphs 6, 7, and 8 need not be provided.

6. The anticipated income of all the above persons (except income from the employment of minors younger than 18 years of age) during the 12-month period beginning the date set forth above:

(a) including all wages and salaries, over-time pay, commissions, fees, tips and bonuses before payroll deductions; net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness); interest and dividends; the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts; payments in lieu of earnings, such as unemployment and disability compensation, workmen's compensation and severance pay; the maximum amount of public assistance available to the above persons; periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling; and all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse, but

(b) excluding casual, sporadic or irregular gifts; amounts that are specifically for or in reimbursement of medical expense; 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; amounts of education scholarships paid directly to the student or the educational institution, and amounts paid

by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purposes; special pay to a serviceman head of a family who is away from home and exposed to hostile fire; relocation payments under Title Act of 1970; foster child care payments; 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 for the allotments; and payments received pursuant to participation in ACTION volunteer programs, is as follows:

\$ _____, and the anticipated income, if any, for each minor listed above is as follows:

NAME

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

7. If any of the persons described above (or whose income or contributions was included in item 6) has any savings, bonds, or equity in real property or other form of capital investment, provide:

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

(b) the amount of income expected to be derived from such assets in the 12-month period commencing this date: \$ _____, and

(c) the amount of such income which is included in item 6: \$ _____.

8. (a) Will all of the persons listed in columns 1-5 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 person (other than nonresident aliens) married and eligible to file a joint federal income tax return?

Yes _____

No _____

9. The total adjusted gross income of the persons listed in column 1 above as reported on the most recent federal income tax return(s) of such persons was: \$ _____.

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 finance construction of the Project for which application is being made and on bonds issued to refinance said bonds. 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.

Head of Household

Spouse

SWORN TO and SUBSCRIBED before me on this the ____ day of _____, 19__.

(SEAL)

Notary Public in and for the State of Alabama

My Commission Expires: _____

FOR COMPLETION BY OWNER ONLY:

1. Calculation of eligible income:

(a) Enter amount entered for entire household in 6 above: \$ _____.

(b) If the amount entered in 7(a) above is greater than \$5,000, enter the greater of (i) the amount entered in 7(b) less the amount entered in 7(c) or (ii) 10% of the amount entered in 7(a) less the amount entered in 7(c):
\$ _____.

(c) TOTAL ELIGIBLE INCOME (Line 1(a) plus line 1(b)): \$ _____.

2. The amount entered in 1(c) is:

_____ Equal to or less than 80% of the Median Gross Income for the Area as defined under the Regulatory Agreement.

_____ More than 80% of the Median Gross Income for the Area as defined under the Regulatory Agreement.

3. Number of apartment unit assigned: _____.

4. Monthly rent: \$ _____.

5. This apartment unit [was/was not] last occupied for a period of 31 consecutive days by a person or persons whose adjusted income, as certified in the above manner, was equal to or less than the amount at which a person would have qualified as a Lower-Income Tenant under the terms of the Regulatory Agreement.

7. Applicant:

Yes

No

Qualifies as a Lower-Income Tenant

Manager

EXHIBIT D

OCCUPANCY CERTIFICATE

Date: _____

Alabama Housing Finance Authority
2000 Interstate Park Drive
Suite 408
Montgomery, Alabama 36130

The Bank of New York Trust Company
of Florida, N.A.
The Financial Center
505 North 20th Street, Seventh Floor
Birmingham, Alabama 35203

Gentlemen:

This Occupancy Certificate is given by the undersigned with respect to the Turtle Lake Apartments, Turtle Lake Drive, Birmingham, Alabama (the "Project") as required by the Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement") entered into by and among Alabama Housing Finance Authority, The Bank of New York Trust Company of Florida, N.A., and the undersigned. All terms used herein shall have the meanings assigned to them in the Regulatory Agreement.

The undersigned hereby certifies as follows:

1. At all times during the calendar quarter immediately preceding date of this Occupancy Certificate, at least _____% of the completed dwelling units in the Project were occupied by or held available for rental to Lower-Income Tenants. [Minimum of 20% required unless Project is located in a Target Area, in which case minimum of 15% required].

2. The representations, warranties and agreements of the undersigned Owner contained in the Regulatory Agreement are true and correct and have been duly performed by the undersigned Owner as of the date of this Occupancy Certificate.

For purposes of paragraph 1 above, a dwelling 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 a Lower-Income Tenant as appropriate, during such individual's or family's tenancy in such unit, even though the individual or family subsequently ceases to qualify as a Lower-Income Tenant. Moreover, a dwelling 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 a Lower-Income Tenant until reoccupied, other than for a temporary period not exceeding 31 days, at which time the character of the unit shall be redetermined.

DOUBLE LAKE VENTURES, LLC,,
a Georgia limited liability company

By: GGL Ventures, LLC, a Georgia limited liability
company, its Manager

By: Rotterdam Ventures, Inc., a New York
corporation, its Manager

By: _____
Its

Project Name: Turtle Lake Apartments

Total Number of Units: 184

Number of Units Occupied
by Lower-Income Tenants: _____

For Calendar Quarter Ending: _____

Name of Lower-Income Tenants who commenced or terminated occupancy during the calendar quarter covered
by this certificate:

	<u>Commenced Occupancy</u>	<u>Apt. No.</u>		<u>Terminated Occupancy</u>	<u>Apt. No.</u>
1.	_____	_____	1.	_____	_____
2.	_____	_____	2.	_____	_____
3.	_____	_____	3.	_____	_____
4.	_____	_____	4.	_____	_____
5.	_____	_____	5.	_____	_____
6.	_____	_____	6.	_____	_____
7.	_____	_____	7.	_____	_____
8.	_____	_____	8.	_____	_____

EXHIBIT E
TRUSTEE'S CERTIFICATE

Bonds:

Project(s):

Identified on Appendix A

Owner(s):

Identified on Appendix A

Date of this Certificate:

For the Calendar Quarter Ending:

The undersigned The Bank of New York Trust Company of Florida, N.A., as Trustee with respect to the Bonds described above, HEREBY CERTIFIES to Alabama Housing Finance Authority (the "Authority") as follows:

1. Attached hereto is an Occupancy Certificate executed by the Owner with respect to such Owner's Project, covering the calendar quarter described above. [Any required Occupancy Certificate which is not attached hereto is identified on Appendix B hereto.]

2. The Trustee has reviewed such Occupancy Certificate and hereby certifies to the Authority that to the best of its knowledge after performance by the Trustee of its duties set forth in Section 12(a), (b) and (c) of the Regulatory Agreement the Owner has complied at all times during the preceding calendar year and is complying with the limitations, covenants and requirements contained in Section 6 of the Regulatory Agreement executed and delivered (or assumed) by such Owner. [The certification contained in this paragraph 2 is to be included in each certificate delivered by the Trustee beginning with the Certificate due April 15, 2000.]

3. The Trustee has no reason to question the validity, accuracy or authenticity of the Occupancy Certificates attached hereto or the Eligibility Certificates obtained and maintained by the Owner.

THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A., as Trustee

By: _____
Its: _____

FANNIE MAE RIDER

This Fannie Mae Rider (the "Rider") is attached to and forms a part of the Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement"), dated as of March 1, 2000, among DOUBLE LAKE VENTURES, LLC and its successors and assigns (the "Owner"), ALABAMA HOUSING FINANCE AUTHORITY (the "Authority") and THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A. (the "Trustee"), as Trustee.

1. **Definitions.** Terms used in this Rider as defined terms shall have the meanings given those terms in the Regulatory Agreement. In addition, the following terms shall have the following meanings:

"Bond Documents" has the meaning given that term in the Indenture.

"Fannie Mae" means Fannie Mae, a corporation duly organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C., § 1716 *et. seq.*, and its successors and assigns.

"Financing Agreement" means the Financing Agreement, dated as of March 1, 2000 among the Authority, the Trustee, the Lender and the Owner, relating to the Bonds and the Loan, as amended, modified, supplemented or restated from time to time.

"Mortgage Loan Documents" means the Note, the Mortgage, the Ancillary Collateral Agreement (as defined in the Note) and all other instruments documenting, evidencing, securing or otherwise relating to the Loan, including all amendments, supplements and restatements, excluding, however, the Bond Documents.

2. **Applicability.** The provisions of this Rider shall amend and supplement the provisions of, and in the event of a conflict shall supersede the conflicting provisions of, the Regulatory Agreement.

3. **Indemnification.** Inasmuch as the covenants, reservations and restrictions of the Regulatory Agreement run with the land, the indemnification obligations of the Owner contained in the Regulatory Agreement will be deemed applicable to any successor in interest to the Owner, but, it is acknowledged and agreed, notwithstanding any other provision of the Regulatory Agreement to the contrary, that neither Fannie Mae nor any successor in interest to Fannie Mae will assume or take subject to any liability for the indemnification obligations of the Owner for acts or omissions of the Owner prior to any transfer of title to Fannie Mae, whether by foreclosure, deed in lieu of foreclosure or comparable conversion of the Loan; the Owner shall remain liable under the indemnification provisions for its acts and omissions prior to any transfer of title to Fannie Mae. Fannie Mae shall indemnify the Authority following acquisition of the Project by Fannie Mae, by foreclosure, deed in lieu of foreclosure or comparable conversion of the Loan, during, and only during, any ensuing period that Fannie Mae owns and operates the Project, provided that Fannie Mae's liability shall be limited to acts and omissions of Fannie Mae occurring during the period of ownership and operation of the Project by Fannie Mae. Fannie Mae's obligation to provide indemnification shall be contingent upon Fannie Mae's receipt of written notice from any party asserting a right to indemnification in time sufficient to enable Fannie Mae to defend any action, claim or proceeding in a manner which is not prejudicial to Fannie Mae's rights. Fannie Mae shall have no indemnification obligations with respect to the Bonds, the Taxable Bonds or the Mortgage Loan Documents. The Owner shall remain liable under the Regulatory Agreement for its actions and omissions prior to any transfer of title to Fannie Mae.

4. **Sale or Transfer.** Restrictions on sale or transfer of the Project or of any interest in the Owner, Authority and/or Trustee consents, transferee agreements, transferee criteria and requirements, opinion requirements, assumption fees, transfer fees, penalties and the like shall not apply to any transfer of title to the Project to Fannie Mae. No transfer of the Project shall operate to release the Owner from its obligations under the Regulatory Agreement. Nothing contained in the Regulatory Agreement shall affect any provision of the Mortgage or any of the other Mortgage Loan Documents which requires the Owner to obtain the consent of Fannie Mae as a precondition to sale, transfer or other disposition of, or any direct or indirect interest in, the Project or of any direct or indirect interest in the Owner.

5. Enforcement. Notwithstanding anything contained in the Regulatory Agreement or the Indenture to the contrary

(i) the occurrence of an event of default under the Regulatory Agreement shall not, under any circumstances whatsoever, be deemed or constitute a default under the Mortgage Loan Documents, except as may be otherwise specified in the Mortgage Loan Documents;

(ii) neither the Authority nor the Trustee may, upon the occurrence of an event of default under the Regulatory Agreement, seek, in any manner, to (a) cause or direct acceleration of the Loan, (b) enforce the Note, (c) foreclose on the Mortgage, (d) cause the Trustee to redeem the Bonds or to declare the principal of the Bonds and the interest accrued on the Bonds to be immediately due and payable or (e) cause the trustee to take any other action under any of the Mortgage Loan Documents, any of the Bond Documents or any other documents which action would or could have the effect of achieving any one or more of the actions, events or results described in the preceding clauses (a) through (d); and

(iii) to the extent permitted by law, the occurrence of an event of default under this Regulatory Agreement shall not impair, defeat or render invalid the lien of the Mortgage.

No person other than Fannie Mae shall have the right to (a) declare the principal balance of the Note to be immediately due and payable or (b) commence foreclosure or other like action. The Authority and the Trustee acknowledge the foregoing limitations.

The foregoing prohibitions and limitations are not intended to limit the rights of the Authority or the Trustee to specifically enforce the Regulatory Agreement or to seek injunctive relief in order to provide for the operation of the Project in accordance with the requirements of the Internal Revenue Code and state law. Accordingly, upon any default by the Owner, the Authority or the Trustee may seek specific performance of the Regulatory Agreement or enjoin acts which may be in violation of the Regulatory Agreement or unlawful, but neither the Authority nor the Trustee may seek any form of monetary recovery from the Owner, although the Authority may seek to enforce a claim for indemnification, provided that no obligation of the Owner under the Regulatory Agreement, including, without limitation, any indemnification obligation, any other obligation for the payment of money, any claim and any judgment for monetary damages against the Owner, occasioned by breach or alleged breach by the Owner of its obligations under the Regulatory Agreement or otherwise, shall be secured by or in any manner constitute a lien on, or security interest in, the Project, whether in favor of the Issuer, the Trustee or any other person, and all such obligations shall be, and by this Rider are, subordinate in priority, in right to payment and in all other respects to the obligations, liens, rights (including without limitation the right to payment) and interests arising or created under the Mortgage Loan Documents. Accordingly, neither the Authority nor the Trustee shall have the right to enforce any monetary obligation other than directly against the Owner, without recourse to the Project. In addition, any such enforcement must not reasonably cause the Owner to file a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Owner under any applicable liquidation, insolvency, bankruptcy, rehabilitation, composition, reorganization, conservation or other similar law in effect now or in the future.

The obligations of any owner under the Regulatory Agreement shall be personal to the person who was the owner at the time that an event, including, without limitation, any default or breach of the Regulatory Agreement, occurred or was alleged to have occurred, and such person shall remain liable for any and all such obligations, including damages occasioned by a default or breach, even after such person ceases to be the owner of the Project. Accordingly, no subsequent owner of the Project shall be liable or obligated for the obligation of any prior owner (including the Owner), including, but not limited to, any obligation for payment, indemnification or damages, for default or breach of the Regulatory Agreement or otherwise. The owner of the Project at the time the obligation was incurred, including any obligation arising out of a default or breach of the Regulatory Agreement, shall remain liable for any and all payments and damages occasioned by the owner even after such person ceases to be the owner of the Project, and no person seeking such payments or damages shall have recourse against the Project.

Under no circumstances shall the Authority or the Trustee:

(i) initiate or take any action which may have the effect, directly or indirectly of impairing the ability of the Borrower to timely pay the principal of, interest on, or other amounts due and payable under the Mortgage Loan;

(ii) interfere with or attempt to influence the exercise by Fannie Mae of any of its rights under the Loan, including, without limitation, Fannie Mae's remedial rights under the Mortgage Loan Documents upon the occurrence of an event of default by the Owner under the Loan; or

(iii) upon the occurrence of an event of default under the Loan, take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Loan.

6. Notice of Violations. Promptly upon determining that a violation of the Regulatory Agreement has occurred, the Authority or the Trustee shall, by notice in writing to the Servicer and Fannie Mae, inform the Servicer and Fannie Mae that such violation has occurred, the nature of the violation and that the violation has been cured or has not been cured, but is curable within a reasonable period of time, or is incurable; notwithstanding the occurrence of such violation, neither the Authority nor the Trustee shall have, and each of them acknowledge that they shall not have, any right to cause or direct acceleration of the Loan, to enforce the Note or to foreclose on the Mortgage.

7. Amendments. The Regulatory Agreement shall not be amended without the prior written consent of Fannie Mae, so long as the Fannie Mae Credit Facility (as defined in the Indenture) is outstanding.

8. Fees; Penalties. Fannie Mae shall not be liable for the payment of any compensation or any accrued unpaid fees, costs, expenses or penalties otherwise owed by the Owner or any subsequent owner of the Project prior to the date of acquisition of the Project by Fannie Mae, whether such acquisition is by foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Loan.

9. Third-Party Beneficiary. The parties to the Regulatory Agreement recognize and agree that the terms of the Regulatory Agreement and the enforcement of those terms are essential to the security of Fannie Mae and are entered into for the benefit of various parties, including Fannie Mae. Fannie Mae shall accordingly have contractual rights in the Regulatory Agreement and shall be entitled (but not obligated) to enforce, separately or jointly with the Authority and/or the Trustee, or to cause the Authority or the Trustee to enforce, the terms of the Regulatory Agreement. In addition, Fannie Mae is intended to be and shall be a third-party beneficiary of the Regulatory Agreement.

10. Notices. Copies of all notices under the Regulatory Agreement shall be sent to the Lender at the address set forth below or to such other address as the Servicer may from time to time designate:

Double Lake Ventures, LLC
695 Rotterdam Industrial Park
Schenectady, NY 12306

Any notice to be given to Fannie Mae shall be sent to Fannie Mae at the address set forth below or to such other address as Fannie Mae may from time to time designate:

Fannie Mae
3900 Wisconsin Avenue, N.W.
Drawer AM
Washington, D.C. 20016
Attention: Director, Multifamily Operations -
Asset Management

Facsimile: (202) 752-3542

Re: \$6,000,000 Alabama Housing Finance Authority Multi-Family Housing Refunding Revenue Bonds
(Turtle Lake Project), 2000 Series A and \$1,080,000 Alabama Housing Finance Authority Taxable
Multi-Family Housing Revenue Bonds (Turtle Lake Project), 2000 Series B; Loan Servicer: ARCS
Commercial Mortgage Co., L.P.

With a copy to:

Fannie Mae
3900 Wisconsin Avenue, N.W.
Washington, D.C. 20016
Attention: Vice President - Multifamily Asset Management
Facsimile: (202) 752-5016

Re: \$6,000,000 Alabama Housing Finance Authority Multi-Family Housing Refunding Revenue Bonds
(Turtle Lake Project), 2000 Series A and \$1,080,000 Alabama Housing Finance Authority Taxable
Multi-Family Housing Revenue Bonds (Turtle Lake Project), 2000 Series B; Loan Servicer: ARCS
Commercial Mortgage Co., L.P.

Inst # 2000-07423,

03/08/2000-07423
03:52 PM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
033 C31 88.50