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RICHARD T. MAUGHAN, DAVIS CNTY RECORDER
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WHEN RECORDED RETURN TO:

Fredrick H. Olsen
BALLARD SPAHR ANDREWS & INGERSOLL, LLP
201 South Main, Suite 600
Salt Lake City, Utah 84111

UTAH HOUSING CORPORATION
("Issuer")

and

WELLS FARGO BANK, NATIONAL ASSOCIATION
("Trustee")

and

FOXBORO TERRACE ASSOCIATES, L.C.,
a Utah limited liability company
("Borrower")

TAX REGULATORY AGREEMENT

Dated as of May 1, 2004

Relating to:

\$10,000,000

UTAH HOUSING CORPORATION
GNMA COLLATERALIZED MORTGAGE REVENUE BONDS
(FOXBORO TERRACE APARTMENTS PROJECT)
SERIES 2004A

TAX REGULATORY AGREEMENT

THIS TAX REGULATORY AGREEMENT (the "Tax Regulatory Agreement") is entered into as of May 1, 2004, by and among the Utah Housing Corporation (the "Issuer"), a body politic and corporate constituting a public corporation of the State of Utah, Wells Fargo Bank, National Association, as trustee (the "Trustee") under a Trust Indenture dated as of May 1, 2004 (the "Indenture") and Foxboro Terrace Associates, L.C., a Utah limited liability company (the "Borrower");

WITNESSETH:

WHEREAS, the Issuer is issuing its \$10,000,000 Utah Housing Corporation GNMA Collateralized Mortgage Revenue Bonds (Foxboro Terrace Apartments Project) Series 2004A (the "Bonds") for the purpose of funding a Mortgage Loan to the Borrower to finance the acquisition, construction and improvement of a residential multifamily facility intended for rental to persons of low and moderate income, to be located in the City of North Salt Lake, Utah, the legal site of which is described at Appendix I hereto (such land, with all buildings, fixtures, equipment and improvements now or hereafter constructed or installed thereon, is herein referred to as the "Project"); and

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

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

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

"Adjusted Income" means the anticipated total annual income of the family or individual for the certification year, determined in accordance with the criteria prescribed by the Secretary of Housing and Urban Development under 42 USC §1437a(b)(4), for purposes of determining whether a family is a low-income family within the meaning of 42 USC §1437a(b)(2). The "certification year" means the 12-month period which begins on the date on which the person first occupies the Unit on a rental basis, or signs a lease with respect to the Unit, whichever occurs first or an anniversary thereof, as applicable.

“Area” means the Salt Lake City-Ogden, Utah Primary Metropolitan Statistical Area or such other area as is specified by the Issuer.

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

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

“Bonds” means the Utah Housing Corporation GNMA Collateralized Mortgage Revenue Bonds (Foxboro Terrace Apartments Project) Series 2004A authorized by, and at any time outstanding pursuant to, the Indenture.

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

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

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

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

“FHA Loan Documents” means the Mortgage Note, the Mortgage, the FHA Regulatory Agreement and all other documents required in connection with the endorsement of the Mortgage Loan by FHA by Mortgage Insurance.

“Financing Agreement” means the Financing Agreement dated as of May 1, 2004 among the Issuer, the Trustee, the Borrower and Midland Loan Services, Inc., as Lender.

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

“HUD” means the United States Department of Housing and Urban Development or any successor thereto.

“Issuer” means the Utah Housing Corporation and its successors and assigns.

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

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

“Mortgage” means that certain mortgage, dated as of May 1, 2004, from the Borrower, granting a security interest in the Project to secure payment of the Mortgage Loan.

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

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

“National Housing Act” means the United States Housing Act of 1937, as amended, or its successor.

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

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

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

“Qualified Project Period” means a period beginning on the Occupancy Date and ending on the latest of (i) the date which is 15 years after the date on which at least 50% of the Dwelling Units in the Project are first occupied, (ii) the first day on which no tax-exempt private activity bond issued with respect to the Project is outstanding, (iii) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates, or (iv) the date which is 51 years after the Delivery Date.

“Qualifying Tenants” means individuals or families whose Adjusted Income is 60% or less of the Median Income for the Area. Determinations under the preceding sentence shall include adjustments for family size. Notwithstanding the foregoing, the occupants of a Dwelling Unit shall not be considered to be Qualifying Tenants if all the

occupants are students (as defined in Section 151(c)(4) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code. For purposes of determining Qualifying Tenants, the combined Adjusted Income of all occupants of a Dwelling Unit, whether or not legally related, shall be utilized.

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

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

Section 2. Residential Rental Property. The Borrower hereby agrees that the Project shall be owned, managed and operated as a “qualified residential rental project” as such phrase is utilized in Section 142(d) of the Code. To that end the Borrower hereby represents, covenants and agrees as follows:

(a) the Project shall be constructed and equipped as a qualified residential rental project, the Borrower shall develop, own, manage and operate the Project as a qualified residential rental project containing residential Dwelling Units and facilities Functionally Related and Subordinate to such Dwelling Units in accordance with Section 142(d) of the Code and related Treasury Regulations and each Dwelling Unit shall be similarly constructed and shall be rented or available for rental as required by Section 142(d) of the Code (residents being entitled to exclusive possession of such Dwelling Units);

(b) each Dwelling Unit in the Project contains complete and separate facilities for living, sleeping, eating, cooking (a cooking range, refrigerator and sink) and sanitation (including bathing) for a single person or a family;

(c) none of the Dwelling Units in the Project shall at any time be utilized on a transient basis; none of the Dwelling Units in the Project shall be leased or rented for a period of less than 60 days; and neither the Project nor any portion thereof shall be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, retirement home, sanitarium, rest home, trailer park or court or by a cooperative housing corporation (as defined in Section 216(b)(1) of the Code);

(d) preferential access to Dwelling Units will not be provided to any persons for use in their trades or businesses and once available for occupancy each Dwelling Unit in the Project shall be rented or available for rental on a continuous basis to members of the general public (excluding corporations or other non-individual legal entities) during the Qualified Project Period;

(e) the Dwelling Units in the Project shall be leased and rented to members of the general public in compliance with the Treasury Regulations and this Tax Regulatory Agreement, except for any Dwelling Units rented under the

Section 8 Program, which will be leased to eligible tenants in accordance with Section 8 Program constraints and regulations;

(f) substantially all (i.e., not less than 95%) of the Project shall consist of proximate buildings or structures located on one or more contiguous tracts of land which have similarly constructed Dwelling Units financed pursuant to a common plan together with Functionally Related and Subordinate facilities, all of which shall be owned by the same "person" (as such term is used in the Treasury Regulations) for federal tax purposes;

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

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

(i) notwithstanding the representations set forth (a) and (f) of this Section 2, the Borrower may make the swimming pool, clubhouse, maintenance building, rental office and related land available for use by the management and tenants of an adjacent jointly managed apartment project provided that all expenditures for such facilities and land are not paid from or allocated to the proceeds of the Bonds.

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

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

(i) The determination of whether the income of a resident of a Dwelling Unit in the Project exceeds the applicable income limit shall be made at least annually on the basis of the current income of such resident. If the income of a resident of a Dwelling Unit in the Project did not exceed the applicable income limit upon commencement of such resident's occupancy of such Dwelling Unit (or, as of any prior determination under

the preceding sentence), the income of such resident shall be treated as continuing to not exceed the applicable income limit; however, the preceding sentence shall cease to apply to any resident whose income as of the most recent annual determination exceeds 140% of the applicable limit if after such determination, but before the next determination, any Dwelling Unit of comparable or smaller size in the Project is occupied by any resident whose income exceeds the applicable income limit.

(ii) A Dwelling Unit which was occupied by a Qualifying Tenant shall be treated as occupied by a Qualifying Tenant until reoccupied, other than for a temporary period of not to exceed 31 days, at which time the character of the Dwelling Unit shall be redetermined.

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

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

(d) The Borrower shall submit to the Secretary of Treasury (at such time and in such manner as the Secretary shall prescribe) the annual certification required by Section 142(d)(7) of the Code (currently IRS form 8703) as to whether the Project continues to meet the requirements of Section 142(d). Any failure to comply with the provisions of the preceding sentence may subject the Borrower to penalties under the Code. The Borrower shall deliver a copy of all annual certifications submitted to the Secretary of Treasury, together with proof of mailing, to the Issuer within 30 days of submission to the Secretary of the Treasury.

(e) The Borrower shall prepare and submit to the Issuer on or before the first day of each June and December during the Qualified Project Period beginning on the first day of June or December, as applicable, following the initial occupancy of any Dwelling Unit, a Certificate of Continuing Program

Compliance in the attached hereto as Appendix II or as amended by the Issuer, duly executed by an authorized representative of the Borrower. In the event the Borrower is unable to deliver any Certificate of Continuing Program Compliance on a timely basis, the Borrower shall furnish to the Issuer, in writing, a detailed explanation of the reasons for such failure or inability to provide such Certificate of Continuing Program Compliance.

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

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

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

Section 5. Covenants Run with the Land. The Borrower hereby declares its express intent that the covenants, restrictions, charges and easements set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in title including any purchaser, grantee or lessee of any portion of the Project and any other person or entity having any right, title or interest therein and upon the respective heirs, executors, administrators, devisees, successors and assigns of the Borrower and any purchaser, grantee, developer or lessee of any portion of the Project and any other person or entity having any right, title or interest therein. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof or interest therein shall contain an express provision making such conveyance subject to the covenants, restrictions, charges and easements contained herein; provided, however, that any such contract, deed or other instrument shall conclusively be held to have been executed, delivered and accepted subject to such covenants, regardless of whether or not such covenants are set forth or incorporated by reference in such contract, deed or other instrument.

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

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

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

Except as otherwise provided herein and in Section 14, this Tax Regulatory Agreement and the covenants made by the Borrower herein shall remain in full force and effect until the expiration of the Qualified Project Period, provided that upon payment in full of the Bonds, all references in this Tax Regulatory Agreement to the Trustee shall be deemed to be references to the Issuer, and the Trustee shall have no further duties hereunder. The provisions hereof shall not be amended, revised or terminated prior to such stated term except by an instrument in writing duly executed by the Issuer, the Trustee (so long as any Bonds are outstanding), HUD, and the Borrower and duly recorded. The Issuer's consent to any such amendment, revision or termination shall be given only upon receipt of:

(a) an opinion of Bond Counsel that such amendment, revision or termination will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and such other evidence as may be requested by the Issuer that such amendment, revision or termination will not adversely affect the public policy utilized in the formulation of the Qualified Project Period on the date hereof; or

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

Upon expiration or sooner termination of this Tax Regulatory Agreement and upon written request to the Borrower, the Issuer shall take such reasonable actions as necessary upon the advice of its legal counsel to remove this Tax Regulatory Agreement from the public records relating to the Project Site.

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

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

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

Section 10. No Conflict with Other Documents. Except as otherwise provided in Section 14 hereof, the Borrower warrants that it has not executed and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that in any event, the requirements of this Tax Regulatory Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith.

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

Section 12. Notices. All notices to be given pursuant to this Tax Regulatory Agreement shall be in writing and shall be deemed given when mailed by certified or registered mail, return receipt requested, to the parties hereto at the addresses set forth below, or to such other place as a party may from time to time designate in writing, if to the Trustee: Wells Fargo Bank, National Association, 299 South Main Street, 12th Floor, Salt Lake City, Utah, 84111, Attention: Corporate Trust Service; if to the Borrower: Foxboro Terrace Associates, L.C., c/o The Ensign Group, 139 East South Temple, Suite 310, Salt Lake City, Utah, 84111, Attention: J. Randolph Cassidy; if to the Issuer: Utah Housing Corporation, 554 South 300 East, Salt Lake City, Utah 84111, Attention: President.

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

Section 14. Subordination.

(a) Notwithstanding anything in this Tax Regulatory Agreement to the contrary, except the requirements in 26 USC 42(h)(6)(E)(ii), the provisions hereof are expressly subordinate to the HUD insured mortgage or Deed of Trust, to the HUD Regulatory Agreement, and subordinate to all applicable HUD mortgage insurance (and Section 8, if applicable) regulations and related administrative requirements. In the event of any conflict between the provisions of this document and the provisions of any applicable HUD regulations, related HUD administrative requirements, or HUD/FHA loan documents, the HUD regulations, related administrative requirements or loan documents shall control.

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

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

(d) No action shall be taken in accordance with the rights granted herein to preserve the tax exemption of the interest on the Bonds or to prohibit the Borrower from taking any action that might jeopardize the tax exemption of the interest on the Bonds, except in strict accordance with the National Housing Act, applicable mortgage insurance regulations, the FHA Loan Documents, or if applicable, Section 8 of the U.S. Housing Act of 1937 and regulations promulgated thereunder.

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

(f) This Tax Regulatory Agreement may not be amended without the prior written approval of HUD.

(g) The provisions of this Tax Regulatory Agreement shall inure to the benefit of HUD, its successors and assigns.

(h) In consideration of HUD's agreeing to insure the Mortgage Loan, and in reliance by HUD upon the promises of the Borrower, the Trustee and the Issuer to comply herewith, HUD has reserved the right to require the Issuer to remove or void any restrictions that exceed the requirements of Section 142(d) of

the Code upon a determination by HUD that the restrictions are threatening the financial viability of the Project (i.e., impairing the Borrower's ability to sustain a level of income sufficient to meet all financial obligations of the Project, including debt service costs, HUD-required escrows, and project operating expenses). In the absence of the Issuer's compliance with a HUD request to take appropriate action to unilaterally remove or void the restrictions, the Issuer expressly recognizes the power of HUD to take the appropriate action to unilaterally remove or void the restrictions and that HUD shall not have to look any further than the legal instrument containing the restrictions for the power to remove or void it.

In the event of any conflict between the provisions of this Section 14 and the provisions contained in any other Section of this Tax Regulatory Agreement, the provisions of this Section 14 govern and shall be controlling in all respects.

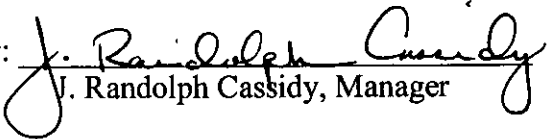
Section 15. Appendices. The appendices attached hereto are hereby incorporated and made a part hereof.

Section 16. Counterparts. This Tax Regulatory Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

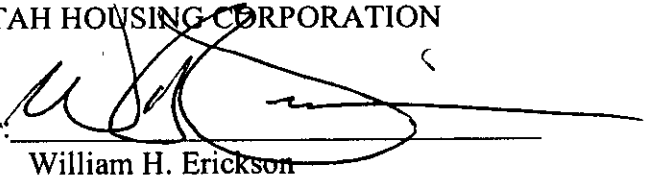
IN WITNESS WHEREOF, the parties have caused this Tax Regulatory Agreement to be signed by their respective, duly authorized representatives, as of the day and year first written above.

FOXBORO TERRACE ASSOCIATES,
L.C., a Utah limited liability company

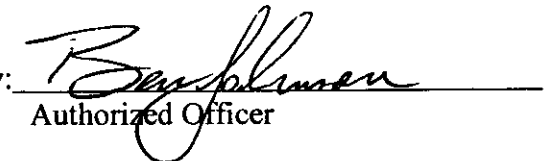
By: Its Manager, Foxboro Terrace
Management, L.C., a Utah limited
liability company

By: 
J. Randolph Cassidy, Manager

UTAH HOUSING CORPORATION

By: 
William H. Erickson
President

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

By: 
Authorized Officer

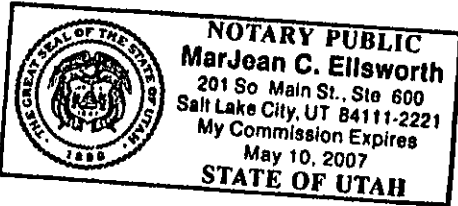
STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

On this 29th day of ^{April}~~May~~ 2004, before me, the undersigned Notary Public, personally appeared J. Randolph Cassidy, who acknowledged himself to be the Manager of Foxboro Terrace Management, L.C., the Manager of Foxboro Terrace Associates, L.C., a Utah limited liability company, and that he is a representative being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such authorized representative.

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

MarJean C. Ellsworth

Notary Public



P1288

APPENDIX I

Description of Project Site

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

LOT 107A, FOXBORO PLAT 1A AMENDED, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE AND OF RECORD IN THE DAVIS COUNTY RECORDER'S OFFICE.

Said property is also known by the street address of: 822 West Foxboro Drive, North Salt Lake, Utah 84054. ✓