

STATE OF SOUTH CAROLINA

FILED-RECEIVED

AGREEMENT AS TO RESTRICTIVE
COVENANTS

COUNTY OF York

Dec 20 10 42 AM '00

This Agreement As To Restrictive Covenants, dated as of December 11, 1998, by and between Market Place Apartments, L.P., its heirs, successors, and assigns, forever, (the "Developer") and the South Carolina State Housing Finance and Development Authority, together with its successors (the "Authority").

WITNESSETH:

WHEREAS, the DEVELOPER IS THE OWNER of certain real property located in Rock Hill, South Carolina, more particularly described in Exhibit A attached hereto, and, by reference incorporated herein (the "Property"); and

WHEREAS, the Authority has been designated by the Governor of the State of South Carolina as the housing credit agency for the State of South Carolina for the allocation of Low-Income Housing Tax Credit Dollars (the "Credit"); and

WHEREAS, the Developer has applied to the Authority for an allocation of Credit for a rental housing development which has been constructed or which will be constructed on the Property (the "Development") in an amount not to exceed \$277,990.89 Dollars; and

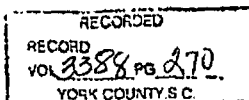
WHEREAS, the Developer has represented to the Authority, in the Developer's Low-Income Housing Tax Credit Application (the "Application"), that the Developer will lease at least 79.41% of the units in the Development to individuals or families whose income is sixty percent (60%) of the median gross income (including adjustments for family size) for the area in which the property is located, as required by section 42 of the Internal Revenue Code of 1986, as amended, together with applicable final, or temporary or regulations and revenue rulings issued or amended with respect thereto ("Low-Income Tenants"); and

WHEREAS, the Authority has determined that an allocation of Credit to the Development in an amount not more than \$277,990.89 is appropriate under the provisions of section 42 of the Internal Revenue Code of 1986, as amended, together with applicable final or temporary regulations and revenue rulings issued or amended with respect thereto (the "Code"); and

WHEREAS, the Developer has represented to the Authority in the Developer's Application that it will impose additional rent restrictions or will covenant to maintain the rent and income restrictions required by section 42 of the Code for an additional period of time; and

WHEREAS, the Code has required as a condition precedent to an allocation of the Credit that the Developer and the Authority execute, deliver, and record in the office of the Clerk of Court or Register of Mesne Conveyances, as appropriate, this Agreement As To Restrictive Covenants, (the "Covenants") in order to create certain covenants appurtenant to and running with the Property for the purpose of enforcing the requirements of section 42 of the Code and for the further purpose of monitoring the Developer's compliance with such provisions; and

WHEREAS, the Developer, in order to induce the Authority to make an allocation of the Credit to the Development, and in order to satisfy the requirements of section 42 of the Code; and in order to implement the Covenants made by the Developer in the application, that were relied upon by the Authority, intends, declares and covenants that the Restrictive Covenants set forth herein governing the use, occupancy and transfer of the Development shall be covenants appurtenant to and running with the Property for the term



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dated herein and are to be binding upon all subsequent owners of the Property for such term, and are not merely personal covenants of the Developer.

NOW, THEREFORE, for and in consideration of the promises and covenants hereinafter set forth, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Developer and the Authority hereby agree and covenant as follows:

1. All words and phrases defined in section 42 of the Code shall have the same meaning in these Covenants.
2. The Developer hereby declares that the Property and every part thereof is and shall be owned (legally and beneficially), leased, or otherwise conveyed, transferred, developed, rehabilitated, improved, built upon, occupied, or otherwise used, subject to these Covenants.
3. The Developer acknowledges that these Covenants are for the benefit of the Development and are in the nature of a covenant appurtenant to and running with the Property and every part thereof, and are not merely personal covenants of the Developer, and that these Covenants are to be binding upon the Developer and all property owners, tenants, licensees, occupants and their successors in interest with respect to the Property throughout the term specified herein. For the longer of the period the Credit is claimed or the term of these Covenants, each and every contract, deed, or other instrument hereafter executed conveying the Development or any portion thereof shall expressly provide that such conveyance is subject to these Covenants; provided, however, the covenants contained herein shall survive and be effective regardless of whether or not such contract, deed, or other instrument hereafter executed conveying the Development or any portion thereof provides that such conveyance is subject to these Covenants;

The Developer agrees to obtain the consent to these Covenants of any holder of a prior lien upon the Property. The Developer agrees that the obtaining of such consent shall be a condition precedent to the issuance of Internal Revenue Service Form 8609, which form evidences final allocation of the Credit.

4. The Developer hereby represents and warrants to the Authority:

The Developer is qualified to transact business under the laws of the State of South Carolina, has the power and authority to own its properties and transact its business as now being conducted, and has the full legal right, power, and authority to execute and deliver these Covenants;

The execution and performance of these Covenants by the Developer (a) will not violate or, as applicable, have not violated any provision of law, rule or regulation or any order of any court or other agency or governmental body, (b) will not violate or, as applicable, have not violated any provision of any indenture, agreement, mortgage, mortgage note or other instrument to which the Developer is a party or by which the Development is bound and (c) will not result in the creation or imposition of any prohibited encumbrance of any nature;

The Developer will, at the time of execution and delivery of these Covenants, have good and marketable title to the premises constituting the Development free and clear of any lien or encumbrance (subject to encumbrances created pursuant to this Covenant, any loan documents relating to the Development or other permitted encumbrances);

There is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending, or, to the knowledge of the Developer, threatened against or affecting it, or any of its properties or rights, which, if adversely

determined, would materially impair its right to carry on business substantially as now conducted (and as now contemplated by these Covenants) or would materially adversely affect its financial condition;

The Development constitutes or will constitute a qualified Low-Income Building or qualified Low-Income Development, as applicable, as defined in section 42 of the Code and applicable regulations;

Each unit in the Development contains complete facilities for living, sleeping, eating, cooking and sanitation (unless the Development qualifies as a single-room occupancy development or transitional housing for the homeless) which are to be used on other than a transient basis;

During the term of these Covenants, all units subject to the Credit shall be leased and rented or made available to members of the general public who qualify as Low-Income Tenants (or otherwise qualify for occupancy of the low-income units) under the applicable election specified in section 42(g) of the Code. Section 42(h)(6)(B)(iv) prohibits the refusal to lease to a holder of a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937 because of the status of the prospective tenant as such a holder;

The Developer agrees to comply fully with the requirements of all federal and state statutes relating to Fair Housing as they may from time to time be amended;

During the term of these Covenants, the Developer covenants, agrees and warrants that each Low-Income Unit will remain suitable for occupancy and will be used other than on a transient basis;

Subject to the requirements of section 42 of the Code and these Covenants, the Developer may sell, transfer or exchange the entire Development at any time, but the Developer shall notify in writing and obtain the agreement of any buyer or successor or other person acquiring the Development or any interest therein that such acquisition is subject to the requirements of these Covenants and to the requirements of section 42 of the Code and applicable regulations. This provision shall not act to waive any other restriction on sale, transfer or exchange of the development or any low-income portion of the Development. The Authority may void any sale, transfer or exchange of the Development if the buyer or successor or other person fails to assume in writing the requirements of these Covenants and the requirements of section 42 of the Code;

The Developer agrees to notify the Authority in writing of any sale, transfer or exchange of the entire Development or any low-income portion of the Development;

The Developer shall not demolish any part of the Development or substantially subtract from any real or personal property of the Development or permit the use of any residential rental unit for any purpose other than rental housing during the term of these Covenants unless required by law;

The Developer represents, warrants and agrees that if the Development, or any part thereof, shall be damaged or destroyed or shall be condemned or acquired for public use, the Developer will use its best efforts to repair and restore the Development to substantially the same condition as existed prior to the event causing such damage or destruction, or to relieve the condemnation, and thereafter to operate the Development in accordance with the terms of these Covenants;

The Developer warrants that it has not and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that in any

event, the requirement of these Covenants are paramount and controlling as to the rights and obligations set forth herein and supersede any other requirements in conflict herewith.

5. The Developer represents, warrants and covenants that throughout the term of these Covenants, and in order to satisfy the requirements of section 42 of the Code, at 79.41% or more of the residential units in the Development are both rent-restricted and occupied by Low-Income Tenants;

The determination as to whether or not a tenant meets the low-income requirement shall be made by the Developer at least annually on the basis of the then current gross income of each such low-income tenant.

6. In its Application, the owner elected the following special needs targeting for the development.

Single Room Occupancy Housing or Transitional Housing	0	units
Elderly	0	units
Physical Handicaps or Developmental Disabilities	14	units
Large Family	0	units

7. The order to make enforceable those extended use or deeper targeting covenants that the Developer represented to the Authority in its Application, and in reliance upon which covenants the Authority has made its determination as to the propriety of an allocation of Credit to the Development, the Developer represents, warrants, and covenants that throughout the term of these Covenants and for an additional term of five (5) years the Development shall be occupied by tenants whose income are recited herein. For and during such additional term these Covenants shall remain in full force and effect. 79.41% of the units within the Development shall be occupied by tenants whose income does not exceed sixty (60%) of median gross income (including adjustment for family size) for the area in which the Development is located.
8. These Covenants shall commence on the first day in the Compliance Period (as defined by section 42 of the Code) on which any building in the Development is placed in service and shall end on the latest of: (a) the date which is 15 years after the close of the Compliance Period. Notwithstanding the foregoing provision, the Developer shall comply with the provisions of section 42 of the Code relating to extended use for an additional 15 years provided, however, that the extended use period for any building in the development shall terminate on the date any such building is acquired by foreclosure (or by any instrument in lieu of foreclosure), or on the last day of the one year period beginning on the date (after the 14th year of the compliance period) the Developer submits a written request that the Authority find a person to acquire the Developer's interest in any such building who will agree to continue to operate such building as a qualified Low-Income building, and the Authority has been unable to locate such a purchaser. Provided, further, that the rent restrictions contained in section 42 of the Code shall continue for a period of three years following the termination of the extended use period pursuant to the preceding sentence. During such three year period, no Low-Income tenant residing in such building shall be evicted other than for good cause and the gross rent charged for any Low-Income unit shall not be increased above the maximum allowed under the Code for such Low-Income unit; (b) the date on which the last of the indebtedness represented by the bonds used to finance the development has been paid, or (c) the end of the Qualified Development Period as determined under section 142 (d)(2)(a) of the Code.
9. The Developer covenants that it will not knowingly take or permit any action that would result in a violation of the requirements of section 42 of the Code and applicable provisions of these Covenants. Moreover, Developer covenants to take any lawful action (including

amendment of these Covenants as may be necessary, in the opinion of the Authority) to comply fully with the Code and with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated by the United States Treasury Department or the Internal Revenue Service, from time to time pertaining to Developer's obligations under section 42 of the Code and affecting the Development;

The Developer and the Authority each acknowledges that the primary purpose for requiring compliance by the Developer with the restrictions provided in these Covenants is to assure compliance of the Development and the Developer with the Code and with the Covenants made by the Developer that were relied upon by the Authority in determining the propriety of awarding Credits to the development BY REASON THEREOF, THE DEVELOPER IN CONSIDERATION FOR RECEIVING LOW-INCOME HOUSING CREDITS FOR THIS DEVELOPMENT HEREBY AGREES AND CONSENTS THAT THE AUTHORITY AND ANY INDIVIDUAL WHO MEETS THE INCOME LIMITATION APPLICABLE UNDER SECTION 42 (WHETHER PROSPECTIVE, PRESENT OR FORMER OCCUPANT) SHALL BE ENTITLED, FOR ANY BREACH OF THE PROVISIONS HEREOF, AND IN ADDITION TO ALL OTHER REMEDIES PROVIDED BY LAW OR IN EQUITY, TO ENFORCE SPECIFIC PERFORMANCE BY THE DEVELOPER OF ITS OBLIGATIONS UNDER THIS AGREEMENT IN A COURT OF COMPETENT JURISDICTION. The Developer hereby further specifically acknowledges that the beneficiaries of the Developer's obligations hereunder cannot be adequately compensated by monetary damages in the event of any default hereunder;

The Developer hereby agrees that the representations and covenants contained herein may be relied upon by the Authority and all persons interested in Development compliance under section 42 of the Code.

10. The Developer covenants that it will maintain records for the Development and file reports with the Authority with respect to occupancy and rent requirements and will permit the Authority to inspect such records at all reasonable times. Such records shall be maintained in the format prescribed by the Authority and shall contain information as to the occupants of units designated for Low-Income Tenants;

The Authority shall be permitted to inspect such records and the units designated to be occupied by Federal Low-Income Tenants at all reasonable times. Such inspection shall be for the purpose of verifying the accuracy of such records and the reports made to the Authority;

The Developer shall report requested information to the Authority periodically about the Development and its occupants necessary to enable the Authority to monitor compliance with these Covenants. The Developer agrees that the Authority may contact any tenant in the Development for the purpose of verifying the accuracy of such records.

11. The Developer shall provide the Authority an annual financial operating statement as to the Development containing a balance sheet and a statement of income and expenses.
12. In the event the Authority detects noncompliance with the rent and occupancy requirements contained in section 42 of the Code, the Authority shall notify the Internal Revenue Service, and shall be entitled to take such other action as it shall deem necessary or advisable to enforce the provisions of the Code or these Covenants.
13. In the event the Developer enters into any agreement for the management of the Development, such agreement shall contain provisions authorizing the termination thereof at

the direction of the Authority upon failure of such Manager to comply with the provisions of these Covenants.

14. For and during the term of these Covenants, the Developer agrees to pay to the Authority an annual administrative fee to compensate the Authority for its monitoring of the Developer's compliance with section 42 of the Code and the covenants contained in the Developer's application.
15. In the event the Developer fails to promptly cure any violation hereof after notice by or on behalf of the Authority or (any Low-Income Tenant), such violation may be enjoined, abated, restrained, or otherwise remedied by appropriate legal or equitable proceedings. In the event of proceedings are brought to enforce or restrain violation of any of these Covenants, or to determine the rights of any person hereunder, the prevailing party in such proceeding may recover reasonable attorney's fees to be fixed by the court in addition to court costs and any other relief awarded by the court in such proceedings.
16. The invalidity of any clause or provision of these Covenants shall not affect the validity of the remaining portions thereof.
17. These Covenants are subordinate to the loan and loan documents, if any, on the Development, except insofar and to the extent that section 42 of the Code requires otherwise.
18. This instrument shall be construed in accordance with and governed by the laws of the State of South Carolina.
19. The obligations of the Developer set forth herein and in the Application shall survive the allocation of the Credit and shall not be deemed to terminate or merge with the awarding of the allocation of the Credit.

IN WITNESS WHEREOF, the parties have set their hands and seals as of the 11th
day of December, 1980

WITNESS:

SOUTH CAROLINA STATE HOUSING FINANCE
AND DEVELOPMENT AUTHORITY

J. R. N. N. N.
James N. N.
WITNESS:
James N. N.
James N.

BY: W. Turner Syons
W. Turner Syons
ITS: Director of Development
Market Place Apartments LP
19 Market Place Apartments LP
BY: James N. N.
ITS: James N.

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

PROBATE

PERSONALLY APPEARED before me Laura A. Hulse, who being duly sworn, deposes and says that she saw the South Carolina State Housing Finance and Development Authority by W. Turner Styons, its Director of Development sign, and as its act and deed deliver the foregoing Agreement As To Restrictive Covenants for the uses and purposes mentioned therein, and who together with James Hulse witnessed the execution thereof.

Laura A. Hulse
WITNESS

sworn to before me this 12th
day of December, 2006.

E. L. Hulse (L.S.)
Notary Public for South Carolina
My Commission Expires 1/1/2008 Commission Expires Sept. 11, 2006.

STATE OF South Carolina
COUNTY OF Richland

PROBATE

PERSONALLY APPEARED before me Bryan M. Hulse, who being duly sworn, deposes and says that he saw Market Place Associates, LLC by James B. Miller, its Managing Member sign, and as its act and deed deliver the foregoing Agreement As To Restrictive Covenants for the uses and purposes mentioned therein, and who together with SPH 02 witnessed the execution thereof.

Bryan M. Hulse
WITNESS

sworn to before me this 13th
day of December, 2006.

E. L. Hulse (L.S.)
Notary Public for South Carolina
My Commission Expires 1/1/2008 Commission Expires November 2, 2006.

EXHIBIT A

All that piece, parcel and tract of land with buildings and improvement thereon, containing 6.238 acres, at the westernmost corner of the intersection of McCullough Street and the proposed By-Pass (hereby), in the City of Rock Hill, County of York, State of South Carolina; said tract being more particularly shown and delineated as Tract No. 1 on a plat of survey of property prepared for Friendship-Prospect Apartments, Inc., by F.C. Hulcy, C.E., dated November 1, 1970; said tract having the following courses and distance, to-wit: Beginning at a point marked by an iron pipe on the above referenced plat 200 feet southwest of intersection of Lige and McCullough Streets and thence running South 48 degrees 45' West for a distance of 197.44 feet along the northwestern boundary of McCullough Street to an iron pipe; thence turning and running along the eastern boundary of the Thomas L. Richmond property North 41 degrees 11' 30" West for a distance of 150.00 feet to an iron pipe; thence turning and running along the northwestern boundary of the Thomas L. Richmond property South 48 degrees 42' 30" West for a distance of 74.94 feet to an iron pipe; thence turning and running along the western boundary of the Thomas L. Richmond property South 41 degrees 15' 30" East for a distance of 149.93 feet to an iron pipe on the northwestern boundary of McCullough Street; thence turning and running along the northwestern boundary of McCullough Street South 48 degrees 45' West for a distance of 210.93 feet to an iron pipe at the intersection of the northwestern boundary of McCullough Street and the northeastern boundary of a 15 foot alley; thence turning and running along the boundary of said alley North 42 degrees 39 minutes West for a distance of Two Hundred Eighty-Nine and Thirty-Four One Hundred (289.34) feet to an iron pipe; thence turning and running along the southeastern boundary of the James D. Steel and Company and A. F. Fenrell property North 41 degrees 55 minutes East for a distance of 224.97 feet to an iron pipe; thence turning and running along the northeastern boundary of the James D. Steel and Company and A. F. Fenrell property North 44 degrees 15 minutes West for a distance of 523.00 feet to a stake; thence turning and running along the southeastern boundary of the Clinton Institute property North 62 degrees 45 minutes East for a distance of 283.42 feet to the intersection of the southeastern boundary of the Clinton Institute property and the southwestern boundary of property of D.B. Chisholm; thence turning and running along said boundary D.B. Chisholm South 44 degrees 14 minutes 30 seconds East for a distance of 473.92 feet to an iron pipe; thence turning and running along South 39 degrees 43 minutes, 30 seconds East along property of JIMMISON and MURPHY for a distance of 120.52 feet to an iron pipe; thence turning and running South 42 degrees 5 minutes, 30 seconds East along property of Sadie H. Rucker for a distance of 152.97 feet to an iron pipe; thence turning and running South 45 degrees 55 minutes East along property of D. Bailey and Ton R. for a distance of 75.20 feet to a point of the beginning.

This being the same tracts of land conveyed to FRIENDSHIP-PROSPECT APARTMENTS, INC. by deed of SADIE H. RUCKER, a/s/a SADIE V. RUCKER by deed dated December 37, 1970 as recorded in the Office of the Clerk of Court for the County of York, State of South Carolina in Deed Book No. 211 at Page No. 334.