

When record, please return to:
Nevada Housing Division
1802 N Carson St., Suite 154
Carson City, NV 89710

159599

**DECLARATION OF RESTRICTIVE COVENANTS
FOR LOW INCOME HOUSING CREDITS**

This Declaration of Restrictive Covenants for Low Income Housing Credits is entered into between the Nevada Housing Division, a division of the Department of Business and Industry of the State of Nevada (the "Division") and Ruby Hills Associates, a Nevada Limited Partnership (the "Sponsor") with reference to the following facts:

A. The multi-family housing project which is the subject of and is to be bound by this Declaration of Restrictive Covenants for Low Income Housing Credits is situated in Bureau County, Nevada and is located on the real property described in Exhibit "A" attached hereto and incorporated herein by reference. The real property described in Exhibit "A" shall be construed to include all fixtures and improvements located on such real property and the tenements, hereditaments and appurtenances thereto.

B. Nevada Revised Statute Section 319.145 provides that the Division is designated as the housing credit agency for the State of Nevada for the purpose of allocating and distributing credits for low income housing projects pursuant to Section 42 of the Internal Revenue Code of 1986, as amended.

C. Sponsor has submitted an application to the Division requesting an allocation of low income housing credits in the amount of Forty-Two Thousand Seven Hundred Forty Three Dollars (\$42,743.00).

D. The Division has determined that the multi-family housing project will support a credit allocation in the amount of Forty-Two Thousand Seven Hundred Forty Three Dollars (\$42,743.00), which credits have been allocated or are expected to be allocated to the following buildings within the project:

Address of Building Building Identification No.

10191 Monroe Street, Bldg 1	NV-94-00043
10192 Monroe Street, Bldg 2	NV-94-00044
10193 Monroe Street, Bldg 3	NV-94-00045
10195 Monroe Street, Bldg 5	NV-94-00047
10196 Monroe Street, Bldg 6	NV-94-00048
10197 Monroe Street, Bldg 7	NV-94-00049

Total Credits Allocated to Project: \$42,743.00.

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E. Section 42(h)(6) of the Internal Revenue Code of 1986, as amended, provides that no credit will be allowed under Section 42 of the Internal Revenue Code with respect to any building unless an "extended low income housing commitment" is entered into between the Sponsor and the Division.

F. In order to comply with Section 42(h)(6) of the Internal Revenue Code of 1986, as amended, and to ensure compliance that the Project is operated as a low income housing project, Sponsor and the Division agree to enter into this Declaration of Restrictive Covenants for Low Income Housing Credits.

BASED UPON THE FOREGOING, the parties agree as follows:

I

DEFINITIONS

Unless the context otherwise requires, capitalized terms used in this Declaration of Restrictive Covenants for Low Income Housing Credits shall have the following meanings:

A. Agreement. The term Agreement shall mean this Declaration of Restrictive Covenants for Low Income Housing Credits, as the same may be amended, changed, modified or supplemented from time to time.

B. Applicable Fraction. The term Applicable Fraction shall mean the smaller of (i) the "unit fraction" as defined in Section 42(c)(1)(C) of the Code or (ii) the "floor space fraction" as defined in Section 42(c)(1)(D) of the Code.

C. Area Median Gross Income. The term Area Median Gross Income shall mean the median gross income of the area in which the Project is located as determined by the Secretary in a manner consistent with the determination of area median gross income under Section 8 of the Housing Act, with adjustments for family size.

D. Building. The term Building shall mean each building which is or will be a part of the Project and to which the Division has agreed to allocate Tax Credits.

E. Code. The term Code shall mean the Internal Revenue Code of 1986, as amended, the Treasury Regulations relating thereto, and any corresponding provisions of any future United States Internal Revenue Laws.

F. Compliance Period. The term Compliance Period shall mean with respect to each Building, the period of fifteen (15) taxable years, beginning with the first taxable year of the Credit Period.

G. Credit Period. The term Credit Period shall mean with respect to each Building, the period of ten (10) taxable years, beginning with the Sponsor's taxable year in which the building is

placed in service, or at the election of the Sponsor, the Sponsor's succeed taxable year.

H. Division. The term Division shall mean the Nevada Housing Division, a division of the Department of Business and Industry of the State of Nevada, or any successor to the Division.

I. Gross Rent. The term Gross Rent shall mean all rents paid by the Tenant, including the amount paid by the Tenant to the Sponsor for utilities and any other mandatory fees paid by the Tenant to the Sponsor, but excludes any payment under Section 8 of the Housing Act or any comparable federal rental assistance program and any other rental assistance program excluded from Gross Rent under Section 42(g)(2) of the Code. If the Tenant pays his or her utilities directly to a utility company, Gross Rent shall include any utility allowance prescribed by the Secretary.

J. Housing Act. The term Housing Act shall mean the United States Housing Act of 1937, as amended, and any regulations pertaining thereto, as the same may be amended, changed, modified or supplemented from time to time.

K. HUD. The term HUD shall mean the United States Department of Housing and Urban Development.

L. Income. The term Income shall mean the gross income of a Low Income Tenant determined in a manner consistent with the requirements of Section 142(d)(2)(B) of the Code. Income shall be determined at the time a Low Income Tenant begins occupancy and shall be redetermined at least annually.

M. Low Income. The term Low Income shall mean an income of no more than sixty percent (60%) of the Area Median Gross Income.

N. Low Income Tenant. The term Low Income Tenant shall mean a Tenant who, when the Tenant originally occupied the Unit, had an income qualifying as Low Income. Except for projects qualifying as "Deep Rent Skewed Projects" pursuant to 142(d)(4)(B) of the Code, a Tenant will no longer qualify as a Low Income Tenant if the Tenant's most recent income exceeds one hundred forty percent (140%) of Low Income. For projects that qualify as "Deep Rent Skewed Projects" under 142(d)(2)(B) of the Code, a Tenant will no longer qualify as a Low Income Tenant if the Tenant's most recent income exceeds one hundred seventy percent (170%) of Low Income.

O. Low Income Unit. The term Low Income Unit shall mean a unit in a Building that is occupied by a Low Income Tenant and is Rent Restricted. With respect to non "Deep Rent Skewed Projects" only, if the Unit was a Low Income Unit at the last annual income certification, but the Tenant of the Unit is no longer a Low Income Tenant, the Unit will continue to be treated as a Low Income Unit until and provided that the next available Unit or Units of comparable or smaller size are rented to a Low Income Tenant and the rental of such Unit or Units, as the case may be, increases the

Applicable Fraction for such Building set forth in subparagraph A.2. of Article II. For projects that qualify as "Deep Rent Skewed Projects" under Section 142(d)(2)(B) of the Code, if the Unit was a Low Income Unit at the last annual certification, but the tenant of the Unit is no longer a Low Income Tenant, the Unit will continue to be treated as a Low Income Unit until and provided that the next available Unit in the Building is occupied by a new resident whose income is 40% or less of the Area Median Gross Income. Notwithstanding the foregoing, the Low Income Unit shall not cease to become a Low Income Unit even where the income of the tenant exceeds the income limitation specified by the Code if the provisions of Section 42(g)(2)(E) are applicable. A Low Income Unit that is vacated by a Low Income Tenant will continue to be treated as a Low Income Unit provided reasonable attempts are made to rent the Unit and no other Units of comparable or smaller size in the Project are rented to Tenants who are not Low Income Tenants.

P. Project. The term Project shall mean the multi-family residential housing project known as Ruby Hills Apartments and located on the real property described in Exhibit "A."

Q. Qualified Low Income Housing Project. The term Qualified Low Income Housing Project shall mean a residential rental project which meets the requirements of Section 42 of the Code and which consists of one (1) or more buildings or structures, together with functionally related and subordinate facilities, containing one or more similarly constructed units and available to members of the general public as rental units and used on other than a transient basis. Factory made housing that is permanently affixed to real property may qualify as a Qualified Low Income Housing Project. Hotels, motels, dormitories, fraternities and sorority houses, rooming houses, hospitals, nursing homes, sanitariums, rest homes, retirement homes, life care facilities, and trailer parks and courts for use on a transient basis are not Qualified Low Income Housing Projects. However, single room occupancy housing used on a non-transient basis, such as on a month-to-month rental basis, may be treated as a Qualified Low Income Housing Project even though the housing may provide eating, cooking and sanitation facilities on a shared basis. A building which is used to facilitate the transition of homeless individuals to independent living within twenty-four (24) months by assisting them in locating and retaining permanent housing shall be treated as a Qualified Low Income Housing Project where each Unit located in the building contains sleeping accommodations and kitchen and bathroom facilities and the building meets all other requirements of Section 42(f)(1)(B)(iii). Buildings located on one or more contiguous (except for a road, stream or similar property) parcels of land that have similarly constructed units may be treated as part of the same Qualified Low Income Housing Project if they are financed pursuant to a common plan. A Qualified Low Income Housing Project may not consist of fewer than five (5) units if one (1) of the units is occupied by the owner or a related person.

R. Rent Restricted. The term Rent Restricted shall mean any Unit that the Gross Rent with respect to such Unit does not exceed thirty percent (30%) of the "Imputed Income Limitation," as defined in Section 42(g)(2)(C) of the Code. If the Gross Rent with respect to a Unit exceeds thirty percent (30%) of the "Imputed Income Limitation," as defined in Section 42(g)(2)(C) of the Code, such Unit shall, nevertheless, be treated as Rent Restricted, if the requirements of Section 42(g)(2)(E) are met with respect to such Unit.

S. Secretary. The term Secretary shall mean the Secretary of the Treasury of the United States.

T. Sponsor. The term Sponsor shall mean Ruby Hills Associates, its successors, heirs and assigns.

U. Tax Credit. The term Tax Credit shall mean the Low Income Housing Credits under the provisions of Section 42 of the Code.

V. Tenant. The term Tenant shall mean the individual or individuals entitled to occupy a Unit in the Project by lease or other legal relationship with the Sponsor.

W. Unit. The term Unit shall mean any unit in the Project consisting of an accommodation containing separate and complete facilities for living, sleeping, eating, cooking and sanitation; provided, however, that single-room occupancy housing used on a non-transient basis may be treated as one or more Units, even though the housing may provide eating, cooking and sanitation facilities on a shared basis.

II

COVENANTS RUNNING WITH THE LAND

A. Declaration of Covenants. The Sponsor hereby declares that the Project is and shall be held, conveyed, encumbered, leased, used, occupied, improved, and otherwise affected in any manner subject to the provisions contained in this paragraph A. of Article II, all of which are hereby declared to be in furtherance of the purpose of providing affordable low income housing, and some of which are further declared to be for the purpose of complying with Section 42 of the Code. All provisions contained in this paragraph A. of Article II shall be deemed to be covenants running with the land or as equitable servitudes, as the case may be, and shall constitute benefits and burdens to the Sponsor and its successors and assigns and to all persons hereafter acquiring or owning any interest in the Project, however such interest may be acquired. Accordingly, the following covenants, conditions, and restrictions are hereby imposed upon the Project:

1. Maintenance of the Project as a Qualified Low Income Housing Project. During the term of this Agreement, the Sponsor

shall maintain the Project as a Qualified Low Income Housing Project.

2. Maintaining Applicable Fraction for Each Building. During the term of this Agreement, the Sponsor shall operate the Project so that the Applicable Fraction with respect to each of the following Buildings shall be equal to or in excess of the Applicable Fraction set forth opposite the respective Building.

Building (Identified by Building Identification Number)	Applicable Fraction to be Maintained by Sponsor
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NV-94-00043	100%
NV-94-00044	100%
NV-94-00045	100%
NV-94-00047	100%
NV-94-00048	100%
NV-94-00049	100%

3. Prohibitions on Transfer of the Project. Sponsor shall not sell, transfer, convey, exchange, or otherwise dispose of a Building to a Third Party, unless Sponsor's entire interest in the Building is conveyed to such Third Party, and the Division consents in writing to such a sale, transfer, conveyance, exchange or disposition. The Division shall not unreasonably withhold its consent to allow the Sponsor to sell, transfer, convey, exchange, or otherwise dispose of its entire interest in a Building if the transferee agrees to be bound by the terms of this Agreement and to comply with all the requirements mandated by Section 42 of the Internal Revenue Code which are applicable to the Building.

4. Residential Rental Requirements. During the term of this Agreement, the Sponsor will hold all Units in the Project continuously open for rental purposes.

5. Additional Restrictions Relating to Rental Units. During the term of this Agreement, Sponsor hereby agrees to comply with the following:

a. Sponsor agrees that all of the Units located in the Project shall be continuously held open for and occupied by Low Income Tenants whose income, at the time the Tenant initially occupies the Unit, does not exceed sixty percent (60%) of the Area Median Gross Income. Except as provided in subparagraph 5.b., below, Sponsor agrees that the Gross Rents charged shall not exceed (i) thirty percent (30%) of the "Imputed Income Limitation" as defined in Section 42(g)(2)(C) of the Code less (ii) less the sum of Forty dollars (\$40.00).

b. Sponsor agrees that the Gross Rents initially charged for the Low Income Units described in subparagraph 5.a. above shall not be increased without first obtaining the prior written consent of the Division. The Division may, but shall not be required to, grant rent increases upon the submission of a written request by the Sponsor to the Division. Such request shall contain economic justification for the proposed increase and the documentation of the necessity thereof. At a minimum, the Division may grant rent increases proportionate to the increase in the HUD median income levels for the area in which the project is located, as published by HUD from time to time. In reviewing a request for an increase beyond the increase in the HUD median income levels, the Division may also consider the costs of operating the project, rent levels for the area, applicable state and federal law, and such other circumstances as the Division deems relevant. In no event shall a rent increase request be approved by the Division if the Gross Rents exceed those allowed under Section 42 of the Code.

6. Renting to Holder of a Voucher Under Housing Act. During the term of this Agreement, the Sponsor will not refuse to lease to a Tenant who is a holder of a voucher or certificate of eligibility under Section 8 of the Housing Act because of the status of the Tenant as a holder of such voucher or certificate.

III

ADDITIONAL REPRESENTATIONS, COVENANTS AND WARRANTIES OF THE SPONSOR

A. In addition to the covenants running with the project made by the Sponsor and described in Article II, the Sponsor further represents, covenants and warrants the following:

1. Sponsor is a partnership duly organized, validly existing, and in good standing under the laws of the State of Nevada, has all necessary powers to own its properties and to carry on its business as now owned and operated, and is duly qualified to do business and is in good standing in the State of Nevada.

2. The execution and performance of this Agreement by Sponsor will not violate or has not violated any law, rule, regulation, or any order of any court or other agency or governmental body, and will not violate or has not violated any provision of any indenture, agreement, mortgage, mortgage note, deed of trust, or other instrument in which the Sponsor is a party or to which the project is subject.

3. This Agreement and all obligations of Sponsor under the terms of this Agreement are legally binding on Sponsor and enforceable in accordance with their terms.

4. 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 Sponsor, threatened against or affecting it, or any of its properties or rights, which,

if adversely determined, would materially impair the Sponsor's duty to carry out or perform its obligations under this Agreement.

5. If the Project, a Building, or any part thereof, shall be damaged or destroyed or shall be condemned or acquired for public use, Sponsor shall use its best efforts to repair and restore the Project to substantially the same conditions as existed prior to the event causing such damage or destruction and thereafter to operate the Project in accordance with the terms of this Agreement.

6. The Sponsor shall not execute any other Agreement or instrument with provisions contradictory to, or in opposition to, the provisions contained herein.

7. Sponsor has or, at the date the Tax Credits are allocated by the Division to the Project, will have good and marketable title to the Project.

8. Following the close of the first taxable year in the Credit Period with respect to each Building, the Sponsor shall certify to the Secretary, at such time and in such manner as the Secretary may require, the following information:

a. The taxable year and the calendar year in which each Building was placed in service;

b. The adjusted basis and eligible basis as defined in Sections 1011 and 42(d) of the Code, respectively, of each Building as of the close of the first year of the Credit Period;

c. The maximum applicable percentage (as defined in Section 42(b) of the Code) and qualified basis (as defined in Section 42(c) (1) of the Code) permitted to be taken into account by the Division under Section 42(h) of the Code;

d. The election to adopt the "20/50" or "40/60" test described in Section 42(g) of the Code; and

e. Such other information as the Secretary may require.

9. If required by the Secretary, the Sponsor shall submit to the Secretary an annual information return, at such time and in such manner as the Secretary shall prescribe, containing the information required by Section 42(1) (2) of the Code;

10. At least annually, the Sponsor shall determine and certify the Income of each Low Income Tenant and within a reasonable time thereafter provide such information to the Division.

11. At least annually, the Sponsor shall furnish to the Division the Gross Rents which are charged by the Sponsor with respect to each Low Income Unit.

12. The Sponsor shall notify the Division if there is a determination by the Internal Revenue Service that the Project or any Building in the Project is not in compliance with any provision of Section 42 of the Code. Such notification to the Division shall be given within fifteen (15) days of the determination by the Internal Revenue Service.

13. The legal description attached hereto as Exhibit "A" is a true and correct copy of the legal description of the real property on which the Project is located.

14. The Sponsor acknowledges that under Section 42(m)(1)(B)(iii) of the Code, the Division or an agent or other private contractor of the Division is required to monitor the Project for noncompliance with the provisions of Section 42 of the Code. The Sponsor agrees to be obligated and to pay to the Division such amounts as are assessed against the Sponsor by the Division from time to time to recover the Division's costs in connection with the monitoring of the Project.

IV

TERM OF AGREEMENT

A. Basic Term. With respect to each Building, and except as otherwise provided in paragraph B. below, the term of this Agreement shall commence on the first day of the Compliance Period for each Building, and shall end upon the occurrence of the later of the following events:

1. The date which is fifteen (15) years after the expiration of the Compliance Period for each Building; or

2. The last day of the period in which Sponsor has elected to treat the Building as being subject to the terms of this Agreement, if any, which Sponsor acknowledges to be August 1, 2025.

B. Early Termination. Notwithstanding the provisions contained in paragraph A. above, the term of this Agreement shall terminate on the occurrence of the following event:

1. The date a Building is acquired by foreclosure (or such acquisition is part of an arrangement with the Sponsor a purpose of which is to cause an early termination of this Agreement.

C. Eviction, Etc. of Existing Low Income Tenants Not Permitted. In the event the term of this Agreement is terminated pursuant to subparagraph B.1. or B.2. above, Section 42(h)(6)(E)(ii) of the Code provides that termination of this

Agreement shall not be construed to permit before the close of the three (3) year period following such termination (1) the eviction or the termination of tenancy (other than for good cause) of an existing Low Income Tenant, or (11) any increase in the Gross Rent with respect to a Low Income Unit where such rent increase is not otherwise permitted under Section 42 of the Code.

V

ACCESS TO BOOKS AND RECORDS

A. The Sponsor shall permit, during normal business hours and upon reasonable notice, any duly authorized representative of the Division to inspect all books and records of the Sponsor relating to the Project including, but not limited to, records relating to the Income of Tenants and the Gross Rents charged with respect to the Low Income Units. The Sponsor shall also submit such further information, documents or certifications as may be requested by the Division which the Division deems reasonably necessary to substantiate the Sponsor's compliance with the provisions of this Agreement and the Code.

VI

EFFECT OF COVENANTS IN AGREEMENT

A. Covenants Running With the Land. Each promise, covenant, and agreement contained in Article II and the undertaking to comply with each provision contained in Article II of this Agreement (1) shall be deemed incorporated in each deed or other instrument by which any right, title or interest in the Project, is granted, devised, or conveyed, whether or not set forth or referred to in such deed or other instrument; (ii) shall be deemed a real covenant by the Sponsor for itself, its successors and assigns, and also an equitable servitude, running, in each case, as a burden with and upon the title to the Project, as a real covenant and servitude for the benefit of the Project; (iii) shall, by virtue of acceptance of any right, title or interest in the Project by a successor in interest to the Sponsor, be deemed accepted, ratified, adopted and declared as a personal covenant of such successor in interest to the Sponsor, and, as a personal covenant, shall be binding on such successor in interest and such successor in interest's heirs, personal representatives, successors and assigns, and shall be deemed a personal covenant to, with and for the benefit of the Division and the Low Income Tenants (whether prospective, present or former occupants); and (iv) shall be deemed a covenant, obligation and restriction in favor of the Division and any Low Income Tenant (whether prospective, present or former occupant), burdening and encumbering the title to the Project in favor of the Division and each Low Income Tenant (whether prospective, present or former occupant).

B. Personal Covenants. Each covenant, representation, agreement, promise and warranty contained in Article III of this Agreement and any undertaking to comply with such provisions shall

be deemed a personal covenant by the Sponsor and shall be binding on the Sponsor's heirs, personal representatives, successors and assigns and shall be deemed a personal covenant to, with, and for the benefit of the Division.

VII

ENFORCEMENT AND REMEDIES

In addition to any other remedies provided by law, each provision of this Agreement with respect to the Sponsor or successor in interest to the Sponsor shall be enforceable by the Division and/or the Low Income Tenants (whether prospective, present or former occupants), as the case may be, by a proceeding for a prohibitive or mandatory injunction or by a suit or action to recover damages.

VIII

RECORDING AND FILING

A. Recordation of Agreement and Amendments. Upon execution of this Agreement by the Division and the Sponsor, the Sponsor shall cause this Agreement, and all amendments hereto, to be recorded and filed in the official records of the office of the County Recorder in the county in which the Project is located, and shall pay all fees and charges incurred in connection therewith. Upon recordation of this Agreement, and all amendments hereto, the Sponsor shall immediately furnish the Division an executed original of the recorded Agreement showing the date, book and page numbers of record. Sponsor acknowledges that the Division will not issue or allocate Tax Credits to the Sponsor until the Division has received an executed original of this Agreement which has been properly recorded.

B. Recordation of Instrument Terminating Agreement. Upon the termination of this Agreement, as provided in Article IV, the Division and the Sponsor shall execute and thereafter record in the official records of the County Recorder in which the Project is located, an instrument or such other documents necessary to notify third parties of the effective date of the termination of this Agreement and that the Project and the Sponsor are no longer bound by the terms and provisions of this Agreement. The Sponsor shall be responsible for paying all fees, costs, charges, including attorneys' fees, incurred in connection with the preparation and recordation of such instrument.

IX

AMENDMENTS

Except as hereafter provided in this Agreement, this Agreement may not be amended, changed, modified, altered or terminated unless a written instrument is executed and acknowledged by each of the parties hereto or their successors and is duly recorded in the

official records of the County Recorder in the county in which the project is located.

In the event the Division, in its sole discretion, determines that this Agreement fails to satisfy the requirements of Section 42(h)(6) or in the event Section 42 of the Code is amended so that this Agreement fails to comply with the provisions of Section 42 of the Code, then the Division, acting alone, may amend this Agreement to comply with Section 42 of the Code. Any amendment made by the Division pursuant to this paragraph shall be duly recorded in the official records of the County Recorder in the county in which the project is located, and shall be binding upon the Sponsor, and the Sponsor's respective heirs, personal representatives, successors and assigns.

X

MISCELLANEOUS

A. Attorneys' Fees. If any party brings an action or proceeding to enforce, protect, or establish any right or remedy under the terms of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs.

B. Invalidity. In the event that any one or more of the foregoing covenants, conditions, or restrictions shall be declared for any reason by a court of competent jurisdiction to be null and void, all of the remaining covenants, conditions and restrictions not so expressed or declared to be invalid shall continue in full force and effect.

C. Violation of Law. Any violation of any federal, state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation, or use of any portion of the Project is hereby declared to be a violation of this Agreement and subject to any and all of the enforcement procedures herein set forth.

D. No Waiver. The failure to enforce any provisions of this Agreement shall not operate as a waiver of any such provision or of any other provision of this Agreement, nor shall such failure constitute a waiver of the right to enforce the same or any other provision of this Agreement for any subsequent violation.

E. Notices. All notices required or permitted to be given pursuant to the terms of this Agreement shall be in writing and shall be considered given (a) upon personal delivery of a copy to the party to be served; or (b) forty-eight (48) hours after mailing such notice by certified or registered mail, postage pre-paid, properly addressed and deposited in the United States mail. The addresses for notices shall be as follows:

To Division:

Nevada Housing Division
1802 N. Carson St., Suite 154
Carson City, NV 89701

To Sponsor:
Ruby Hills Associates
James L. Gregory
P. O. Box 2688
Elko, NV 89803

Any change in the address of either Division or Sponsor shall be made by giving to the other party written notice of such change in the manner provided for above. Therefore, all such notices shall be given in accordance with the Notice of Change. Notices given before the actual receipt of the Notice of Change shall not be affected by the change.

F. Interpretation of Agreement. In interpreting and applying provisions of this Agreement, it is not the intent of this Agreement to interfere with the provision of any law or ordinance or any rules, regulations, or permits previously adopted or issued or which may be adopted or issued pursuant to a law relating to the use of the Project; nor is it the intention of this Agreement to interfere with or abrogate covenants or other agreements between parties; provided, however, that where this Agreement imposes a greater restriction upon the use or occupancy of the Project, or upon the construction or rehabilitation of the Project, or upon the construction or rehabilitation of the Project, or in connection with matters other than are imposed or required by such provisions of law or ordinances, by such rules, regulations or permits or by such covenants and agreements, then, in that case, the provisions of this Agreement shall control.

G. Limited Liability. The Division and any member, officer, agent, or employee of the Division, shall not be liable to any party for any action or for any failure to act with respect to any matter if the action taken or failure to act was in good faith and without malice.

H. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the Division, the Low Income Tenants, the Sponsors, and their respective heirs, personal representatives, successors and assigns.

I. Captions. The captions and headings in this Agreement are for convenience only and should not be considered in construing any provision of this Agreement.

J. Gender and Number. The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine, and neuter shall each include the masculine, feminine, and neuter as the context requires.

K. Supervening Law. The parties recognize that this Agreement is at all times to be subject to the applicable local, state and federal laws. The parties further recognize that this Agreement may be subject to amendments to such laws and regulations under new legislation that may require amendments or alterations of this Agreement in order to comply with any such amendments or new

legislation. Any provisions of law that invalidate or are otherwise inconsistent with the terms of this Agreement, or that would cause one or both of the parties to be in violation of the law shall be deemed to have superseded the terms of this Agreement, provided, however, that the parties shall exercise their best efforts to accommodate the terms and intent of this Agreement to the greatest extent possible and consistent with the requirements of the law.

L. Governing Law. This Agreement shall be governed by the laws of the State of Nevada and, where applicable, the laws of the United States of America.

M. Effect on Existing Mortgages. Any provision of this Agreement which is deemed to impair, reduce, or otherwise effect any right, title or interest of a mortgagee or beneficiary of a deed of trust under a mortgage or deed of trust recorded prior to the date of this Agreement shall not be effective or enforceable against such mortgagee or beneficiary unless the mortgagee or beneficiary shall have consented thereto in writing.

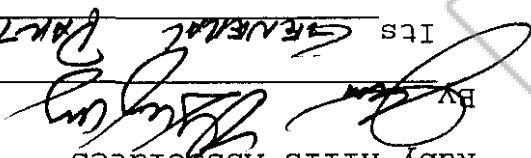
N. Mortgage Protection. Upon foreclosure of any mortgage, deed of trust or other lien affecting the project, where such holder thereby assumes title to the project or any portion thereof, such holder shall not be required to correct past violations hereof with respect to the project so long as the project is neither occupied nor used for any purpose by such holder but is merely held for prompt resale. Any purchaser on foreclosure shall, however, take subject to this Agreement except that violations or breaches of, or failures to comply with, any provisions of this Agreement by prior legal owners shall not be deemed breaches or violations hereof or failures to comply herewith with respect to such purchaser, or his heirs, personal representative, successors or assigns.

Dated this 2nd day of OCTOBER, 1995.

SPONSOR

Ruby Hills Associates

By

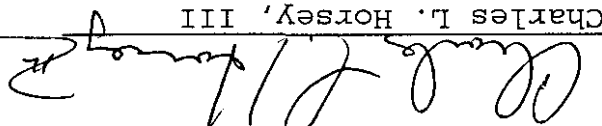


Its

GENERAL PARTNER

NEVADA HOUSING DIVISION

By



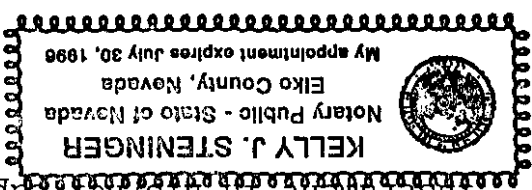
Charles L. Horsey, III

Administrator

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STATE OF NEVADA)
COUNTY OF ELKO)
: ss.

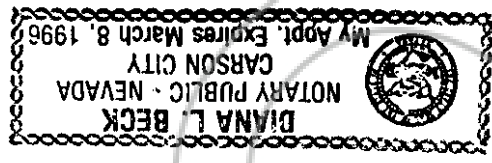
On OCTOBER 2, 1995, personally appeared before me, a notary public, JAMES L. GREGORY, personally known (or proved) to me to be the person whose name is subscribed to the above instrument, who acknowledged to me that he/she executed the instrument in his/her capacity as GENERAL PARTNER.



STATE OF NEVADA)
COUNTY OF CARSON CITY)
: ss.

On OCTOBER 9, 1995, personally appeared before me, a notary public, Charles L. Horsey, III, personally known (or proved) to me to be the person whose name is subscribed to the above instrument, who acknowledged to me that he executed the instrument in his capacity as Administrator of the Nevada Housing Division.

Charles L. Horsey, III
Notary Public



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OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
Dept of Business Industry
95 OCT 12 AM 11:08
EURLEKA COUNTY NEVADA
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