

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 000-24843

AMERICA FIRST MULTIFAMILY INVESTORS, L.P.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

1004 Farnam Street, Suite 400
(Address of principal executive offices)

47-0810385
(I.R.S. Employer
Identification No.)

Omaha, Nebraska 68102
(Zip Code)

(402) 444-1630
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

(do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

INDEX

PART I – FINANCIAL INFORMATION

Item 1	Financial Statements (Unaudited)	2
	Condensed Consolidated Balance Sheets	2
	Condensed Consolidated Statements of Operations	3
	Condensed Consolidated Statements of Comprehensive Income	4
	Condensed Consolidated Statements of Partners' Capital	5
	Condensed Consolidated Statements of Cash Flows	6
	Notes to Condensed Consolidated Financial Statements	7
Item 2	Management's Discussion and Analysis of Financial Condition and Results of Operations	36
Item 3	Quantitative and Qualitative Disclosures About Market Risk	52
Item 4	Controls and Procedures	54

PART II – OTHER INFORMATION

Item 1A	Risk Factors	55
Item 2	Unregistered Sales of Equity Securities and Use of Proceeds	56
Item 6	Exhibits	56
SIGNATURES		57

Forward-Looking Statements

This report (including, but not limited to, the information contained in “Management’s Discussion and Analysis of Financial Condition and Results of Operations”) contains forward-looking statements. All statements other than statements of historical facts contained in this report, including statements regarding our future results of operations and financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. When used, statements which are not historical in nature, including those containing words such as “anticipate,” “estimate,” “should,” “expect,” “believe,” “intend,” and similar expressions, are intended to identify forward-looking statements. We have based forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. This report also contains estimates and other statistical data made by independent parties and by us relating to market size and growth and other industry data. This data involves several assumptions and limitations, and you are cautioned not to give undue weight to such estimates. We have not independently verified the statistical and other industry data generated by independent parties which are contained in this report and, accordingly, we cannot guarantee their accuracy or completeness.

These forward-looking statements are subject, but not limited, to various risks and uncertainties, including those relating to:

- current maturities of our financing arrangements and our ability to renew or refinance such financing arrangements;
- defaults on the mortgage loans securing our mortgage revenue bonds (“MRBs”);
- the competitive environment in which we operate;
- risks associated with investing in multifamily, student, senior citizen residential and commercial properties, including changes in business conditions and the general economy;
- changes in interest rates;
- our ability to use borrowings to finance our assets;
- local, regional, national and international economic and credit market conditions;
- recapture of previously issued Low Income Housing Tax Credits (“LIHTCs”) in accordance with Section 42 of the Internal Revenue Code;
- changes in the United States Department of Housing and Urban Development’s Capital Fund Program (“HUD”);
- geographic and developer concentration within the MRB portfolio held by the Partnership;
- appropriations risk related to funding of Federal housing programs, including HUD Section 8; and
- changes in the U.S. corporate tax code and other government regulations affecting our business.

Other risks, uncertainties and factors could cause our actual results to differ materially from those projected in any forward-looking statements we make. We are not obligated to publicly update or revise any forward-looking statements, whether because of new information, future events or otherwise. In addition, projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the headings “Risk Factors” in Item 1A of America First Multifamily Investors, L.P.’s Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

All references to “we,” “us,” and the “Partnership” in this document mean America First Multifamily Investors, L.P. (“ATAX”) and its wholly-owned subsidiaries. See Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” of the Partnership’s report for additional details.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

AMERICA FIRST MULTIFAMILY INVESTORS, L.P.
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2017 <i>Unaudited</i>	December 31, 2016
Assets		
Cash and cash equivalents	\$ 15,371,898	\$ 20,748,521
Restricted cash	6,641,289	6,757,699
Interest receivable, net	6,397,508	6,983,203
Mortgage revenue bonds held in trust, at fair value (Note 6)	741,181,807	590,194,179
Mortgage revenue bonds, at fair value (Note 6)	26,947,851	90,016,872
Public housing capital fund trusts, at fair value (Note 7)	55,791,371	57,158,068
Real estate assets: (Note 8)		
Land and improvements	10,729,217	17,354,587
Buildings and improvements	105,178,529	113,089,041
Real estate assets before accumulated depreciation	115,907,746	130,443,628
Accumulated depreciation	(16,367,265)	(16,217,028)
Net real estate assets	99,540,481	114,226,600
Investment in unconsolidated entities (Note 9)	31,950,493	19,470,006
Property loans, net of loan loss allowance (Note 10)	31,603,970	29,763,334
Other assets (Note 12)	9,400,100	8,795,192
Total Assets	\$ 1,024,826,768	\$ 944,113,674
Liabilities		
Accounts payable, accrued expenses and other liabilities	\$ 7,197,103	\$ 7,255,327
Distribution payable	7,623,425	8,017,950
Unsecured lines of credit (Note 13)	-	40,000,000
Secured line of credit, net (Note 14)	-	19,816,667
Debt financing, net (Note 15)	597,465,241	495,383,033
Mortgages payable and other secured financing, net (Note 16)	50,778,452	51,379,512
Derivative swaps, at fair value (Note 17)	1,283,437	1,339,283
Total Liabilities	664,347,658	623,191,772
Commitments and Contingencies (Note 18)		
Redeemable Series A preferred units, approximately \$57.0 and \$40.9 million redemption value, 10.0 million authorized, 5.7 million and 4.1 million issued and outstanding, respectively (Note 19)	56,894,600	40,788,034
Partners' Capital		
General Partner (Note 1)	351,751	102,536
Beneficial Unit Certificate holders	303,232,759	280,026,669
Total Partners' Capital	303,584,510	280,129,205
Noncontrolling interest	-	4,663
Total Capital	303,584,510	280,133,868
Total Liabilities and Partners' Capital	\$ 1,024,826,768	\$ 944,113,674

The accompanying notes are an integral part of the condensed consolidated financial statements.

AMERICA FIRST MULTIFAMILY INVESTORS, L.P.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
Revenues:				
Property revenues	\$ 3,306,722	\$ 4,994,868	\$ 7,036,500	\$ 10,068,972
Investment income	12,174,215	9,009,907	23,644,401	18,167,141
Contingent interest income	86,567	45,000	219,217	219,396
Other interest income	666,796	883,346	1,311,933	1,397,471
Other income	-	-	62,637	-
Total revenues	16,234,300	14,933,121	32,274,688	29,852,980
Expenses:				
Real estate operating (exclusive of items shown below)	1,621,084	2,369,455	4,105,300	5,006,132
Impairment charge	-	61,506	-	61,506
Depreciation and amortization	1,270,379	1,806,732	2,863,205	3,931,630
Amortization of deferred financing costs	562,585	392,493	1,302,823	924,680
Interest expense	5,841,327	4,322,054	11,283,580	9,092,189
General and administrative	2,876,450	2,764,981	6,007,330	5,097,352
Total expenses	12,171,825	11,717,221	25,562,238	24,113,489
Other Income:				
Gain (loss) on sale of real estate assets	(16,075)	12,442,929	7,152,512	12,442,929
Gain on sale of securities	-	-	-	8,097
Income before income taxes	4,046,400	15,658,829	13,864,962	18,190,517
Income tax expense (benefit)	(63,000)	4,653,000	2,395,047	4,653,000
Net income	4,109,400	11,005,829	11,469,915	13,537,517
Net income (loss) attributable to noncontrolling interest	-	(101)	71,653	(113)
Partnership net income	4,109,400	11,005,930	11,398,262	13,537,630
Redeemable Series A preferred unit distributions and accretion	(432,550)	(124,982)	(757,192)	(126,666)
Net income available to Partners	\$ 3,676,850	\$ 10,880,948	\$ 10,641,070	\$ 13,410,964
Net income (loss) available to Partners and noncontrolling interest allocated to:				
General Partner	\$ 35,139	\$ 2,121,913	\$ 1,182,211	\$ 2,189,068
Limited Partners - Unitholders	3,594,529	8,759,035	9,389,231	11,221,896
Limited Partners - Restricted Unitholders	47,182	-	69,628	-
Noncontrolling interest	-	(101)	71,653	(113)
	\$ 3,676,850	\$ 10,880,847	\$ 10,712,723	\$ 13,410,851
Unitholders' interest in net income per unit (basic and diluted):				
Net income per unit, basic and diluted	\$ 0.06	\$ 0.15	\$ 0.16	\$ 0.19
Distributions declared, per unit	\$ 0.125	\$ 0.125	\$ 0.25	\$ 0.25
Weighted average number of units outstanding, basic	59,862,969	60,252,928	59,950,328	60,252,928
Weighted average number of units outstanding, diluted	59,862,969	60,252,928	59,950,328	60,252,928

The accompanying notes are an integral part of the condensed consolidated financial statements.

AMERICA FIRST MULTIFAMILY INVESTORS, L.P.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
Net income	\$ 4,109,400	\$ 11,005,829	\$ 11,469,915	\$ 13,537,517
Reversal of net unrealized gain on sale of securities	-	-	-	(236,439)
Unrealized gain on securities	10,226,688	59,834,329	29,207,054	72,171,756
Unrealized gain on bond purchase commitments	544,779	9,996,646	765,723	11,584,459
Comprehensive income	14,880,867	80,836,804	41,442,692	97,057,293
Comprehensive income (loss) allocated to noncontrolling interest	-	(101)	71,653	(113)
Partnership comprehensive income	<u>\$ 14,880,867</u>	<u>\$ 80,836,905</u>	<u>\$ 41,371,039</u>	<u>\$ 97,057,406</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

AMERICA FIRST MULTIFAMILY INVESTORS, L.P.
CONDENSED CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2017 and 2016
(UNAUDITED)

	General Partner	# of Units - Restricted and Unrestricted	Beneficial Unit Certificate Holders - Restricted and Unrestricted	Non-controlling Interest	Total	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2016	\$ 102,536	60,224,538	\$ 280,026,669	\$ 4,663	\$ 280,133,868	\$ 38,895,484
Distribution to noncontrolling interest	-		-	(76,316)	(76,316)	
Distributions paid or accrued						
Regular distribution	(118,196)		(11,701,357)	-	(11,819,553)	-
Distribution of Tier 2 earnings (Note 3)	(1,120,625)		(3,361,875)	-	(4,482,500)	-
Net income (loss) allocable to Partners	1,182,211		9,458,859	71,653	10,712,723	-
Repurchase of Beneficial Unit Certificates	-	(254,656)	(1,466,222)	-	(1,466,222)	-
Restricted units awarded	-	283,046	-	-	-	-
Restricted units compensation expense	6,097	-	603,636	-	609,733	-
Unrealized gain on securities	292,071	-	28,914,983	-	29,207,054	29,207,054
Unrealized gain on bond purchase commitment	7,657	-	758,066	-	765,723	765,723
Balance at June 30, 2017	<u>\$ 351,751</u>	<u>60,252,928</u>	<u>\$ 303,232,759</u>	<u>\$ -</u>	<u>\$ 303,584,510</u>	<u>\$ 68,868,261</u>

	General Partner	# of Units	Beneficial Unit Certificate Holders	Non-controlling Interest	Total	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2015	\$ 399,077	60,252,928	\$ 312,720,264	\$ 5,486	\$ 313,124,827	\$ 60,963,687
Reversal of net unrealized gain sale of securities	(2,364)		(234,075)	-	(236,439)	(236,439)
Distributions paid or accrued	(2,227,869)		(15,063,232)	-	(17,291,101)	-
Net income (loss) allocable to Partners	2,189,068		11,221,896	(113)	13,410,851	-
Unrealized gain on securities	721,718		71,450,038	-	72,171,756	72,171,756
Unrealized gain on bond purchase commitment	115,845		11,468,614	-	11,584,459	11,584,459
Balance at June 30, 2016	<u>\$ 1,195,475</u>	<u>60,252,928</u>	<u>\$ 391,563,505</u>	<u>\$ 5,373</u>	<u>\$ 392,764,353</u>	<u>\$ 144,483,463</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

AMERICA FIRST MULTIFAMILY INVESTORS, L.P.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Six Months Ended June 30,	
	2017	2016
Cash flows from operating activities:		
Net income	\$ 11,469,915	\$ 13,537,517
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	2,863,205	3,931,630
Gain on sale of real estate assets	(7,152,512)	(12,442,929)
Gain on sale of securities	-	(8,097)
Non-cash loss on derivatives	302,769	1,641,796
Restricted unit compensation expense	609,733	-
Bond premium/discount amortization	(74,873)	(73,805)
Amortization of deferred financing costs	1,302,823	924,680
Deferred income tax expense	(365,000)	4,653,000
Change in preferred return receivable from unconsolidated entities	(1,343,013)	(90,876)
Changes in operating assets and liabilities, net of effect of acquisitions		
Increase in interest receivable	585,695	(560,889)
(Increase) decrease in other assets	(40,101)	133,327
Decrease in accounts payable and accrued expenses	50,585	(377,158)
Net cash provided by operating activities	<u>8,209,226</u>	<u>11,268,196</u>
Cash flows from investing activities:		
Capital expenditures	(175,193)	(362,841)
Proceeds from sale of MF Properties	13,750,000	30,200,000
Proceeds from sale of land held for development	3,000,000	-
Proceeds from sale of mortgage revenue bond	-	9,295,000
Proceeds from the sale of MBS Securities	-	14,997,069
Acquisition of mortgage revenue bonds	(59,585,000)	(11,500,000)
Contributions to unconsolidated entities	(8,017,189)	(3,372,339)
Restricted cash - debt collateral paid	(551,104)	(1,674,484)
Restricted cash - debt collateral released	623,383	935,022
Decrease in restricted cash	44,131	126,669
Principal payments received on mortgage revenue bonds	2,003,281	7,346,473
Principal payments received on taxable bonds	27,864	-
Principal payments received on PHCs	437,000	-
Cash paid for land held for development and deposits on potential purchases	(95,932)	-
Advances on property loans	(2,340,636)	(5,836,758)
Principal payments received on property loans	500,000	8,516
Net cash provided by (used in) investing activities	<u>(50,379,395)</u>	<u>40,162,327</u>
Cash flows from financing activities:		
Distributions paid	(17,288,919)	(16,368,703)
Proceeds from the sale of redeemable Series A Preferred Units	16,131,000	23,869,000
Payment of offering costs related to the sale of redeemable Series A Preferred Units	(668)	(44,427)
Acquisition of interest rate derivatives	(496,800)	-
Repurchase of beneficial unit certificates	(1,466,222)	-
Payment of tax withholding related to restricted unit awards	(153,306)	-
Distribution to noncontrolling interest	(76,316)	-
Proceeds from debt financing	135,100,000	-
Principal payments on debt financing	(32,751,484)	(22,190,196)
Principal payments on mortgages payable	(658,271)	(17,295,585)
Principal borrowing on unsecured lines of credit	24,460,000	19,987,639
Principal payments on unsecured and secured lines of credit	(84,460,000)	(13,487,639)
Increase (decrease) in security deposit liability related to restricted cash	(92,951)	126,970
Debt financing and other deferred costs	(1,452,517)	(49,826)
Net cash provided by (used in) financing activities	<u>36,793,546</u>	<u>(25,452,767)</u>
Net increase (decrease) in cash and cash equivalents	(5,376,623)	25,977,756
Cash and cash equivalents at beginning of period	20,748,521	17,035,782
Cash and cash equivalents at end of period	<u>\$ 15,371,898</u>	<u>\$ 43,013,538</u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	\$ 10,670,383	\$ 7,519,155
Cash paid during the period for income taxes	\$ 3,007,000	\$ -
Supplemental disclosure of noncash investing and financing activities:		
Distributions declared but not paid for beneficial unit certificates and general partner	\$ 7,623,425	\$ 9,684,865
Distributions declared but not paid for Series A Preferred Units	\$ 427,500	\$ 123,542
Land contributed as investment in an unconsolidated entity	\$ 3,091,023	\$ -
Capital expenditures financed through accounts payable	\$ 54,320	\$ 16,646

The accompanying notes are an integral part of the condensed consolidated financial statements.

AMERICA FIRST MULTIFAMILY INVESTORS, L.P.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017
(UNAUDITED)

1. Basis of Presentation

General

America First Multifamily Investors, L.P. (the “Partnership”) was formed on April 2, 1998, under the Delaware Revised Uniform Limited Partnership Act for the purpose of acquiring, holding, selling and otherwise dealing with a portfolio of mortgage revenue bonds (“MRBs”) which have been issued to provide construction and/or permanent financing for affordable multifamily and student housing residential properties (collectively “Residential Properties”) and commercial properties. In addition, the Partnership may acquire interests in multifamily, student, and senior citizen residential properties (“MF Properties”) in order to position itself for future investments in MRBs issued to finance these properties or to operate the MF Property until its “highest and best use” can be determined by management.

The general partner of the Partnership is America First Capital Associates Limited Partnership Two (“AFCA 2” or “General Partner”). The general partner of AFCA 2 is Burlington Capital LLC (“Burlington”). The Partnership has issued Beneficial Unit Certificates (“BUCs”) representing assigned limited partner interests to investors (“Unitholders”). The Partnership has also issued non-cumulative, non-voting and non-convertible Series A Preferred Units which represent limited partnership interests in the Partnership.

2. Summary of Significant Accounting Policies

Consolidation

The “Partnership,” as used herein, includes America First Multifamily Investors, L.P. and its wholly-owned subsidiaries. All intercompany transactions are eliminated. At June 30, 2017, the consolidated subsidiaries of the Partnership (the “Consolidated Subsidiaries”) consist of:

- ATAX TEBS I, LLC, a special purpose entity owned and controlled by the Partnership, created to hold MRBs to facilitate the Tax Exempt Bond Securitization (“TEBS”) Financing (“M24 TEBS Financing”) with Freddie Mac.
- ATAX TEBS II, LLC, a special purpose entity owned and controlled by the Partnership, created to hold MRBs to facilitate the second TEBS Financing, (“M31 TEBS Financing”) with Freddie Mac.
- ATAX TEBS III, LLC, a special purpose entity owned and controlled by the Partnership, created to hold MRBs to facilitate the third TEBS Financing (“M33 TEBS Financing”), with Freddie Mac.
- ATAX Vantage Holdings, LLC, a wholly owned subsidiary of the Partnership, committed to loan money or provide equity for the development of multifamily properties.
- Four MF Properties are owned by a wholly-owned corporation (“the Greens Hold Co”). The Greens Hold Co held a 99% limited partnership interest in the northern View MF Property until its sale in March 2017.
- One MF Property is owned by a wholly-owned subsidiary of the Partnership and one MF Property is owned directly by the Partnership.

Investment in unconsolidated entities

The Partnership makes initial investments in and is committed to invest, through ATAX Vantage Holdings, LLC, in certain limited liability companies (“Vantage Properties”). ATAX Vantage Holdings, LLC holds a limited membership interest in the Vantage Properties. The investments will be used to construct multifamily properties. The Partnership does not have a controlling interest in the Vantage Properties and accounts for its limited partnership interests using the equity method of accounting. The Partnership earns a return on its investment that is guaranteed by an unrelated third party. The term of third-party guarantee is from initial investment date through the second anniversary of construction completion. Due to the third-party guarantee provided, cash flows are expected to be sufficient to pay the Partnership its earned return. As a result, the Partnership records the return on the investment earned by the Partnership as investment income in the Partnership’s condensed consolidated statements of operations.

Income Taxes

No provision has been made for income taxes because the Unitholders are required to report their share of the Partnership's taxable income for federal and state income tax purposes, except for certain entities described below.

The Greens Hold Co, a wholly-owned subsidiary of the Partnership, is a corporation subject to federal and state income taxes. The Partnership will recognize income tax expense or benefit for the federal and state income taxes incurred by the Greens Hold Co on the Partnership's condensed consolidated financial statements.

The Partnership evaluates its tax positions taken in the Partnership's condensed consolidated financial statements under the interpretation for accounting for uncertainty in income taxes. As such, the Partnership may recognize a tax benefit from an uncertain tax position only if the Partnership believes it is more likely than not that the tax position will be sustained on examination by taxing authorities. The Partnership accrues interest and penalties as incurred within income tax expense.

Deferred income tax expense, or benefit, is generally a function of the period's temporary differences (items that are treated differently for tax purposes than for financial reporting purposes such as depreciation, amortization of financing costs, etc.) and the utilization of tax net operating losses ("NOL") generated in prior years that had been previously recognized as deferred income tax assets. The Partnership fully utilized its NOL carryforwards during 2016. The Partnership provides for a valuation allowance for deferred income tax assets if it believes all, or some portion, of the deferred income tax asset may not be realized. Any increase or decrease in the valuation allowance that results from a change in circumstances that causes a change in the estimated ability to realize the related deferred income tax asset is included in deferred tax expense.

Restricted Unit Awards ("RUAs")

The Partnership's 2015 Equity Incentive Plan (the "Plan"), as approved by the Unitholders in September 2015, permits the grant of Restricted Units and other awards to the employees of Burlington, the Partnership, or any affiliate of either, and members of Burlington's Board of Managers for up to 3.0 million BUCs. RUAs are generally granted with vesting conditions ranging from three months to three years. RUAs currently provide for the payment of quarterly distributions during the restriction period. The RUAs provide for accelerated vesting if there is a change in control or upon death or disability of the Participant. The Partnership accounts for forfeitures when they occur.

The fair value of each RUA is estimated on the grant date based on the Partnership's exchange-listed closing price of the BUCs. The Partnership recognizes compensation expense for the RUAs on a straight-line basis over the requisite vesting period. The Partnership will account for modifications to RUAs as they occur if the fair value of the RUAs change, there are changes to vesting conditions or the awards no longer qualify for equity classification.

Estimates and assumptions

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The accompanying interim unaudited condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted in accordance with such rules and regulations, although management believes that the disclosures are adequate to make the information presented not misleading.

The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Partnership's Annual Report on Form 10-K for the year ended December 31, 2016. These condensed consolidated financial statements and notes have been prepared consistently with the 2016 Form 10-K. In the opinion of management, all adjustments (consisting of normal and recurring accruals) necessary to present fairly the financial position at June 30, 2017, and the results of operations for the interim periods presented have been made. The results of operations for the interim period are not necessarily indicative of the results to be expected for the full year. The condensed consolidated balance sheet at December 31, 2016, was derived from audited annual financial statements, but does not contain all the footnote disclosures from the annual financial statements.

Recently Issued Accounting Pronouncements

In March 2017, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2017-08. The ASU requires that premiums on purchased callable debt securities be amortized as a yield adjustment to the earliest call date. Previously, premiums were required to be amortized as a yield adjustment to maturity. The guidance is effective for annual periods beginning after December 15, 2018, including interim periods within that reporting period. Early adoption is permitted. The standard will be applied using a modified retrospective approach through a cumulative-effect adjustment to retained earnings as of the beginning of the year of adoption. The Partnership is currently evaluating the impact this standard will have on its condensed consolidated financial statements.

In February 2017, the Financial Accounting Standards Board (“FASB”) issued ASU 2017-05. The ASU eliminates guidance specific to real estate sales in Accounting Standards Codification 360-20. As such, sales and partial sales of real estate assets will now be subject to the same derecognition model as all other nonfinancial assets. The guidance is effective for annual periods beginning after December 15, 2017, including interim periods within that reporting period. The effective date of this guidance coincides with revenue recognition guidance. The Partnership is currently evaluating the impact this standard will have on its condensed consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, “Business Combinations; Clarifying the Definition of a Business.” The ASU modifies the requirements to meet the definition of a business under Topic 805, “Business Combinations.” The amendments provide a screen to determine when a set of identifiable assets and liabilities is not a business. The screen requires that when substantially all the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or group of similar identifiable assets, the set is not a business. The impact is expected to result in fewer transactions being accounted for as business combinations. The ASU is effective for the Partnership for fiscal years beginning after December 15, 2017 and is applied prospectively. The Partnership is currently evaluating the impact this standard will have on its condensed consolidated financial statements; however, it is expected that the new standard would reduce the number of future real estate acquisitions that will be accounted for as business combinations and, therefore, reduce the amount of acquisition costs that will be expensed.

In November 2016, the FASB issued ASU No. 2016-18, “Statement of Cash Flows; Restricted Cash.” The ASU requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The ASU is effective for the Partnership’s annual and interim periods beginning after December 15, 2017 and is applied retrospectively. The Partnership is currently assessing the impact this standard will have on its condensed consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, “Statement of Cash Flows (Topic 230).” The ASU clarifies the presentation of cash receipts and cash payments related to certain transactions. The ASU is effective for the Partnership for fiscal years beginning after December 15, 2017 and is applied retrospectively. The Partnership is currently assessing the impact of the adoption of this pronouncement on the condensed consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, “Financial Instruments – Credit Losses (Topic 326).” The ASU enhances the methodology of measuring expected credit losses to include the use of forward-looking information to better inform credit loss estimates. The ASU is effective for the Partnership’s annual and interim periods beginning after December 15, 2019 and is applied under a modified-retrospective approach. The Partnership is currently assessing the impact of the adoption of this pronouncement on the condensed consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842).” The ASU requires the recognition of right-of-use assets and lease liabilities on the balance sheet and disclosure of key information about leasing arrangements. The ASU offers specific accounting guidance for embedded lease arrangements, lease terms and incentives, sale-leaseback agreements, and related disclosures. The ASU is effective for the Partnership’s annual and interim periods beginning after December 15, 2018 and requires a modified retrospective adoption, with early adoption permitted. The Partnership has performed a preliminary assessment of its lessor and lessee leasing arrangements. Lessor arrangements with tenants at the MF Properties are not expected to be materially impacted by adoption of the standard as substantially all leases are for terms of 12 months or less. The Partnership has four lessee arrangements for which it is assessing the quantitative and qualitative impact of the standard. The Partnership has not elected early adoption of the standard as of June 30, 2017 and is currently evaluating the impact this standard will have on its condensed consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, “Financial Instruments Overall (Subtopic 825-10).” The ASU simplifies and clarifies the recognition, measurement, presentation, and disclosure of financial instruments. The ASU is effective for the Partnership’s annual and interim periods beginning after December 15, 2017. The Partnership continues to assess the impact of the

adoption of this standard but preliminarily does not believe adoption will have a material impact on the Partnership's condensed consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." The updated standard is a new comprehensive revenue recognition model that requires revenue to be recognized in a manner that depicts the transfer of goods or services to a customer at an amount that reflects the consideration expected to be received in exchange for those goods or services. In August 2015, the FASB issued ASU 2015-14 which deferred the effective date of ASU 2014-09 by one year. During 2016, the FASB issued ASU Nos. 2016-10, 2016-12 and 2016-20 that provide additional guidance related to the identification of performance obligations within a contract, assessing collectability, contract costs, and other technical corrections and improvements. The Partnership expects to use the modified retrospective transition method and will adopt the standard effective January 1, 2018. The Partnership has completed an initial assessment of its revenue streams and performance obligations and is currently evaluating the quantitative and qualitative impacts of the new standard on the business. The Partnership has determined that revenues within investment income, contingent interest income, other interest income are not within the scope of this standard. Furthermore, the majority of property revenues are within the scope of the Lease ASU and outside the scope of the Revenue ASU. The Partnership believes the new standard will only impact property revenues related to non-lease revenue streams and certain provisions that apply to gains on sale of real estate assets. The revenue streams within the scope of this standard are immaterial to the condensed consolidated financial statements.

3. Partnership Income, Expenses and Cash Distributions

The Partnership's Amended and Restated Agreement of Limited Partnership (the "Amended and Restated LP Agreement") contains provisions for the distribution of Net Interest Income, Net Residual Proceeds and Liquidation Proceeds, for the allocation of income or loss from operations and for the allocation of income and loss arising from a repayment, sale, or liquidation of investments. Income and losses will be allocated to each Unitholder on a periodic basis, as determined by the General Partner, based on the number of BUCs held by each Unitholder as of the last day of the period for which such allocation is to be made. Distributions of Net Interest Income and Net Residual Proceeds will be made to each Unitholder of record on the last day of each distribution period based on the number of BUCs held by each Unitholder on that date. For purposes of the Amended and Restated LP Agreement, cash distributions, if any, received by the Partnership from its investment in MF Properties will be included in the Partnership's Net Interest Income and cash distributions received by the Partnership from the sale of such properties will be included in the Partnership's Net Residual Proceeds.

Series A Preferred Units were created pursuant to the First Amendment to the Amended and Restated LP Agreement (the "First Amendment"), which became effective on March 30, 2016. The holders of the Series A Preferred Units are entitled to distributions at a fixed rate prior to payment of distributions to other Unitholders.

Cash distributions are currently made on a quarterly basis. AFCA 2 can elect to make distributions on a monthly or semi-annual basis. On each distribution date, Net Interest Income is distributed 99% to the limited partners and Unitholders as a class and 1% to AFCA 2 and Net Residual Proceeds are distributed 100% to the limited partners and Unitholders as a class, except that Net Interest Income and Net Residual Proceeds representing contingent interest in an amount equal to 0.9% per annum of the principal amount of the MRBs on a cumulative basis (defined as Net Interest Income (Tier 2) and Net Residual Proceeds (Tier 2), respectively) are distributed 75% to the limited partners and Unitholders as a class and 25% to AFCA 2.

4. Net income per BUC

The Partnership has disclosed basic and diluted net income per BUC on the condensed consolidated statements of operations. The unvested RUAs issued under the Plan are considered participating securities. The Partnership uses the two-class method to allocate net income available to BUCs and the unvested Restricted Units. Unvested Restricted Units are included with BUCs for the calculation of diluted net income per BUC using the treasury stock method, if the treasury stock method is more dilutive than the two-class method.

5. Variable Interest Entities

Consolidated Variable Interest Entities ("VIEs")

The Partnership determined the TOB Trusts, Term A/B Trusts and TEBS Financings are VIEs and the Partnership is the primary beneficiary. As such, the Partnership reports the TOB Trusts, Term A/B Trusts and TEBS Financings on a consolidated basis. The Partnership reports the senior floating-rate participation interests ("SPEARS") related to the TOB Trusts and the Class A Certificates for both the Term A/B Trusts and TEBS Financings as secured debt financings on the condensed consolidated balance sheets. The MRBs secured by the TOB Trusts, Term A/B Trusts and TEBS Financings are reported as assets on the condensed consolidated

balance sheets. In determining the primary beneficiary of these specific VIEs, the Partnership considered which party has the power to control the activities of the VIEs which most significantly impact their financial performance, the risks that the entity was designed to create, and how each risk affects the VIE. The executed agreements related to the TOB Trusts, Term A/B Trusts and TEB S Financings stipulate the Partnership has the sole right to cause the Trusts to sell the underlying assets. If they were sold, the extent to which the VIEs will be exposed to gains or losses would result from decisions made by the Partnership.

Non-Consolidated VIEs

The Partnership has variable interests in certain entities that are the borrowers on the Partnership's MRBs and/or property loans. The Partnership has no equity ownership interest in the entities, but the MRBs and property loans issued by the Partnership are considered variable interests. In addition, the Partnership's investments in unconsolidated entities are considered variable interests. The Partnership does not have the power to direct the activities that most significantly impact the economic performance of such VIEs. As a result, the Partnership is not considered the primary beneficiary and does not consolidate the financial statements of these entities in the condensed consolidated financial statements.

The Partnership held variable interests in 21 and 20 non-consolidated VIEs at June 30, 2017 and December 31, 2016, respectively. The following table summarizes information regarding the Partnership's variable interests in these entities at June 30, 2017 and December 31, 2016:

	Maximum Exposure to Loss	
	June 30, 2017	December 31, 2016
Mortgage revenue bonds	\$ 137,835,000	\$ 137,921,000
Property loans	17,369,365	16,476,073
Investment in unconsolidated entities	31,950,493	19,470,006
	<u>\$ 187,154,858</u>	<u>\$ 173,867,079</u>

The maximum exposure to loss for the MRBs is equal to the cost adjusted for paydowns at June 30, 2017 and December 31, 2016. The difference between a MRB's carrying value on the condensed consolidated balance sheets and the maximum exposure to loss is a function of the unrealized gains or losses on the MRB.

The maximum exposure to loss on the property loans at June 30, 2017 and December 31, 2016 is equal to the unpaid principal balance plus accrued interest. The difference between a property loans' carrying value and the maximum exposure is the value of loan loss allowances that have been previously recorded against the property loans.

6. Investments in Mortgage Revenue Bonds (“MRBs”)

MRBs owned by the Partnership have been issued to provide construction and/or permanent financing for Residential Properties and commercial properties. MRBs are either held directly by the Partnership or are held in trusts created in connection with debt financing transactions (Note 15). The Partnership had the following investments in MRBs at June 30, 2017 and December 31, 2016:

Description of Mortgage Revenue Bonds Held in Trust	State	June 30, 2017			Estimated Fair Value
		Cost Adjusted for Paydowns	Cumulative Unrealized Gain	Cumulative Unrealized Loss	
Courtyard - Series A & B (2)	CA	\$ 16,458,000	\$ 978,912	\$ -	\$ 17,436,912
Glenview Apartments - Series A (4)	CA	4,648,920	645,678	-	5,294,598
Harmony Court Bakersfield - Series A & B (2)	CA	5,727,000	318,500	-	6,045,500
Harmony Terrace - Series A & B (2)	CA	14,300,000	707,166	-	15,007,166
Harden Ranch - Series A (3)	CA	6,879,738	1,105,983	-	7,985,721
Las Palmas II - Series A & B (2)	CA	3,465,000	152,592	-	3,617,592
Montclair Apartments - Series A (4)	CA	2,518,580	405,143	-	2,923,723
San Vicente - Series A & B (2)	CA	5,320,000	224,555	-	5,544,555
Santa Fe Apartments - Series A (4)	CA	3,051,165	531,797	-	3,582,962
Seasons at Simi Valley - Series A (2)	CA	4,376,000	783,712	-	5,159,712
Seasons Lakewood - Series A & B (2)	CA	12,610,000	705,110	-	13,315,110
Seasons San Juan Capistrano - Series A & B (2)	CA	18,949,000	930,884	-	19,879,884
Summerhill - Series A & B (2)	CA	9,795,000	586,729	-	10,381,729
Sycamore Walk - Series A (2)	CA	3,632,000	417,047	-	4,049,047
The Village at Madera - Series A & B (2)	CA	4,804,000	247,275	-	5,051,275
Tyler Park Townhomes - Series A (3)	CA	5,995,219	766,254	-	6,761,473
Westside Village Market - Series A (3)	CA	3,917,864	610,615	-	4,528,479
Lake Forest (1)	FL	8,573,000	1,526,928	-	10,099,928
Ashley Square (1)	IA	5,009,000	27,602	-	5,036,602
Brookstone (1)	IL	7,457,419	1,876,708	-	9,334,127
Copper Gate Apartments (3)	IN	5,145,000	852,946	-	5,997,946
Renaissance - Series A (4)	LA	11,294,718	1,657,054	-	12,951,772
Live 929 Apartments (2)	MD	40,620,378	4,399,339	-	45,019,717
Woodlynn Village (1)	MN	4,289,000	45,956	-	4,334,956
Greens Property - Series A (3)	NC	8,168,000	1,284,012	-	9,452,012
Silver Moon - Series A (4)	NM	7,906,826	868,554	-	8,775,380
Ohio Properties - Series A (1)	OH	14,166,998	1,088,481	-	15,255,479
Bridle Ridge (1)	SC	7,500,000	117,210	-	7,617,210
Columbia Gardens (2)	SC	15,209,036	-	(169,635)	15,039,401
Companion at Thornhill Apartments (2)	SC	11,457,334	1,136,350	-	12,593,684
Cross Creek (1)	SC	6,130,266	3,081,959	-	9,212,225
The Palms at Premier Park Apartments (3)	SC	19,330,703	2,646,046	-	21,976,749
Willow Run (2)	SC	15,208,831	121,616	-	15,330,447
Arbors at Hickory Ridge (3)	TN	11,402,860	1,369,582	-	12,772,442
Pro Nova 2014-1 (2)	TN	10,040,407	238,433	-	10,278,840
Avistar at Chase Hill - Series A (3)	TX	9,797,642	414,305	-	10,211,947
Avistar at Copperfield - Series A (2)	TX	10,000,000	491,288	-	10,491,288
Avistar at the Crest - Series A (3)	TX	9,503,712	1,002,121	-	10,505,833
Avistar at the Oaks - Series A (3)	TX	7,673,015	864,665	-	8,537,680
Avistar at the Parkway - Series A (4)	TX	13,290,665	915,151	-	14,205,816
Avistar at Wilcrest - Series A (2)	TX	3,775,000	201,007	-	3,976,007
Avistar at Wood Hollow - Series A (2)	TX	31,850,000	1,564,751	-	33,414,751
Avistar in 09 - Series A (3)	TX	6,625,352	588,902	-	7,214,254
Avistar on the Boulevard - Series A (3)	TX	16,190,599	1,631,593	-	17,822,192
Avistar on the Hills - Series A (3)	TX	5,301,268	597,394	-	5,898,662
Bella Vista (1)	TX	6,295,000	31,115	-	6,326,115
Bruton Apartments (2)	TX	18,108,276	2,762,491	-	20,870,767
Concord at Gulfgate - Series A (2)	TX	19,185,000	2,575,473	-	21,760,473
Concord at Little York - Series A (2)	TX	13,440,000	1,871,771	-	15,311,771
Concord at Williamcrest - Series A (2)	TX	20,820,000	2,794,962	-	23,614,962
Crossing at 1415 - Series A (2)	TX	7,590,000	-	(41,745)	7,548,255
Decatur Angle (2)	TX	22,873,696	2,814,627	-	25,688,323
Heights at 515 - Series A (2)	TX	6,435,000	222,833	-	6,657,833
Heritage Square - Series A (4)	TX	11,112,914	1,225,235	-	12,338,149
Oaks at Georgetown - Series A & B (2)	TX	17,842,000	617,249	-	18,459,249
Runnymede (1)	TX	10,200,000	246,902	-	10,446,902
Southpark (1)	TX	11,790,000	3,398,493	-	15,188,493
Vantage at Harlingen - Series B (4)	TX	24,426,694	1,972,705	-	26,399,399
Vantage at Judson - Series B (4)	TX	26,241,102	2,998,352	-	29,239,454
15 West Apartments (2)	WA	9,826,657	1,582,220	-	11,408,877
Mortgage revenue bonds held in trust		\$ 675,550,854	\$ 65,842,333	\$ (211,380)	\$ 741,181,807

(1) MRBs owned by ATAX TEBS I, LLC (M24 TEBS), Note 15

- (2) MRBs held by Deutsche Bank in a secured financing transaction, Note 15
(3) MRBs owned by ATAX TEBS II, LLC (M31 TEBS), Note 15
(4) MRBs owned by ATAX TEBS III, LLC (M33 TEBS), Note 15

Description of Mortgage Revenue Bonds held by the Partnership	State	June 30, 2017			
		Cost Adjusted for Paydowns	Cumulative Unrealized Gain	Cumulative Unrealized Loss	Estimated Fair Value
Seasons at Simi Valley - Series B	CA	\$ 1,944,000	\$ 175	\$ -	\$ 1,944,175
Sycamore Walk - Series B	CA	1,815,000	-	(1,908)	1,813,092
Greens Property - Series B	NC	938,985	219,878	-	1,158,863
Ohio Properties - Series B	OH	3,543,079	214,019	-	3,757,098
Avistar at Chase Hill - Series B	TX	955,299	-	(56,475)	898,824
Avistar at Copperfield - Series B	TX	4,000,000	24,939	-	4,024,939
Avistar at the Crest - Series B	TX	751,370	45,428	-	796,798
Avistar at the Oaks - Series B	TX	549,549	31,642	-	581,191
Avistar at the Parkway - Series B	TX	124,981	31,136	-	156,117
Avistar at Wilcrest - Series B	TX	1,550,000	9,782	-	1,559,782
Avistar at Wood Hollow - Series B	TX	8,410,000	55,645	-	8,465,645
Avistar in 09 - Series B	TX	453,328	15,415	-	468,743
Avistar on the Boulevard - Series B	TX	446,466	25,241	-	471,707
Crossing at 1415 - Series B	TX	335,000	2,191	-	337,191
Heights at 515 - Series B	TX	510,000	3,686	-	513,686
Mortgage revenue bonds held by the Partnership		<u>\$ 26,327,057</u>	<u>\$ 679,177</u>	<u>\$ (58,383)</u>	<u>\$ 26,947,851</u>

December 31, 2016

Description of Mortgage Revenue Bonds Held in Trust	State	Cost Adjusted for	Cumulative	Cumulative	Estimated Fair Value
		Paydowns	Unrealized Gain	Unrealized Loss	
Glenview Apartments - Series A (4)	CA	\$ 4,670,000	\$ 132,402	\$ -	\$ 4,802,402
Harmony Terrace - Series A & B (2)	CA	14,300,000	-	-	14,300,000
Harden Ranch - Series A (3)	CA	6,912,535	369,738	-	7,282,273
Montclair Apartments - Series A (4)	CA	2,530,000	108,608	-	2,638,608
Santa Fe Apartments - Series A (4)	CA	3,065,000	177,093	-	3,242,093
Seasons at Simi Valley - Series A (2)	CA	4,376,000	308,335	-	4,684,335
Sycamore Walk - Series A (2)	CA	3,632,000	130,431	-	3,762,431
Tyler Park Townhomes - Series A (3)	CA	6,024,120	237,582	-	6,261,702
Westside Village Market - Series A (3)	CA	3,936,750	102,641	-	4,039,391
Lake Forest (1)	FL	8,639,000	899,694	-	9,538,694
Ashley Square (1)	IA	5,039,000	338,556	-	5,377,556
Brookstone (1)	IL	7,462,678	1,457,340	-	8,920,018
Copper Gate Apartments (3)	IN	5,145,000	528,855	-	5,673,855
Renaissance - Series A (4)	LA	11,348,364	826,369	-	12,174,733
Live 929 Apartments (2)	MD	40,687,425	3,587,993	-	44,275,418
Woodlynn Village (1)	MN	4,310,000	294,976	-	4,604,976
Greens Property - Series A (3)	NC	8,210,000	844,585	-	9,054,585
Silver Moon - Series A (4)	NM	7,933,259	465,382	-	8,398,641
Ohio Properties - Series A (1)	OH	14,215,000	2,327,468	-	16,542,468
Bridle Ridge (1)	SC	7,535,000	517,881	-	8,052,881
Columbia Gardens (2)	SC	15,214,223	-	(927,030)	14,287,193
Companion at Thornhill Apartments (2)	SC	11,500,000	645,552	-	12,145,552
Cross Creek (1)	SC	6,122,312	2,655,730	-	8,778,042
The Palms at Premier Park Apartments (3)	SC	19,826,716	1,784,386	-	21,611,102
Willow Run (2)	SC	15,214,085	-	(917,852)	14,296,233
Arbors at Hickory Ridge (3)	TN	11,461,719	891,274	-	12,352,993
Pro Nova 2014-1 (2)	TN	10,041,924	685,576	-	10,727,500
Avistar at Chase Hill - Series A (3)	TX	9,844,994	589,023	-	10,434,017
Avistar at the Crest - Series A (3)	TX	9,549,644	753,267	-	10,302,911
Avistar at the Oaks - Series A (3)	TX	7,709,040	563,138	-	8,272,178
Avistar at the Parkway - Series A (4)	TX	13,300,000	-	(78,749)	13,221,251
Avistar in 09 - Series A (3)	TX	6,656,458	359,562	-	7,016,020
Avistar on the Boulevard - Series A (3)	TX	16,268,850	1,283,272	-	17,552,122
Avistar on the Hills - Series A (3)	TX	5,326,157	423,496	-	5,749,653
Bella Vista (1)	TX	6,365,000	500,162	-	6,865,162
Bruton Apartments (2)	TX	18,145,000	349,886	-	18,494,886
Concord at Gulfgate - Series A (2)	TX	19,185,000	1,200,246	-	20,385,246
Concord at Little York - Series A (2)	TX	13,440,000	1,044,752	-	14,484,752
Concord at Williamcrest - Series A (2)	TX	20,820,000	1,302,534	-	22,122,534
Crossing at 1415 - Series A (2)	TX	7,590,000	-	(45,555)	7,544,445
Decatur Angle (2)	TX	22,950,214	-	(290,985)	22,659,229
Heights at 515 - Series A (2)	TX	6,435,000	-	(38,623)	6,396,377
Heritage Square - Series A (4)	TX	11,161,330	905,455	-	12,066,785
Oaks at Georgetown - Series A & B (2)	TX	17,842,000	-	-	17,842,000
Runnymede (1)	TX	10,250,000	774,285	-	11,024,285
Southpark (1)	TX	11,751,861	3,286,203	-	15,038,064
Vantage at Harlingen - Series B (4)	TX	24,529,580	917,720	-	25,447,300
Vantage at Judson -Series B (4)	TX	26,356,498	1,658,508	-	28,015,006
15 West Apartments (2)	WA	9,850,000	1,584,281	-	11,434,281
Mortgage revenue bonds held in trust		<u>\$ 554,678,736</u>	<u>\$ 37,814,237</u>	<u>\$ (2,298,794)</u>	<u>\$ 590,194,179</u>

(1) MRBs owned by ATAX TEBS I, LLC (M24 TEBS), Note 15

(2) MRBs held by Deutsche Bank in a secured financing transaction, Note 15

(3) MRBs owned by ATAX TEBS II, LLC (M31 TEBS), Note 15

(4) MRBs owned by ATAX TEBS III, LLC (M33 TEBS), Note 15

December 31, 2016

Description of Mortgage Revenue Bonds held by the Partnership	State	Cost Adjusted for		Cumulative		Estimated Fair Value
		Paydowns	Unrealized Gain	Unrealized Loss	Estimated Fair Value	
Courtyard - Series A & B	CA	\$ 16,458,000	\$ -	\$ -	\$ 16,458,000	
Harmony Court Bakersfield - Series A & B	CA	5,727,000	29,252	-	5,756,252	
Las Palmas II - Series A & B	CA	3,465,000	15,139	-	3,480,139	
San Vicente - Series A & B	CA	5,320,000	-	(30,019)	5,289,981	
Seasons at Simi Valley - Series B	CA	1,944,000	27,727	-	1,971,727	
Seasons Lakewood - Series A & B	CA	12,610,000	-	-	12,610,000	
Seasons San Juan Capistrano - Series A & B	CA	18,949,000	-	-	18,949,000	
Summerhill - Series A & B	CA	9,795,000	-	(174,982)	9,620,018	
Sycamore Walk - Series B	CA	1,815,000	-	(64,432)	1,750,568	
The Village at Madera - Series A & B	CA	4,804,000	-	(84,437)	4,719,563	
Greens Property - Series B	NC	940,479	118,216	-	1,058,695	
Ohio Properties - Series B	OH	3,549,780	449,068	-	3,998,848	
Avistar at Chase Hill - Series B	TX	957,627	41,820	-	999,447	
Avistar at the Crest - Series B	TX	753,201	64,228	-	817,429	
Avistar at the Oaks - Series B	TX	550,836	47,231	-	598,067	
Avistar at the Parkway - Series B	TX	125,000	-	(3,341)	121,659	
Avistar in 09 - Series B	TX	454,390	38,961	-	493,351	
Avistar on the Boulevard - Series B	TX	447,554	38,165	-	485,719	
Crossing at 1415 - Series B	TX	335,000	-	(2,614)	332,386	
Heights at 515 - Series B	TX	510,000	-	(3,977)	506,023	
Mortgage revenue bonds held by the Partnership		<u>\$ 89,510,867</u>	<u>\$ 869,807</u>	<u>\$ (363,802)</u>	<u>\$ 90,016,872</u>	

See Note 22 for a description of the methodology and significant assumptions for determining the fair value of the MRBs. Unrealized gains or losses on the MRBs are recorded in the condensed consolidated statements of comprehensive income (loss) to reflect changes in their estimated fair values resulting from market conditions and fluctuations in the present value of the expected cash flows from the MRBs.

Bond Activity in the First Six Months of 2017

The following table includes the details of the MRB acquisitions during the six months ended June 30, 2017:

Property Name	Month Acquired	Property Location	Units	Maturity Date	Base Interest Rate	Principal Outstanding at Date of Acquisition
Avistar at Copperfield - Series A	February	Houston, TX	192	5/1/2054	5.75 %	\$ 10,000,000
Avistar at Copperfield - Series B	February	Houston, TX	192	6/1/2054	12.00 %	4,000,000
Avistar at Wilcrest - Series A	February	Houston, TX	88	5/1/2054	5.75 %	3,775,000
Avistar at Wilcrest - Series B	February	Houston, TX	88	6/1/2054	12.00 %	1,550,000
Avistar at Wood Hollow - Series A	February	Austin, TX	409	5/1/2054	5.75 %	31,850,000
Avistar at Wood Hollow - Series B	February	Austin, TX	409	6/1/2054	12.00 %	8,410,000
						<u>\$ 59,585,000</u>

Bond Activity in the First Six Months of 2016

In March 2016, the Partnership sold the Pro Nova 2014-2 bond for approximately \$9.5 million, which approximated the MRB's carrying value plus accrued interest. The Partnership used approximately \$8.4 million of the proceeds from the sale to pay in full and collapse the TOB Trust securitizing this MRB (Note 15). The following table includes details of the MRB redeemed:

Property Name	Month Exchanged	Property Location	Units	Maturity Date	Base Interest Rate	Principal Outstanding at Date of Exchange
Pro Nova - 2014B ¹	March	Knoxville, TN	-	5/1/2025	5.25 %	\$ 9,295,000

¹ This is a commercial property. Accordingly, unit information is not applicable.

In May 2016, the Partnership redeemed the four Series B mortgage revenue bonds for approximately \$5.2 million which approximated their carrying value plus accrued interest. The following table includes details of the MRBs redeemed:

Property Name	Month Redeemed	Property Location	Units	Original Maturity Date	Base Interest Rate	Principal Outstanding at Date of Redemption
Glenview Apartments - Series B	May	Cameron, CA	88	12/1/2016	8.00 %	\$ 2,053,000
Montclair Apartments - Series B	May	Lemoore, CA	80	12/1/2016	8.00 %	928,000
Santa Fe Apartments - Series B	May	Hesperia, CA	89	12/1/2016	8.00 %	1,671,000
Heritage Square - Series B	May	Edinburg, TX	204	10/1/2051	12.00 %	520,000

The following table includes the details of the MRB acquisitions during the six months ended June 30, 2016:

Property Name	Month Acquired	Property Location	Units	Maturity Date	Base Interest Rate	Principal Outstanding at Date of Acquisition
Companion at Thornhill Apartments	January	Lexington, SC	178	1/1/2052	5.80 %	\$ 11,500,000

7. PHC Certificates

The Partnership owned 100% of the Residual Participation Receipts (“LIFERs”) in three tender option bond trusts (“PHC TOB Trusts”) that contain the PHC Certificates. The assets held by the PHC Trusts consist of custodial receipts evidencing loans made to a number of local public housing authorities. Principal and interest on these loans are payable by the respective public housing authorities out of annual appropriations to be made to the public housing authorities by HUD under HUD’s Capital Fund Program established under the Quality Housing and Work Responsibility Act of 1998 (the “Capital Fund Program”). The PHC Trusts have a first lien on these annual Capital Fund Program payments to secure the public housing authorities’ respective obligations to pay principal and interest on their loans. The loans payable by the public housing authorities are not debts of, or guaranteed by, the United States of America or HUD. Interest payable on the public housing authority debt held by the PHC Trusts is exempt from federal income taxes. The PHC Certificates issued by each of the PHC Trusts have been rated investment grade by Standard & Poor’s.

The Partnership had the following investments in the PHC Certificates at June 30, 2017 and December 31, 2016:

Description of PHC Certificates	June 30, 2017						
	Weighted Average Lives (Years)	Investment Rating	Weighted Average Interest Rate Over Life	Cost Adjusted for Paydowns	Cumulative Unrealized Gain	Cumulative Unrealized Loss	Estimated Fair Value
PHC Certificate Trust I	7.81	AA-	5.36%	\$ 25,997,334	\$ -	\$ (354,242)	\$ 25,643,092
PHC Certificate Trust II	7.15	A+	4.32%	10,617,449	-	(118,075)	10,499,374
PHC Certificate Trust III	8.32	BBB	5.45%	19,717,563	-	(68,658)	19,648,905
				<u>\$ 56,332,346</u>	<u>\$ -</u>	<u>\$ (540,975)</u>	<u>\$ 55,791,371</u>

Description of PHC Certificates	December 31, 2016						
	Weighted Average Lives (Years)	Investment Rating	Weighted Average Interest Rate Over Life	Cost Adjusted for Paydowns	Cumulative Unrealized Gain	Cumulative Unrealized Loss	Estimated Fair Value
PHC Certificate Trust I	8.31	AA-	5.36%	\$ 26,077,158	\$ 672,097	\$ -	\$ 26,749,255
PHC Certificate Trust II	7.65	A+	4.31%	10,600,967	84,756	-	10,685,723
PHC Certificate Trust III	8.79	BBB	5.42%	20,122,937	-	(399,847)	19,723,090
				<u>\$ 56,801,062</u>	<u>\$ 756,853</u>	<u>\$ (399,847)</u>	<u>\$ 57,158,068</u>

See Note 22 for a description of the methodology and significant assumptions for determining the fair value of the PHC Certificates. Unrealized gains or losses on the PHC Certificates are recorded in the condensed consolidated statements of comprehensive income (loss) to reflect changes in their estimated fair values resulting from market conditions and fluctuations in the present value of the expected cash flows from the PHC Certificates.

8. Real Estate Assets

The following tables summarizes information regarding the Partnership's real estate assets at June 30, 2017 and December 31, 2016:

Real Estate Assets at June 30, 2017					
Property Name	Location	Number of Units	Land and Land Improvements	Buildings and Improvements	Carrying Value on June 30, 2017
Eagle Village	Evansville, IN	511	\$ 567,880	\$ 12,665,500	\$ 13,233,380
Residences of DeCordova	Granbury, TX	110	1,170,337	8,039,373	9,209,710
Residences of Weatherford	Weatherford, TX	76	1,942,229	5,767,980	7,710,209
Suites on Paseo	San Diego, CA	394	3,166,463	38,397,243	41,563,706
The 50/50 MF Property	Lincoln, NE	475	-	32,932,982	32,932,982
Jade Park	Daytona, FL	144	2,292,035	7,375,451	9,667,486
Land held for development	(1)	(1)	1,590,273	-	1,590,273
					\$ 115,907,746
Less accumulated depreciation					(16,367,265)
Total real estate assets					\$ 99,540,481

1 Land held for development consists of parcels of land in Johnson County, KS and Richland County, SC and land development costs for a site in Douglas County, NE.

Real Estate Assets at December 31, 2016					
Property Name	Location	Number of Units	Land and Land Improvements	Buildings and Improvements	Carrying Value on December 31, 2016
Eagle Village	Evansville, IN	511	\$ 567,880	\$ 12,655,244	\$ 13,223,124
Northern View	Highland Heights, KY	294	688,539	8,088,059	8,776,598
Residences of DeCordova	Granbury, TX	110	1,170,337	8,029,404	9,199,741
Residences of Weatherford	Weatherford, TX	76	1,942,229	5,751,260	7,693,489
Suites on Paseo	San Diego, CA	394	3,162,463	38,365,351	41,527,814
The 50/50 MF Property	Lincoln, NE	475	-	32,928,878	32,928,878
Jade Park	Daytona, FL	144	2,292,035	7,270,845	9,562,880
Land held for development	(2)	(2)	7,531,104	-	7,531,104
					\$ 130,443,628
Less accumulated depreciation					(16,217,028)
Total real estate assets					\$ 114,226,600

2 Land held for development consists of parcels of land in St. Petersburg, FL, Johnson County, KS, and Richland County, SC and land and development costs for a site in Panama City Beach, FL.

Activity in the First Six Months of 2017

In March 2017, the Partnership sold its 99% limited partner interest in Northern View. Gross proceeds from the sale were approximately \$13.8 million. The Partnership recognized a gain on sale of approximately \$7.2 million before income taxes. The gain on sale, net of income taxes, is considered Tier 2 income (See Note 3). The Partnership determined the sale did not meet the criteria for discontinued operations.

In May 2017, the Partnership closed on the sale of a parcel of land in St. Petersburg, Florida. The Partnership recognized a loss on sale of approximately \$22,000, attributable to direct selling expenses.

In June 2017, the Partnership executed a listing agreement with a broker to market the Suites on Paseo MF Property for sale.

During 2016, the Partnership executed PSAs to acquire two contiguous tracts of land in Douglas County, Nebraska. If these tracts of land are successfully acquired, they will be classified as "Land held for development."

Activity in the First Six Months of 2016

In June 2016, the Partnership sold the Arboretum, an MF Property, for \$30.2 million and realized a gain of approximately \$12.4 million, before income taxes. The gain on sale, net of income taxes, is considered Tier 2 income (See Note 3). The Partnership determined the sale did not meet the criteria for discontinued operations.

Net income (loss), exclusive of the gains on sale related to the Arboretum, Woodland Park (sold in July 2016) and Northern View MF Properties, for the three and six months ended June 30, 2017 and 2016 are as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
Net income (loss)	\$ (15,444)	\$ 114,601	\$ (18,735)	\$ 287,153

9. Investment in Unconsolidated Entities

ATAX Vantage Holdings, LLC, a wholly-owned subsidiary of the Partnership, has equity commitments and reported equity contributions as investment in unconsolidated entities on the condensed consolidated balance sheets. The investments represent the Partnership's maximum exposure to loss. ATAX Vantage Holdings, LLC is the only limited equity investor in the unconsolidated entities. An affiliate of the unconsolidated entities guarantees ATAX Vantage Holdings, LLC's return on its investments through the second anniversary of construction completion. The return on these investments earned by the Partnership is reported as investment income.

In March 2017, the Partnership closed on an \$11.7 million equity commitment to fund construction of the Vantage at Panama City Beach multifamily property. The Partnership also entered into a guarantee agreement related to the property's construction loan (Note 18).

The following table provides the details of the investments in unconsolidated entities at June 30, 2017 and December 31, 2016:

Property Name	Location	Units	Carrying Value at June 30, 2017	Carrying Value at December 31, 2016	Maximum Remaining Equity Commitment at June 30, 2017
Vantage at Corpus Christi	Corpus Christi, TX	288	\$ 8,907,869	\$ 8,447,343	\$ 1,550,000
Vantage at Waco	Waco, TX	288	8,323,166	5,964,861	1,592,039
Vantage at Boerne	Boerne, TX	288	7,870,971	5,057,802	1,475,936
Vantage at Panama City Beach	Panama City Beach, FL	288	6,848,487	-	5,042,297
			<u>\$ 31,950,493</u>	<u>\$ 19,470,006</u>	<u>\$ 9,660,272</u>

10. Property Loans, Net of Loan Loss Allowances

The following table summarizes the Partnership's property loans, net of loan loss allowances, at June 30, 2017 and December 31, 2016:

	June 30, 2017		
	Outstanding Balance	Loan Loss Allowances	Property Loan Principal, net of allowance
Arbors at Hickory Ridge	\$ 191,264	\$ -	\$ 191,264
Ashley Square	5,078,342	(3,596,342)	1,482,000
Avistar (February 2013 portfolio)	274,496	-	274,496
Avistar (June 2013 portfolio)	251,622	-	251,622
Cross Creek	7,155,545	(3,447,472)	3,708,073
Greens Property	850,000	-	850,000
Lake Forest	4,623,704	(55,000)	4,568,704
Ohio Properties	2,390,446	-	2,390,446
Vantage at Brooks, LLC	8,417,635	-	8,417,635
Vantage at Braunfels, LLC	7,469,730	-	7,469,730
Winston Group, Inc	2,000,000	-	2,000,000
Total	<u>\$ 38,702,784</u>	<u>\$ (7,098,814)</u>	<u>\$ 31,603,970</u>

	December 31, 2016		
	Outstanding Balance	Loan Loss Allowances	Net Taxable Property Loans
Arbors at Hickory Ridge	\$ 191,264	\$ -	\$ 191,264
Ashley Square	5,078,342	(3,596,342)	1,482,000
Avistar (February 2013 portfolio)	274,496	-	274,496
Avistar (June 2013 portfolio)	251,622	-	251,622
Cross Creek	7,155,545	(3,447,472)	3,708,073
Greens Property	850,000	-	850,000
Lake Forest	4,623,704	(55,000)	4,568,704
Ohio Properties	2,390,446	-	2,390,446
Vantage at Brooks, LLC	7,199,424	-	7,199,424
Vantage at Braunfels, LLC	6,347,305	-	6,347,305
Winston Group, Inc	2,500,000	-	2,500,000
Total	<u>\$ 36,862,148</u>	<u>\$ (7,098,814)</u>	<u>\$ 29,763,334</u>

During the six months ended June 30, 2017, the Partnership advanced funds to Vantage at Brooks, LLC and Vantage at Braunfels, LLC of \$1.2 million and \$1.1 million, respectively. During the six months ended June 30, 2016, the Partnership advanced net funds to Cross Creek of \$6,000, to FAH of \$2,500, to Vantage at Brooks, LLC of \$3.7 million and to Vantage at Braunfels, LLC of \$2.1 million. During the six months ended June 30, 2017, the Partnership received \$500,000 of principal from the Winston Group, Inc.

The Partnership's property loans to Ashley Square, Cross Creek, and Lake Forest remain on nonaccrual status at June 30, 2017. The Partnership recognizes interest income on nonaccrual loans when cash is received and the Partnership will reassess the property loan's nonaccrual status.

11. Income Tax Provision

The Partnership recognizes current income tax expense for federal, state, and local income taxes incurred by our taxable subsidiary, the Greens Hold Co, which owns all the MF Properties except the Suites on Paseo and Jade Park. The Partnership's income tax expense fluctuates from period to period based on the timing of the taxable income. Deferred income tax expense is generally a function of the period's temporary differences (i.e. depreciation, amortization of finance costs, etc.), and the utilization of net operating losses generated in prior years that had been previously recognized as a deferred income tax asset.

The following represents income tax expense for the Greens Hold Co for the three and six months ended June 30, 2017 and 2016:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
Current income tax expense	\$ 138,000	\$ 4,100,000	\$ 2,760,047	\$ 4,100,000
Deferred income tax expense (benefit)	(201,000)	553,000	(365,000)	553,000
Total income tax expense	<u>\$ (63,000)</u>	<u>\$ 4,653,000</u>	<u>\$ 2,395,047</u>	<u>\$ 4,653,000</u>

12. Other Assets

The following represents the Other Assets at June 30, 2017 and December 31, 2016:

	June 30, 2017	December 31, 2016
Deferred financing costs - net	\$ 537,261	\$ 456,890
Fair value of derivative instruments (Note 19)	521,789	383,604
Taxable bonds at fair market value	3,931,471	4,084,599
Bond purchase commitments - fair value (Note 20)	3,165,172	2,399,449
Other assets	1,244,407	1,470,650
Total other assets	<u>\$ 9,400,100</u>	<u>\$ 8,795,192</u>

13. Unsecured Lines of Credit

The following represents the unsecured lines of credit ("LOC") at June 30, 2017 and December 31, 2016:

Unsecured Lines of Credit	Outstanding on June 30, 2017	Total Commitment	Maturity	Variable / Fixed	Reset Frequency	Period End Rate
Bankers Trust	\$ -	\$ 50,000,000	May 2019	Variable	Monthly	4.22 %
Bankers Trust operating	-	10,000,000	May 2019	Variable	Monthly	4.47 %
Total unsecured lines of credit	\$ -	\$ 60,000,000				

1 The variable rate is indexed to LIBOR plus an applicable margin.

Unsecured Lines of Credit	Outstanding on December 31, 2016	Total Commitment	Maturity	Variable / Fixed	Reset Frequency	Period End Rate
Bankers Trust	\$ 40,000,000	\$ 40,000,000	May 2018	Variable	Monthly	3.13 %
Bankers Trust operating	-	7,500,000	May 2018	Variable	Monthly	3.88 %
Total unsecured lines of credit	\$ 40,000,000	\$ 47,500,000				

2 The variable rate is indexed to LIBOR plus an applicable margin.

In April 2017, the commitment on the non-operating LOC was increased \$10 million to a total commitment of \$50 million.

In May 2017, the maturity date on both Bankers Trust LOCs was extended for an additional one-year term. Additionally, the commitment on the operating LOC was increased to \$10 million, from \$7.5 million previously.

The Partnership is required to make prepayments of the principal to reduce the Bankers Trust Operating LOC to zero for fifteen consecutive calendar days during each calendar quarter. For all periods presented the Partnership has fulfilled its prepayment obligation. In addition, the Partnership has fulfilled its third quarter of 2017 prepayment obligation as it maintained a zero balance in the Operating LOC for the first fifteen days of July 2017. The Partnership is in compliance with all covenants at June 30, 2017.

14. Secured Line of Credit

In December 2016, the Partnership entered into a secured Credit Agreement of up to \$20.0 million with Bankers Trust. The secured LOC was paid in full in February 2017 and is no longer available to the Partnership at June 30, 2017.

15. Debt Financing

The following represents the Debt Financing, net of deferred financing costs, at June 30, 2017 and December 31, 2016:

	Outstanding Debt Financings on June 30, 2017, net	Restricted Cash	Year Acquired	Stated Maturities	Reset Frequency	SIFMA Based Rates	Facility Fees	Period End Rates
TOB & Term A/B								
Trusts Securitization								
Fixed - Term TOB	\$ 46,819,168	\$ -	2014	July 2019 - October 2019	N/A	N/A	N/A	4.01% - 4.39%
Fixed - Term A/B	141,218,861	-	2016	September 2026 - December 2026	N/A	N/A	N/A	3.64%
Fixed - Term A/B	38,404,351	-	2017	February 2027	N/A	N/A	N/A	4.46%
Fixed - Term A/B	60,393,208	-	2017	February 2022 - March 2022	N/A	N/A	N/A	3.89%
Fixed - Term A/B	35,189,080	-	2017	June 2018 - August 2018	N/A	N/A	N/A	3.76%
Variable - TOB	42,140,000	1,315,662	2012	May 2018	Weekly	1.46 - 1.51%	1.65 - 1.67%	3.11 - 3.16%
TEBS Financings								
Variable - TEBS I	60,280,023	403,557	2010	September 2017 (2)	Weekly	0.97%	1.85%	2.82%
Variable - TEBS II (1)	91,087,826	171,657	2014	July 2019	Weekly	0.94%	1.62%	2.56%
Variable - TEBS III (1)	81,932,724	3,473,533	2015	July 2020	Weekly	0.94%	1.39%	2.33%
Total Debt Financings	\$ 597,465,241							

(1) Facility fees are variable

(2) ATAX TEBS I, LLC, a wholly-owned subsidiary of the Partnership, has a contractual right to extend the M24 TEBS Financing at its option until September 15, 2020. If the right to extend is not exercised, the M24 TEBS Financing will mature on September 15, 2017. The Partnership is evaluating whether to exercise its option to terminate.

	Outstanding Debt Financings on December 31, 2016, net	Restricted Cash	Year Acquired	Stated Maturities	Reset Frequency	SIFMA Based Rates	Facility Fees	Period End Rates
TOB & Term A/B								
Trusts Securitization								
Fixed - Term TOB	\$ 46,860,699	\$ -	2014	July 2017 - July 2019	N/A	N/A	N/A	4.01% - 4.39%
Fixed - Term A/B	141,266,034	1,373,695	2016	September 2026 - December 2026	N/A	N/A	N/A	3.64%
Fixed - Term A/B	30,512,916	-	2016	March 2017	N/A	N/A	N/A	4.56%
Variable - TOB	42,455,000	-	2012	Dec 2016	Weekly	1.29 - 1.39%	1.62%	2.91 - 3.01%
TEBS Financings								
Variable - TEBS I	60,430,991	396,412	2010	September 2017	Weekly	0.77%	1.85%	2.62%
Variable - TEBS II (1)	91,768,081	170,988	2014	July 2019	Weekly	0.75%	1.62%	2.37%
Variable - TEBS III (1)	82,089,312	3,495,592	2015	July 2020	Weekly	0.75%	1.39%	2.14%
Total Debt Financings	\$ 495,383,033							

(1) Facility fees are variable

At June 30, 2017 and December 31, 2016, the Partnership posted cash collateral (i.e. restricted cash) related to the interest rate swaps associated with specific Debt Financings. The Partnership has also posted cash collateral as contractually required under the terms of the three TEBS Financings. In addition, to mitigate its exposure to interest rate fluctuations on the variable rate TEBS Financings, the Partnership also entered into interest rate cap agreements (Note 17).

The TOB and Term A/B Trusts are subject to a Master Trust Agreement with DB that contains covenants with which the Partnership is required to comply. If the Partnership were to be out of compliance with any of these covenants, a termination event of the financing facilities would be triggered. The most restrictive covenant within the Master Trust Agreement states that cash available to distribute for the trailing twelve months must be at least two times trailing twelve-month interest expense. At June 30, 2017, the Partnership was in compliance with these covenants.

Debt Financing Activity in the First Six Months of 2017

In February 2017, the Partnership entered into 19 new Term A/B Trust financings secured by various MRBs. The Partnership capitalized costs totaling approximately \$1.2 million as deferred financing costs, of which approximately \$921,000 was paid to a related party (Note 21). The following table summarizes the terms of the new Term A/B Trusts:

Term A/B Trusts Securitization	Outstanding Term A/B Trust Financing at June 30, 2017, net	Year Acquired	Stated Maturity	Fixed Interest Rate
San Vicente - Series A	\$ 3,108,855	2017	February 2022	3.89%
San Vicente - Series B	1,536,980	2017	June 2018	3.76%
Las Palmas - Series A	1,504,877	2017	February 2022	3.89%
Las Palmas - Series B	1,484,551	2017	June 2018	3.76%
The Village at Madera - Series A	2,742,626	2017	February 2022	3.89%
The Village at Madera - Series B	1,447,301	2017	July 2018	3.76%
Harmony Court Bakersfield - Series A	3,317,948	2017	February 2022	3.89%
Harmony Court Bakersfield - Series B	1,680,903	2017	July 2018	3.76%
Summerhill - Series A	5,724,083	2017	February 2022	3.89%
Summerhill - Series B	2,843,348	2017	July 2018	3.76%
Courtyard - Series A	9,123,195	2017	February 2022	3.89%
Courtyard - Series B	5,251,959	2017	July 2018	3.76%
Seasons Lakewood - Series A	6,549,040	2017	February 2022	3.89%
Seasons Lakewood - Series B	4,436,057	2017	August 2018	3.76%
Seasons San Juan Capistrano - Series A	11,037,610	2017	February 2022	3.89%
Seasons San Juan Capistrano - Series B	5,544,767	2017	August 2018	3.76%
Avistar at Wood Hollow - Series A	26,827,207	2017	February 2027	4.46%
Avistar at Wilcrest - Series A	3,166,185	2017	February 2027	4.46%
Avistar at Copperfield - Series A	8,410,959	2017	February 2027	4.46%
Total Term A/B Trust Financing	<u>\$ 105,738,451</u>			

In March 2017, the Partnership refinanced four Term A/B Trusts into new Term A/B Trusts with longer stated terms. Based on the terms of the new and old Term A/B Trusts, the refinancing was accounted for as a modification, with approximately \$47,000 capitalized as deferred financing costs. The following table summarizes the terms of the new Term A/B Trusts:

Term A/B Trusts Securitization	Outstanding Term A/B Trust Financing at June 30, 2017, net	Year Acquired	Stated Maturity	Fixed Interest Rate
Oaks at Georgetown - Series A	\$ 11,086,113	2017	March 2022	3.89%
Oaks at Georgetown - Series B	4,683,189	2017	August 2018	3.76%
Harmony Terrace - Series A	6,198,861	2017	March 2022	3.89%
Harmony Terrace - Series B	6,280,025	2017	August 2018	3.76%
Total Term A/B Trust Financing	<u>\$ 28,248,188</u>			

In June 2017, the maturity date of the Partnership's variable TOB Trusts was extended until May 2018.

Debt Financing Activity in the First Six Months of 2016

The three MBS TOB Trusts and the TOB Trust collateralized by the Pro Nova 2014-2 MRB were paid in full and collapsed in January 2016 and March 2016, respectively.

Future Maturities

The following represents the Debt Financing contractual maturities for the next five years and thereafter:

2017	\$	64,653,256
2018		80,684,860
2019		139,762,253
2020		83,247,030
2021		2,291,262
Thereafter		231,978,758
Total	\$	602,617,419

16. Mortgages Payable and Other Secured Financing

The following represents the Mortgages payable and other secured financing, net of deferred financing costs, at June 30, 2017 and December 31, 2016:

MF Property Mortgage Payables	Outstanding Mortgage Payable at June 30, 2017, net	Year Acquired	Stated Maturity	Variable / Fixed	Reset Frequency	Variable Based Rate	Facility Fees	Period End Rate
Eagle Village	\$ 7,750,076	2010	September 2018	Variable	Monthly	1.06%(1)	3.00%	4.06%
Residences of DeCordova	1,715,750	2012	June 2019	Fixed	N/A	N/A	N/A	4.75%
Residences of Weatherford	5,487,912	2011	June 2019	Fixed	N/A	N/A	N/A	4.75%
The 50/50 MF Property--TIF Loan	3,463,331	2014	December 2019	Fixed	N/A	N/A	N/A	4.65%
The 50/50 MF Property--Mortgage	24,896,611	2013	March 2020	Variable	Monthly	4.00%(2)	N/A	4.00%
Jade Park	7,464,772	2016	October 2021	Fixed	N/A	N/A	N/A	3.85%
Total Mortgage Payable\Weighted Average Period End Rate	\$ 50,778,452							4.14%

(1) Variable rate is based on 30-day LIBOR

(2) Variable rate is based on Wall Street Journal Prime Rate

MF Property Mortgage Payables	Outstanding Mortgage Payable at December 31, 2016, net	Year Acquired	Stated Maturity	Variable / Fixed	Reset Frequency	Variable Based Rate	Facility Fees	Period End Rate
Residences of DeCordova	\$ 1,744,858	2012	June 2017	Fixed	N/A	N/A	N/A	4.75%
Residences of Weatherford	5,589,086	2011	June 2017	Fixed	N/A	N/A	N/A	4.75%
Eagle Village	7,845,711	2010	September 2018	Variable	Monthly	0.63%(1)	3.00%	3.63%
The 50/50 MF Property--TIF Loan	3,656,090	2014	December 2019	Fixed	N/A	N/A	N/A	4.65%
The 50/50 MF Property--Mortgage	25,082,636	2013	March 2020	Variable	Monthly	3.50%(2)	N/A	3.50%
Jade Park	7,461,131	2016	October 2021	Fixed	N/A	N/A	N/A	3.85%
Total Mortgage Payable\Weighted Average Period End Rate	\$ 51,379,512							3.83%

(1) Variable rate is based on 30-day LIBOR

(2) Variable rate is based on Wall Street Journal Prime Rate

Activity in the First Six Months of 2017

In June 2017, the Partnership refinanced the mortgages payable for the Residences and DeCordova and Residences at Weatherford. The interest rates did not change, no commitments fees were paid, the maturity dates for the mortgages payable were extended for additional two-year terms and the mortgages payable can be prepaid prior to maturity with no penalty.

Activity in the First Six Months of 2016

In June 2016, the Arboretum mortgage payable was paid off in full in conjunction with the sale of the MF property. No prepayment penalties were paid upon settlement of the mortgage payable.

Future Maturities

The following represents the Mortgages payable and other secured financing contractual maturities for the next five years and thereafter:

2017	\$	630,547
2018		8,809,356
2019		10,768,942
2020		23,993,819
2021		6,858,993
Thereafter		-
Total mortgages payable and other secured financings	\$	<u>51,061,657</u>

17. Interest Rate Derivative Agreements

The following represents the interest rate derivatives, excluding interest rate swaps, at June 30, 2017:

Purchase Date	Notional Amount	Maturity Date	Effective Capped Rate	Index	Variable Debt Financing Facility Hedged	Counterparty	Fair Value - Asset (Liability) (1)
Sept 2010	\$ 29,609,667	Sept 2017	3.0%	SIFMA	M24 TEBS	Bank of New York Mellon	\$ -
Sept 2010	29,609,667	Sept 2017	3.0%	SIFMA	M24 TEBS	Barclays Bank PLC	-
Sept 2010	29,609,667	Sept 2017	3.0%	SIFMA	M24 TEBS	Royal Bank of Canada	-
Aug 2013	88,829,000	Sept 2017	1.5%	SIFMA	M24 TEBS	Deutsche Bank	-
July 2014	30,850,250	Aug 2019	3.0%	SIFMA	M31 TEBS	Barclays Bank PLC	1,002
July 2014	30,850,250	Aug 2019	3.0%	SIFMA	M31 TEBS	Royal Bank of Canada	1,002
July 2014	30,850,250	Aug 2019	3.0%	SIFMA	M31 TEBS	SMBC Capital Markets, Inc	1,002
July 2015	27,813,538	Aug 2020	3.0%	SIFMA	M33 TEBS	Wells Fargo Bank	12,207
July 2015	27,813,538	Aug 2020	3.0%	SIFMA	M33 TEBS	Royal Bank of Canada	12,207
July 2015	27,813,538	Aug 2020	3.0%	SIFMA	M33 TEBS	SMBC Capital Markets, Inc	12,207
June 2017	92,550,751	Aug 2019	1.5%	SIFMA	M31 TEBS	Barclays Bank PLC	105,269
June 2017	83,440,615	Aug 2020	1.5%	SIFMA	M33 TEBS	Barclays Bank PLC	376,893
							<u>\$ 521,789</u>

(1) For additional details, see Note 22 to the Partnership's condensed consolidated financial statements.

In June 2017, the Partnership purchased two interest rate derivatives to roll down the effective capped rate on the M31 and M33 TEBS Financings to 1.5%. The Partnership paid approximately \$139,000 and \$358,000 for the interest rate derivatives, respectively.

The Partnership has contracted for two interest rate swaps with DB. On a quarterly basis, the Partnership reassesses its interest rate swap positions. In the second quarter of 2017, the Partnership determined that due to the stabilization of the Decatur Angle and Bruton MRB properties and securitization of the related MRBs into fixed rate Term A/B Trust financings, the interest rate swaps were not needed to mitigate interest rate risk on financings related to the MRBs. The Partnership then determined that the interest rate swaps are intended to mitigate interest rate risk for the variable rate PHC TOB Trusts. The following table summarizes the terms of the interest rate swaps at June 30, 2017 and December 31, 2016:

Purchase Date	Notional Amount	Effective Date	Termination Date	Fixed Rate Paid	Period End Variable Rate Received	Variable Rate & Index	Counterparty	June 30, 2017 - Fair Value of Liability	December 31, 2016 - Fair Value of Liability
Sept 2014	\$ 22,899,450	Oct 2016	Oct 2021	1.96 %	0.85 %	70% 30-day LIBOR	Deutsche Bank	\$ (652,598)	\$ (738,574)
Sept 2014	18,108,276	April 2017	April 2022	2.06 %	0.85 %	70% 30-day LIBOR	Deutsche Bank	(630,839)	(600,709)
								<u>\$ (1,283,437)</u>	<u>\$ (1,339,283)</u>

The Partnership's interest rate derivatives and interest rate swaps are not designated as hedging instruments and, accordingly, they are recorded at fair value. Changes in fair value are included in current period earnings as interest expense. See Note 22 for a description of the methodology and significant assumptions for determining the fair value of the interest rate derivatives and interest rate swap arrangements. The interest rate derivatives are presented within Other assets and the interest rate swap arrangements are reported as a derivative swap liability on the condensed consolidated balance sheets.

18. Commitments and Contingencies

The Partnership, from time to time, may be subject to various legal proceedings and claims that arise in the ordinary course of business. These matters are frequently covered by insurance. If it has been determined that a loss is probable, the estimated amount of the loss is accrued in the condensed consolidated financial statements. While the resolution of these matters cannot be predicted with certainty, management believes the final outcome of such matters will not have a material effect on the Partnership's condensed consolidated financial statements.

Bond Purchase Commitments

As part of the Partnership's strategy of acquiring MRBs, it will enter into bond purchase commitments related to MRBs to be issued and secured by properties under construction. Upon satisfaction of the terms of the bond purchase commitment, the proceeds from the MRBs issued will be used to pay off the construction related debt of the underlying collateral of the MRB to be issued. The Partnership bears no construction or stabilization risk during the commitment period. The Partnership accounts for bond purchase commitments as available-for-sale securities and reports the asset or liability at fair value. Changes in the fair value of bond purchase commitments are recorded in Other comprehensive income.

The following table represents the bond purchase commitments at June 30, 2017 and December 31, 2016:

Bond Purchase Commitments	Commitment Date	Maximum Committed Amounts for 2017	Maximum Committed Amounts for 2018	Rate	Closing Date (1)	Fair Value at June 30, 2017	Fair Value at December 31, 2016
Villas at Plano Gateway Apartments	December 2014	\$ -	\$ -	6.00%	N/A	\$ -	\$ 838,200
Village at Rivers Edge	May 2015	11,000,000	-	6.00%	Q3 2017	850,437	467,720
Palo Alto	July 2015	-	19,540,000	5.80%	Q1 2018	1,207,209	627,429
Village at Avalon	November 2015	-	16,400,000	5.80%	Q2 2018	1,107,526	466,100
Total		<u>\$ 11,000,000</u>	<u>\$ 35,940,000</u>			<u>\$ 3,165,172</u>	<u>\$ 2,399,449</u>

(1) The closing dates are estimated.

The bond purchase commitment for the Villas at Plano Gateway Apartments expired effective April 1, 2017. The bond purchase commitment was cancelled and the Partnership has no obligation under the agreement after expiration.

Property Loan Commitments

ATAX Vantage Holdings, LLC, a wholly owned subsidiary of the Partnership, committed to loan approximately \$17.0 million to unrelated third parties to build two new multifamily residential properties, Vantage at Brooks, LLC and Vantage at Braunfels, LLC, both located in Texas. At June 30, 2017, the Partnership's remaining maximum commitments totaled approximately \$1.1 million. See Note 10 for disclosures related to these property loans.

Other Guarantees & Commitments

In March 2017, the Partnership entered into a guaranty agreement whereby the Partnership has guaranteed payment of the construction loan of Vantage at Panama City Beach, LLC. The Partnership will only have to perform on the guarantee upon a default by Vantage at Panama City Beach, LLC. The guarantee is initially for the entire amount of the construction loan and decreases to 50% and 25% as certain debt service coverage levels are obtained by the borrower. The construction loan has a maximum available balance of \$25.6 million. At June 30, 2017, there was no outstanding balance on the construction loan and the Partnership had no exposure under the guarantee. The Partnership is also required to maintain minimum cash and net worth requirements, which were met as of June 30, 2017.

Pursuant to the sale of the Greens Property in 2012, the Partnership entered into guarantee agreements with an unaffiliated entity under which the Partnership has guaranteed certain obligations of the general partner of the Greens of Pine Glen limited partnership, including an obligation to repurchase the interests of BC Partners if certain "repurchase events" occur. Remaining potential repurchase events relate primarily to the delivery of LIHTCs, or tax credit recapture and foreclosure. No amount has been accrued for this contingent liability because the likelihood of a repurchase event is remote. The maximum exposure to the Partnership at June 30, 2017, under the guarantee provision of the repurchase clause is approximately \$2.8 million and represents 75% of the equity contributed by BC Partners.

Pursuant to the Ohio Properties transaction in 2011, the Partnership entered into guarantee agreements with an unaffiliated entity under which the Partnership has guaranteed certain obligations of the general partner of these limited partnerships, including an obligation to repurchase the interests of BC Partners if certain "repurchase events" occur. Remaining potential repurchase events relate primarily to the delivery of LIHTCs, or tax credit recapture and foreclosure. No amount has been accrued for this contingent liability because the likelihood of a repurchase event is remote. The maximum exposure to the Partnership at June 30, 2017, under the guarantee provision of the repurchase clause is approximately \$4.4 million and represents 75% of the equity contributed by BC Partners.

The 50/50 MF Property has a ground lease with the University of Nebraska-Lincoln with an initial lease term expiring in March 2038. There is also an option to extend the lease for an additional five-year period. Annual lease payments are \$100 per year. In conjunction with the ground lease, the 50/50 MF Property has entered into an agreement whereby it is required to make monthly payments, when cash is available at the property, to the University of Nebraska-Lincoln based on its revenues. The minimum aggregate annual payment due under the agreement for the twelve-month period from August 1, 2016 through July 31, 2017 is approximately \$122,000. The minimum aggregate annual expense increases 2% annually until July 31, 2034 and increases 3% annually thereafter. The 50/50 MF Property may be required to make additional payments under the agreement if its gross revenues exceed certain thresholds. The agreement will terminate upon termination of the ground lease. The Partnership reported accounts payable related to this agreement of approximately \$83,000 and \$21,000 at June 30, 2017 and December 31, 2016. The Partnership reported expenses related to the agreement of approximately \$42,000 and \$84,000 for the three and six months ended June 30, 2017 and 2016.

As the holder of residual interests issued in connection with its TOB Trust, Term A/B Trust and TEBS Financing arrangements, the Partnership is required to guarantee certain losses that can be incurred by the trusts created in connection with these financings. These guarantees may result from a downgrade in the investment rating of PHCs held by the trust or of the senior securities issued by the trust, a ratings downgrade of the liquidity provider for the trust, increases in short term interest rates beyond pre-set maximums, an inability to re-market the senior securities or an inability to obtain liquidity for the trust. In the case of the TEBS, Freddie Mac will step in first on an immediate basis and the Partnership will have 10 to 14 days to remedy. If the Partnership does not remedy, the trust will be collapsed. If such an event occurs, the trust collateral may be sold and if the proceeds are not sufficient to pay the principal amount of the senior securities plus accrued interest and other trust expenses, the Partnership will be required to fund any such shortfall pursuant to its guarantee. If the Partnership does not fund the shortfall, the default and liquidation provisions will be invoked against the Partnership. In the event of a shortfall the maximum exposure to loss would be approximately \$602.6 million prior to the consideration of the proceeds from the sale of the trust collateral. The Partnership has never been, and does not expect in the future, to be required to reimburse the financing facilities for any shortfall.

19. Redeemable Series A Preferred Units

The Partnership has issued non-cumulative, non-voting, non-convertible Series A Preferred Units via private placements to four financial institutions. The Series A Preferred Units are redeemable in the future and represent limited partnership interests in the Partnership. The Partnership did not issue any Series A Preferred Units during the three months ended June 30, 2017. The following table summarizes the outstanding Series A Preferred Units at June 30, 2017:

June 30, 2017						
Month Issued	Units	Purchase Price	Distribution Rate	Redemption Price per Unit	Earliest Redemption Date	
March 2016	1,000,000	\$ 10,000,000	3.00%	\$ 10.00	March 2022	
May 2016	1,386,900	13,869,000	3.00%	10.00	May 2022	
September 2016	1,000,000	10,000,000	3.00%	10.00	September 2022	
December 2016	700,000	7,000,000	3.00%	10.00	December 2022	
March 2017	1,613,100	16,131,000	3.00%	10.00	March 2023	
	<u>5,700,000</u>	<u>\$ 57,000,000</u>				

20. Restricted Unit Awards (“RUAs”)

The Partnership’s 2015 Equity Incentive Plan (“Plan”), as approved by the Unitholders, permits the grant of Restricted Units and other awards to the employees of Burlington, the Partnership, or any affiliate of either, and members of Burlington’s Board of Managers for up to 3.0 million BUCs. RUAs are generally granted with vesting conditions ranging from three months to approximately three years. RUAs currently provide for the payment of quarterly distributions during the vesting period. The RUA’s provide for accelerated vesting if there is a change in control or death or disability of the Participant.

The fair value of each RUA is estimated on the grant date based on the Partnership’s exchange-listed closing price of the BUCs. The Partnership recognizes compensation expense for the RUAs on a straight-line basis over the requisite vesting period. The compensation expense for RUAs totaled approximately \$439,000 and \$610,000 for the three and six months ended June 30, 2017. No compensation expense for RUAs was recognized for the three and six months ended June 30, 2016.

The following table represents nonvested Restricted Units at and for the six months ended June 30, 2017.

	Restricted Units Awarded	Weighted-average Grant-date Fair Value
Nonvested at January 1, 2017	158,304	\$ 6.03
Granted	283,046	5.74
Vested	-	-
Nonvested at June 30, 2017	<u>441,350</u>	<u>\$ 5.84</u>

At June 30, 2017, there was approximately \$1.8 million of total unrecognized compensation expense related to nonvested RUAs granted under the Plan. The remaining expense is expected to be recognized over a weighted-average period of 1.2 years. The total intrinsic value of nonvested RUAs was approximately \$2.6 million at June 30, 2017.

21. Transactions with Related Parties

The General Partner of the Partnership, AFCA 2, is entitled to receive an administrative fee from the Partnership equal to 0.45% per annum of the outstanding principal balance of any of its MRBs, property loans collateralized by real property, and other investments for which the owner of the financed property or other third party is not obligated to pay such administrative fee directly to AFCA 2. The Partnership paid or accrued administrative fees to AFCA 2 of approximately \$905,000 and \$1.8 million for the three and six months ended June 30, 2017, respectively. The Partnership paid or accrued administrative fees to AFCA 2 of approximately \$678,000 and \$1.4 million for the three and six months ended June 30, 2016, respectively. In addition to the administrative fees paid directly by the Partnership, AFCA 2 receives administrative fees directly from the owners of properties financed by certain of the MRBs held by the Partnership. These administrative fees also equal 0.45% per annum of the outstanding principal balance of these MRBs and totaled approximately \$37,000 and \$52,000 for the three and six months ended June 30, 2017, respectively. Such administrative fees totaled approximately \$30,000 and \$49,000 for the three and six months ended June 30, 2016, respectively.

AFCA 2 earns placement fees in connection with the acquisition of certain MRBs, equity investments in unconsolidated entities and select property loans. These placement fees were paid by the owners of the respective properties and, accordingly, have not been reflected in the accompanying condensed consolidated financial statements because these properties are not considered consolidated

VIEs or related parties. AFCA 2 earned placement fees of approximately zero and \$938,000 for the three and six months ended June 30, 2017. AFCA 2 earned placement fees of approximately zero and \$388,000 for the three and six months ended June 30, 2016, respectively.

An affiliate of AFCA 2, Burlington Capital Properties, LLC (f/k/a America First Properties Management Company, LLC) ("Properties Management") provided property management services for the MF Properties (excluding Suites on Paseo) and seven of the properties collateralized by the MRBs during the three and six months ended June 30, 2017. Properties Management earned management fees related to the MF Properties of approximately \$92,000 and \$205,000 for the three and six months ended June 30, 2017, respectively. Properties Management earned management fees related to the MF Properties of approximately \$164,000 and \$341,000 for the three and six months ended June 30, 2016, respectively. For MF Properties, the property management fees are reflected as real estate operating expenses on the Partnership's condensed consolidated statements of operations. For the properties collateralized by the MRBs, these property management fees are not Partnership expenses, but are paid in each case by the owner of the Residential Properties. The property management fees are paid out of the revenues generated by the respective property prior to the payment of debt service on the Partnership's MRBs and property loans, if applicable.

An affiliate of AFCA 2, Farnam Capital Advisors, LLC, acts as an origination advisor and consultant to the borrowers when MRBs, investments in unconsolidated entities, select notes receivable, and financing facilities are acquired by the Partnership. The borrowers paid origination fees of approximately zero and \$269,000 for the three and six months ended June 30, 2017. The borrowers paid origination fees of approximately zero and \$194,000 for the three and six months ended June 30, 2016, respectively. These origination fees were paid by the borrower and have not been reflected in the accompanying condensed consolidated financial statements. The Partnership paid consulting fees to the affiliate of approximately zero and \$921,000 for services related to origination of Term A/B Trusts during the three and six months ended June 30, 2017, respectively. No such fees were paid to the affiliate during the three and six months ended June 30, 2016.

An affiliate of AFCA 2, Burlington Capital Construction Services, LLC, is the general contractor for certain exterior rehabilitation services for the Jade Park MF Property starting in June 2017. The contracted services are expected to be completed by the end of 2017. The Partnership did not receive any services under the contract during the three and six months ended June 30, 2017.

22. Fair Value of Financial Instruments

Current accounting guidance on fair value measurements establishes a framework for measuring fair value and provides for expanded disclosures about fair value measurements. The guidance:

- Defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date; and
- Establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability on the measurement date.

Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. To increase consistency and comparability in fair value measurements and related disclosures, the fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The three levels of the hierarchy are defined as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 inputs are unobservable inputs for asset or liabilities.

The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value.

Investments in MRBs and Bond Purchase Commitments. The fair value of the Partnership's investments in MRBs and mortgage bond purchase commitments at June 30, 2017 is based upon prices obtained from a third-party pricing service, which are indicative of market prices. There is no active trading market for the MRBs and price quotes for the MRBs are not available. The valuation methodology of the Partnership's third-party pricing service incorporates commonly used market pricing methods. It considers the

underlying characteristics of each MRB as well as other quantitative and qualitative characteristics including, but not limited to, market interest rates, legal structure of the borrower, seniority to other obligations, operating results of the underlying property, geographic location, and property quality. The MRB values are then estimated using a discounted cash flow and yield to maturity or call analysis. The Partnership analyzes pricing data received from the third-party pricing service by comparing it to the Partnership's internal valuation methodology. The Partnership's internal valuation methodology considers current market interest rates as well as quantitative and qualitative characteristics similar to those used by the third-party pricing service. The fair value estimates of these MRBs, whether estimated by the third-party pricing service or the Partnership, are based largely on unobservable inputs the Partnership believes would be used by market participants and requires the use of judgment on the part of the third-party pricing service and management. Due to the judgments involved, the fair value measurement of the Partnership's investments in MRBs and mortgage bond purchase commitments are categorized as a Level 3 input. At June 30, 2017, the range of effective yields on the individual MRBs was 2.6% to 9.9% per annum.

Prior to the second quarter of 2017, the fair value of the Partnership's investments in MRBs and mortgage bond purchase commitments were based on a discounted cash flow and yield to maturity analysis performed by the Partnership. If available, the Partnership considered price quotes on similar MRBs or other information from external sources, such as pricing services. The estimates of the fair values of these MRBs, whether estimated by the Partnership or based on external sources, were based largely on unobservable inputs the Partnership believes would be used by market participants. Additionally, the calculation methodology used by the external sources and the Partnership encompassed the use of judgment in its application. To validate changes in the fair value of the Partnership's investments in MRBs between reporting periods, the Partnership looked at the key inputs such as changes in the 'A' rated municipal bond rates on similar MRBs as well as changes in the operating performance of the underlying property serving as collateral for each MRB. The Partnership validated that the changes in the estimated fair value of the MRBs move with the changes in these monitored factors. Given these facts, the fair value measurement of the Partnership's investment in MRBs was categorized as a Level 3 input. At December 31, 2016, the range of effective yields on the individual MRBs was 4.9% to 12.4% per annum.

Investments in Public Housing Capital Fund Trust Certificates. The fair value of the Partnership's investment in PHC Certificates at June 30, 2017 is based upon prices obtained from a third-party pricing service, which are indicative of market prices. There is no active trading market for the trusts' certificates owned by the Partnership. The valuation methodology of the Partnership's third-party pricing service incorporates commonly used market pricing methods. It considers the underlying characteristics of each PHC Trust as well as other quantitative and qualitative characteristics including, but not limited to, market interest rates, security ratings from rating agencies, the impact of potential political and regulatory change, and other inputs. The Partnership analyzes pricing data received from the third-party pricing service by comparing it to the Partnership's internal valuation methodology. The Partnership's internal valuation methodology begins with the current market yield rate for a "AAA" rated tax-free municipal bond for a term consistent with the weighted-average life of each of the Public Housing Capital Fund trusts, adjusted largely for unobservable inputs the Partnership believes would be used by market participants. The valuation methodologies used by the third-party pricing service and the Partnership encompass the use of judgment in their application. Due to the judgments involved, the fair value measurement of the Partnership's investment in PHC Certificates is categorized as a Level 3 input.

The fair value of the Partnership's investment in PHC Certificates at December 31, 2016 was based on a yield to maturity analysis performed by the Partnership. The Partnership's valuation methodology begins with the current market yield rate for a "AAA" rated tax-free municipal bond for a term consistent with the weighted-average life of each of the Public Housing Capital Fund trusts, adjusted largely for unobservable inputs the Partnership believes would be used by market participants. The Partnership validates that the changes in the estimated fair value of PHC Certificates move with the changes in the market yield rates of investment grade rated mortgage revenue municipal bonds with terms of similar length. Given these facts, the fair value measurement of the Partnership's investment in PHC Certificates is categorized as a Level 3 input. At December 31, 2016, the range of effective yields on the PHC Certificates was 4.3% to 6.0% per annum.

Taxable Bonds. The fair value of the Partnership's taxable bonds at June 30, 2017 is based upon prices obtained from a third-party pricing service, which are indicative of market prices. There is no active trading market for the taxable bonds and price quotes are not available. The valuation methodology of the Partnership's third-party pricing service incorporates commonly used market pricing methods. It considers the underlying characteristics of each taxable bond as well as other quantitative and qualitative characteristics including, but not limited to, market interest rates, legal structure of the borrower, subordinate to other obligations, operating results of the underlying property, geographic location, and property quality. The taxable bonds values are then estimated using a discounted cash flow and yield to maturity or call analysis. The Partnership analyzes pricing data received from the third-party pricing service by comparing it to the Partnership's internal valuation methodology. The Partnership's internal valuation methodology considers current market interest rates as well as quantitative and qualitative characteristics similar to those used by the third-party pricing service. The fair value estimates of these taxable bonds, whether estimated by the third-party pricing service or the Partnership, are based largely on unobservable inputs the Partnership believes would be used by market participants and requires the use of judgment on the part of the third-party pricing service and management. Due to the judgments involved, the fair value measurement of the Partnership's investments in taxable bonds are categorized as a Level 3 input.

Prior to the second quarter of 2017, the fair values of the Partnership's investments in taxable bonds were based on a discounted cash flow and yield to maturity analysis performed by the Partnership. There is no active trading market for the taxable bonds and price quotes are not available. The estimates of the fair values of these taxable bonds, whether estimated by the Partnership or based on external sources, were based largely on unobservable inputs the Partnership believed would be used by market participants. Additionally, the calculation methodology used by the external sources and the Partnership encompassed the use of judgment in its application. To validate changes in the fair value of the Partnership's investments in taxable bonds between reporting periods, management looked at the key inputs such as changes in the current market yields on similar bonds as well as changes in the operating performance of the underlying property serving as collateral for each bond. The Partnership validated that the changes in the estimated fair value of the taxable bonds moved with the changes in these monitored factors. Given these facts the fair value measurement of the Partnership's investment in taxable bonds was categorized as a Level 3 input.

Interest Rate Derivatives. The effect of the Partnership's interest rate derivatives is to set a cap, or upper limit, on the base rate of interest paid on the Partnership's variable rate debt equal to the notional amount of the derivative agreement. The effect of the Partnership's interest rate swaps is to change a variable rate debt obligation to a fixed rate for that portion of the debt equal to the notional amount of the derivative agreement. The fair value of the interest rate derivatives is based on a model whose inputs are not observable and therefore is categorized as a Level 3 input. The inputs in the valuation model include three-month LIBOR rates, unobservable adjustments to account for the SIFMA index, as well as any recent interest rate cap trades with similar terms.

Assets and liabilities measured at fair value on a recurring basis at June 30, 2017 are summarized as follows:

Description	Fair Value Measurements at June 30, 2017			
	Assets and Liabilities at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets and Liabilities				
Mortgage revenue bonds, held in trust	\$ 741,181,807	\$ -	\$ -	\$ 741,181,807
Mortgage revenue bonds	26,947,851	-	-	26,947,851
Bond purchase commitments (reported within other assets)	3,165,172	-	-	3,165,172
PHC Certificates	55,791,371	-	-	55,791,371
Taxable bonds (reported within other assets)	3,931,471	-	-	3,931,471
Derivative contracts (reported within other assets)	521,789	-	-	521,789
Derivative swap liability	(1,283,437)	-	-	(1,283,437)
Total Assets and Liabilities at Fair Value, net	\$ 830,256,024	\$ -	\$ -	\$ 830,256,024

The following tables summarizes the activity related to Level 3 assets and liabilities for the three and six months ended June 30, 2017:

	For the Three Months Ended June 30, 2017 Fair Value Measurements Using Significant Unobservable Inputs (Level 3)					
	Mortgage Revenue Bonds ⁽¹⁾	Bond Purchase Commitments	PHC Certificates	Taxable Bonds	Interest Rate Derivatives ⁽²⁾	Total
Beginning Balance April 1, 2017	\$ 758,905,896	\$ 2,620,393	\$ 55,851,799	\$ 4,179,205	\$ (1,077,028)	\$ 820,480,265
Total gains (losses) (realized/unrealized)						
Included in earnings (interest income and interest expense)	53,235	-	(14,129)	-	(181,420)	(142,314)
Included in other comprehensive (loss) income	10,059,745	544,779	390,701	(223,758)	-	10,771,467
Purchases	-	-	-	-	496,800	496,800
Settlements	(889,218)	-	(437,000)	(23,976)	-	(1,350,194)
Ending Balance June 30, 2017	<u>\$ 768,129,658</u>	<u>\$ 3,165,172</u>	<u>\$ 55,791,371</u>	<u>\$ 3,931,471</u>	<u>\$ (761,648)</u>	<u>\$ 830,256,024</u>
Total amount of losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets or liabilities held on June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (181,420)</u>	<u>\$ (181,420)</u>

(1) Mortgage revenue bonds includes both bonds held in trust as well as those held by the Partnership.

(2) Interest rate derivatives include derivative contracts reported in other assets as well as derivative swap liabilities.

	For the Six Months Ended June 30, 2017 Fair Value Measurements Using Significant Unobservable Inputs (Level 3)					
	Mortgage Revenue Bonds ⁽¹⁾	Bond Purchase Commitments	PHC Certificates	Taxable Bonds	Interest Rate Derivatives ⁽²⁾	Total
Beginning Balance January 1, 2017	\$ 680,211,051	\$ 2,399,449	\$ 57,158,068	\$ 4,084,599	\$ (955,679)	\$ 742,897,488
Total gains (losses) (realized/unrealized)						
Included in earnings (interest income and interest expense)	106,590	-	(31,717)	-	(302,769)	(227,896)
Included in other comprehensive (loss) income	30,230,298	765,723	(897,980)	(125,264)	-	29,972,777
Purchases	59,585,000	-	-	-	496,800	60,081,800
Settlements	(2,003,281)	-	(437,000)	(27,864)	-	(2,468,145)
Ending Balance June 30, 2017	<u>\$ 768,129,658</u>	<u>\$ 3,165,172</u>	<u>\$ 55,791,371</u>	<u>\$ 3,931,471</u>	<u>\$ (761,648)</u>	<u>\$ 830,256,024</u>
Total amount of losses for the period included in earnings attributable to the change in unrealized losses relating to assets or liabilities held on June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (302,769)</u>	<u>\$ (302,769)</u>

(1) Mortgage revenue bonds includes both bonds held in trust as well as those held by the Partnership.

(2) Interest rate derivatives include derivative contracts reported in other assets as well as derivative swap liabilities.

Assets and liabilities measured at fair value on a recurring basis at December 31, 2016 are summarized as follows:

Description	Fair Value Measurements at December 31, 2016			
	Assets and Liabilities at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets and Liabilities				
Mortgage revenue bonds held in trust	\$ 590,194,179	\$ -	\$ -	\$ 590,194,179
Mortgage revenue bonds	90,016,872	-	-	90,016,872
Bond purchase commitments (reported within other assets)	2,399,449	-	-	2,399,449
PHC Certificates	57,158,068	-	-	57,158,068
Taxable bonds (reported within other assets)	4,084,599	-	-	4,084,599
Derivative contracts (reported within other assets)	383,604	-	-	383,604
Interest swap liability	(1,339,283)	-	-	(1,339,283)
Total Assets and Liabilities at Fair Value	\$ 742,897,488	\$ -	\$ -	\$ 742,897,488

The following tables summarizes the activity related to Level 3 assets and liabilities for the three and six months ended June 30, 2016:

	For the Three Months Ended June 30, 2016					
	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)					
	Mortgage Revenue Bonds (1)	Bond Purchase Commitments	PHC Certificates	Taxable Bonds	Interest Rate Derivatives	Total
Beginning Balance April 1, 2016	\$ 596,376,369	\$ 7,222,173	\$ 60,505,340	\$ 4,938,104	\$ (2,083,704)	\$ 666,958,282
Total gains (losses) (realized/unrealized)						
Included in earnings (interest expense)	-	-	-	-	(531,389)	(531,389)
Included in other comprehensive (loss) income	57,767,098	9,996,646	1,688,370	378,861	-	69,830,975
Settlements	(5,746,096)	-	(13,651)	(22,736)	-	(5,782,483)
Ending Balance June 30, 2016	\$ 648,397,372	\$ 17,218,819	\$ 62,180,059	\$ 5,294,229	\$ (2,615,093)	\$ 730,475,386
Total amount of losses for the period included in earnings attributable to the change in unrealized losses relating to assets or liabilities held on June 30, 2016	\$ -	\$ -	\$ -	\$ -	\$ (531,389)	\$ (531,389)

(1) Mortgage revenue bonds includes both bonds held in trust as well as those held by the Partnership.

(2) Interest rate derivatives include derivative contracts reported in other assets as well as derivative swap liabilities.

For the Six Months Ended June 30, 2016
Fair Value Measurements Using Significant
Unobservable Inputs (Level 3)

	Mortgage Revenue Bonds (1)	Bond Purchase Commitments	PHC Certificates	Taxable Bonds	Interest Rate Derivatives (2)	Total
Beginning Balance January 1, 2016	\$ 583,683,137	\$ 5,634,360	\$ 60,707,290	\$ 4,824,060	\$ (972,898)	\$ 653,875,949
Total gains (losses) (realized/unrealized)						
Included in earnings (interest expense)	-	-	-	-	(1,641,796)	(1,641,796)
Included in other comprehensive (loss) income	69,118,725	11,584,459	2,557,714	495,317	-	83,756,215
Purchases	11,500,000	-	-	-	-	11,500,000
Sale of securities	(9,747,124)	-	-	-	(399)	(9,747,523)
Settlements	(6,157,366)	-	(1,084,945)	(25,148)	-	(7,267,459)
Ending Balance June 30, 2016	<u>\$ 648,397,372</u>	<u>\$ 17,218,819</u>	<u>\$ 62,180,059</u>	<u>\$ 5,294,229</u>	<u>\$ (2,615,093)</u>	<u>\$ 730,475,386</u>
Total amount of losses for the period included in earnings attributable to the change in unrealized losses relating to assets or liabilities held on June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,641,796)</u>	<u>\$ (1,641,796)</u>

(1) Mortgage revenue bonds includes both bonds held in trust as well as those held by the Partnership.

(2) Interest rate derivatives include derivative contracts reported in other assets as well as derivative swap liabilities.

Total gains and losses included in earnings for the periods shown above are included in the Partnership's condensed consolidated statements of operations as interest expense.

The Partnership estimates the fair value of each financial liability using a discounted cash flow model based on the debt amortization schedules and the effective rate of interest for each period presented. This estimate of fair value is based on Level 3 inputs. The TEBS and variable-rate TOB debt financings are credit enhanced by Freddie Mac and DB, respectively. The table below represents the fair value of the financial liabilities held on the condensed consolidated balance sheets at June 30, 2017 and December 31, 2016.

	June 30, 2017		December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities:				
Debt financing and LOCs	\$ 597,465,241	\$ 597,044,181	\$ 555,199,700	\$ 553,083,924
Mortgages payable and other secured financing	50,778,452	50,791,949	51,379,512	51,595,281

23. Segments

The Partnership has four reportable segments, Mortgage Revenue Bond Investments, MF Properties, Public Housing Capital Fund Trusts, and Other Investments. In addition to the four reportable segments, the Partnership also separately reports its consolidation and elimination information because it does not allocate certain items to the segments. In January 2016, the Partnership sold its three remaining MBS Securities and eliminated this operating segment.

The Amended and Restated LP Agreement authorizes the Partnership to make investments in tax-exempt securities other than in MRBs provided that the tax-exempt investments are rated in one of the four highest rating categories by a national securities rating agency. The Amended and Restated LP Agreement also allows the Partnership to invest in other securities whose interest may be taxable for federal income tax purposes. Total tax-exempt and other investments cannot exceed 25% of the Partnership's total assets at the time of acquisition as required under the Amended and Restated LP Agreement. In addition, the amount of other investments is limited based on the conditions to the exemption from registration under the Investment Company Act of 1940. The Partnership's tax-exempt and other investments include PHC Certificates, MBS Securities, and Other Investments, which are reported as three separate segments.

Mortgage Revenue Bond Investments Segment

The Mortgage Revenue Bond Investments segment consists of the Partnership's portfolio of MRBs and related property loans which have been issued to provide construction and/or permanent financing for Residential Properties and commercial properties in their market areas. Such MRBs are held as investments and the related property loans, net of loan loss, are reported as such on the Partnership's condensed consolidated balance sheets. At June 30, 2017, the Partnership held 89 MRBs. The Residential Properties financed by MRBs contain a total of 10,656 rental units. In addition, one bond (Pro Nova 2014-1) is collateralized by commercial real estate. All general and administrative expenses on the condensed consolidated statements of operations are reported within this operating segment.

Public Housing Capital Fund Trust Segment

The Public Housing Capital Fund Trust segment consists of the assets, liabilities, and related income and expenses of the Partnership's PHC Certificates (see Note 7).

MF Properties Segment

The MF Properties segment consists of multifamily, student housing, and senior citizen residential properties held by the Partnership. During the time the Partnership holds an interest in an MF Property, any net rental income generated by the MF Properties in excess of debt service will be available for distribution to the Partnership in accordance with its interest in the MF Property. At June 30, 2017, the segment includes the six MF Properties comprised of a total of 1,710 rental units. Income tax expense for the Greens Hold Co is reported within this segment.

Other Investments Segment

The Other investments segment consists of the operations of ATAX Vantage Holdings, LLC, which is invested in unconsolidated entities (Note 9) and has issued property loans due from Vantage at Brooks LLC and Vantage at Braunfels LLC (Note 10).

The following table details certain key financial information for the Partnership's reportable segments for the three and six months ended June 30, 2017 and 2016:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
Total revenues				
Mortgage Revenue Bond Investments	\$ 11,059,940	\$ 8,790,823	\$ 21,648,438	\$ 17,569,877
MF Properties	3,306,722	4,994,868	7,099,137	10,068,972
Public Housing Capital Fund Trust	719,182	722,990	1,427,968	1,453,892
MBS Securities Investments	-	-	-	48,755
Other Investments	1,148,456	424,440	2,099,145	711,484
Total revenues	\$ 16,234,300	\$ 14,933,121	\$ 32,274,688	\$ 29,852,980
Interest expense				
Mortgage Revenue Bond Investments	\$ 4,938,029	\$ 3,391,149	\$ 9,509,484	\$ 7,175,539
MF Properties	534,245	596,360	1,059,832	1,266,693
Public Housing Capital Fund Trust	369,053	334,545	714,264	635,265
MBS Securities Investments	-	-	-	14,692
Other Investments	-	-	-	-
Total interest expense	\$ 5,841,327	\$ 4,322,054	\$ 11,283,580	\$ 9,092,189
Depreciation expense				
Mortgage Revenue Bond Investments	\$ -	\$ -	\$ -	\$ -
MF Properties	1,265,335	1,649,891	2,620,566	3,296,122
Public Housing Capital Fund Trust	-	-	-	-
MBS Securities Investments	-	-	-	-
Other Investments	-	-	-	-
Total depreciation expense	\$ 1,265,335	\$ 1,649,891	\$ 2,620,566	\$ 3,296,122
Partnership net income (loss)				
Mortgage Revenue Bond Investments	\$ 2,592,768	\$ 2,220,723	\$ 4,821,821	\$ 4,251,016
MF Properties	18,047	7,972,322	3,763,592	7,704,519
Public Housing Capital Fund Trust	350,129	388,445	713,704	818,627
MBS Securities Investments	-	-	-	51,984
Other Investments	1,148,456	424,440	2,099,145	711,484
Partnership net income	\$ 4,109,400	\$ 11,005,930	\$ 11,398,262	\$ 13,537,630

The following table details certain key financial information for the Partnership's reportable segments at June 30, 2017 and December 31, 2016:

	June 30, 2017	December 31, 2016
Total assets		
Mortgage Revenue Bond Investments	\$ 862,988,147	\$ 764,995,675
MF Properties	108,015,747	129,895,112
Public Housing Capital Fund Trust Certificates	56,097,041	57,461,268
Other Investments	47,837,858	34,540,280
Consolidation/eliminations	(50,112,025)	(42,778,661)
Total assets	\$ 1,024,826,768	\$ 944,113,674

24. Subsequent Events

In July 2017, the Partnership executed listing agreements with brokers to list the Eagle Village, Residences of DeCordova and Residences of Weatherford MF Properties for sale.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

In Management's Discussion and Analysis, the "Partnership" refers to America First Multifamily Investors, L.P. and its Consolidated Subsidiaries at June 30, 2017. See Note 2 and Note 5 to the Partnership's condensed consolidated financial statements for further disclosure.

Critical Accounting Policies

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Partnership's critical accounting policies are the same as those described in the Partnership's Annual Report on Form 10-K for the year ended December 31, 2016, except for certain policies regarding the fair value of financial instruments. The Partnership's updated fair value of financial instruments policy is as follows:

Fair Value of Financial Instruments

Current accounting guidance on fair value measurements establishes a framework for measuring fair value and provides for expanded disclosures about fair value measurements. The guidance:

- Defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date; and
- Establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability on the measurement date.

Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. To increase consistency and comparability in fair value measurements and related disclosures, the fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The three levels of the hierarchy are defined as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 inputs are unobservable inputs for asset or liabilities.

The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value.

Investments in MRBs and Bond Purchase Commitments. The fair value of the Partnership's investments in MRBs and mortgage bond purchase commitments is based upon prices obtained from a third-party pricing service, which are indicative of market prices. There is no active trading market for the MRBs and price quotes for the MRBs are not available. The valuation methodology of the Partnership's third-party pricing service incorporates commonly used market pricing methods. It considers the underlying characteristics of each MRB as well as other quantitative and qualitative characteristics including, but not limited to, market interest rates, legal structure of the borrower, seniority to other obligations, operating results of the underlying property, geographic location, and property quality. The MRB values are then estimated using a discounted cash flow and yield to maturity or call analysis. The Partnership analyzes pricing data received from the third-party pricing service by comparing it to the Partnership's internal valuation methodology. The Partnership's internal valuation methodology considers current market interest rates as well as quantitative and qualitative characteristics similar to those used by the third-party pricing service. The fair value estimates of these MRBs, whether estimated by the third-party pricing service or the Partnership, are based largely on unobservable inputs the Partnership believes would be used by market participants and requires the use of judgment on the part of the third-party pricing service and management. Due to the judgments involved, the fair value measurement of the Partnership's investments in MRBs and mortgage bond purchase commitments are categorized as a Level 3 input.

Investments in Public Housing Capital Fund Trust Certificates. The fair value of the Partnership's investment in PHC Certificates is based upon prices obtained from a third-party pricing service, which are indicative of market prices. There is no active

trading market for the trusts' certificates owned by the Partnership. The valuation methodology of the Partnership's third-party pricing service incorporates commonly used market pricing methods. It considers the underlying characteristics of each PHC Trust as well as other quantitative and qualitative characteristics including, but not limited to, market interest rates, security ratings from rating agencies, the impact of potential political and regulatory change, and other inputs. The Partnership analyzes pricing data received from the third-party pricing service by comparing it to the Partnership's internal valuation methodology. The Partnership's internal valuation methodology begins with the current market yield rate for a "AAA" rated tax-free municipal bond for a term consistent with the weighted-average life of each of the Public Housing Capital Fund trusts, adjusted largely for unobservable inputs the Partnership believes would be used by market participants. The valuation methodologies used by the third-party pricing service and the Partnership encompass the use of judgment in their application. Due to the judgments involved, the fair value measurement of the Partnership's investment in PHC Certificates is categorized as a Level 3 input.

Taxable Bonds. The fair value of the Partnership's taxable bonds is based upon prices obtained from a third-party pricing service, which are indicative of market prices. There is no active trading market for the taxable bonds and price quotes are not available. The valuation methodology of the Partnership's third-party pricing service incorporates commonly used market pricing methods. It considers the underlying characteristics of each taxable bond as well as other quantitative and qualitative characteristics including, but not limited to, market interest rates, legal structure of the borrower, seniority to other obligations, operating results of the underlying property, geographic location, and property quality. The taxable bonds values are then estimated using a discounted cash flow and yield to maturity or call analysis. The Partnership analyzes pricing data received from the third-party pricing service by comparing it to the Partnership's internal valuation methodology. The Partnership's internal valuation methodology considers current market interest rates as well as quantitative and qualitative characteristics similar to those used by the third-party pricing service. The fair value estimates of these taxable bonds, whether estimated by the third-party pricing service or the Partnership, are based largely on unobservable inputs the Partnership believes would be used by market participants and requires the use of judgment on the part of the third-party pricing service and management. Due to the judgments involved, the fair value measurement of the Partnership's investments in taxable bonds are categorized as a Level 3 input.

Interest Rate Derivatives. The effect of the Partnership's interest rate derivatives is to set a cap, or upper limit, on the base rate of interest paid on the Partnership's variable rate debt equal to the notional amount of the derivative agreement. The effect of the Partnership's interest rate swaps is to change a variable rate debt obligation to a fixed rate for that portion of the debt equal to the notional amount of the derivative agreement. The fair value of the interest rate derivatives is based on a model whose inputs are not observable and therefore is categorized as a Level 3 input. The inputs in the valuation model include three-month LIBOR rates, unobservable adjustments to account for the SIFMA index, as well as any recent interest rate cap trades with similar terms.

Financial Liabilities. The Partnership estimates the fair value of each financial liability using a discounted cash flow model based on the debt amortization schedules and the effective rate of interest for each period presented. This estimate of fair value is based on Level 3 inputs.

Executive Summary

The Partnership was formed for the primary purpose of acquiring a portfolio of MRBs that are issued by state and local housing authorities to provide construction and/or permanent financing for affordable multifamily and student housing (collectively "Residential Properties") and commercial properties in their market areas. We expect and believe the interest received on these bonds is excludable from gross income for federal income tax purposes. We may also invest in other types of securities that may or may not be secured by real estate to the extent allowed by the Amended and Restated LP Agreement of the Partnership. We may acquire interests MF Properties in order to position ourselves for future investments in bonds issued to finance these properties and which we expect and believe will generate tax-exempt interest.

At June 30, 2017, the Partnership has four reportable segments: (1) Mortgage Revenue Bond Investments, (2) MF Properties, (3) Public Housing Capital Fund Trust, and (4) Other Investments. In the first quarter of 2016, the Partnership sold its remaining three mortgage-backed securities ("MBS Securities"). The sale of the Partnership's MBS Securities eliminated the MBS Securities Investment reportable segment. In addition to the reportable segments, the Partnership also separately reports its consolidation and elimination information because it does not allocate certain items to the segments. See Notes 2 and 23 to the Partnership's condensed consolidated financial statements for additional details.

Recent Investment Activity

The following table presents information regarding the investment activity of the Partnership for the first and second quarters of 2017 and 2016:

Recent Investment Activity	#	Amount (in 000's)	Retired Debt or Note (in 000's)	Tier 2 income distributable to the General Partner (in 000's) ⁽¹⁾	Notes to the Partnership's condensed consolidated financial statements
For the Three Months Ended June 30, 2017					
Land held for development sold	1	\$ 3,000	N/A	\$ (5)	8
Investment in unconsolidated entities	2	1,605	N/A	N/A	9
Property loan advances	2	639	N/A	N/A	10
For the Three Months Ended March 31, 2017					
Mortgage revenue bond acquisitions	6	\$ 59,585	N/A	N/A	6
MF Property sold	1	13,750	N/A	\$ 1,071	8
Investments in unconsolidated entities	3	9,503	N/A	N/A	9
Property loan redemptions	1	500	N/A	N/A	10
Property loan advances	3	1,705	N/A	N/A	10
For the Three Months Ended June 30, 2016					
Mortgage revenue bond redemptions	4	\$ 5,172	\$ -	\$ -	6
MF Property sold	1	30,200	16,519	2,078	9
Investment in an unconsolidated entity	1	3,372	N/A	N/A	10
For the Three Months Ended March 31, 2016					
MBS Securities sold	3	\$ 15,081	\$ 11,945	\$ -	15
Mortgage revenue bond sold	1	9,479	8,375	-	6, 15
Mortgage revenue bond acquisitions	1	11,500	N/A	N/A	6
Investment in an unconsolidated entity	1	2,443	N/A	N/A	9
Property loan advances, net	2	5,828	N/A	N/A	10

(1) See "Cash Available for Distribution" in this Item 2 below.

Recent Financing and Derivative Activities

The following table presents information regarding the financing and derivative activity of the Partnership for the first and second quarters of 2017 and 2016:

Recent Financing and Derivative Activity	#	Amount of Change in Debt, Derivative, or Preferred Units (in 000's)	Secured	Maximum SIFMA Cap Rate (1)	Notes to the Partnership's condensed consolidated financial statements
For the Three Months Ended June 30, 2017					
Interest rate derivative purchased	2	\$ 497	N/A	1.5%	17
Refinance of Mortgages Payable	2	-	Yes	N/A	16
For the Three Months Ended March 31, 2017					
Net borrowing on unsecured LOCs	2	\$ (40,000)	No	N/A	13
Net borrowing on secured LOC	1	(20,000)	Yes	N/A	14
New Term A/B Financings with DB	19	106,810	Yes	N/A	15
Refinance of Term A/B Financings with DB	4	(2,245)	Yes	N/A	15
Redeemable Series A preferred unit issuance	2	16,131	N/A	N/A	19
For the Three Months Ended June 30, 2016					
Net (repayments) on unsecured LOCs	2	\$ (3,988)	No	N/A	13
Net borrowing (repayments) on mortgages payable and other secured financing	7	(16,986)	Yes	N/A	16
Redeemable Series A preferred unit issuance	1	13,869	N/A	N/A	19
For the Three Months Ended March 31, 2016					
Net borrowing on unsecured LOCs	3	\$ 10,488	No	N/A	13
TOB Financing with DB paid in full and collapsed	4	(20,320)	Yes	N/A	15
Redeemable Series A preferred unit issuance	1	10,000	N/A	N/A	19
Interest rate derivative sold	1	(11,000)	N/A	1.0%	17

Mortgage Revenue Bond Investments Segment

The Partnership's primary purpose is to acquire and hold as investments a portfolio of MRBs which have been issued to provide construction and/or permanent financing for Residential Properties and commercial properties in their market areas.

The table below compares total revenues, other income, total interest expense and net income for the Mortgage Revenue Bond Investments segment, reported in 000's, for the periods indicated:

	For the Three Months Ended June 30,				For the Six Months Ended June 30,				
	2017	2016	\$ Change	% Change	2017	2016	\$ Change	% Change	
Mortgage Revenue Bond Investments									
Total revenues	\$ 11,060	\$ 8,791	\$ 2,269	25.8%	\$ 21,648	\$ 17,570	\$ 4,078	23.2%	
Total interest expense	\$ 4,938	\$ 3,391	\$ 1,547	45.6%	\$ 9,509	\$ 7,176	\$ 2,333	32.5%	
Net income	\$ 2,593	\$ 2,221	\$ 372	16.7%	\$ 4,822	\$ 4,251	\$ 571	13.4%	

The increase in total revenues for the three months ended June 30, 2017 as compared to the same period in 2016 is due to an increase of approximately \$2.6 million in recurring investment income from MRBs purchased during 2016 and 2017, offset by a decrease of approximately \$195,000 in recurring investment income due to MRB principal payments received, sales and redemptions during 2016 and 2017. The increase in total revenues for the six months ended June 30, 2017 as compared to the same period in 2016 is due to an increase of approximately \$4.8 million in recurring investment income from MRBs purchased during 2016 and 2017, offset by a decrease of approximately \$571,000 in recurring investment income due to MRB principal payments received, sales and redemptions during 2016 and 2017.

The increase in interest expense for the three months ended June 30, 2017 as compared to the same period in 2016 is attributable to changes in the average interest rate and increased borrowings. Interest expense increased by approximately \$973,000 due to an increase of approximately 70 basis points in the average interest rate. Interest expense increased by approximately \$956,000 due to an increase of approximately \$142.5 million in average principal outstanding, specifically with Term A/B Trusts. These increases are offset by a decrease of approximately \$350,000 related to fair value adjustments for interest rate derivatives. The increase in interest expense for the six months ended June 30, 2017 as compared to the same period in 2016 is attributable to changes in the average interest rate and increased borrowings. Interest expense increased by approximately \$2.1 million due to an increase of approximately 78 basis points in the average interest rate. Interest expense increased by approximately \$1.6 million due to an increase of approximately \$122.0 million in average principal outstanding, specifically with Term A/B Trusts. These increases are offset by a decrease of approximately \$1.3 million related to fair value adjustments for interest rate derivatives.

The increase in net income for the three months ended June 30, 2017 as compared to the same period in 2016 is due to the changes in total revenues and interest expense above and an increase in amortization of deferred financing costs of approximately \$170,000. The increase in net income for the six months ended June 30, 2017 as compared to the same period in 2016 is due to the changes in total revenues and interest expense above, offset by an increase of approximately \$498,000 in salaries and RUA expense, and an increase in investment administration fees of \$422,000 due to additional investments made in 2016 and 2017.

Public Housing Capital Fund Trust Segment

The PHC Certificates consist of custodial receipts evidencing loans made to several public housing authorities.

The table below compares total revenues and net income for the Public Housing Capital Fund Trust segment, reported in 000's, for the periods indicated:

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2017	2016	\$ Change	% Change	2017	2016	\$ Change	% Change
PHC Trusts								
Total revenues	\$ 719	\$ 723	\$ (4)	-0.6%	\$ 1,428	\$ 1,454	\$ (26)	-1.8%
Total interest expense	\$ 369	\$ 335	\$ 34	10.1%	\$ 714	\$ 635	\$ 79	12.4%
Net income	\$ 350	\$ 388	\$ (38)	-9.8%	\$ 714	\$ 819	\$ (105)	-12.8%

The slight decrease in total revenues for the three and six months ended June 30, 2017 to the same periods in 2016 is the result of principal reductions of the PHC Certificates during 2016 and 2017. The slight increase in total interest for the three and six months ended June 30, 2017 to the same periods in 2016 is the result of rising interest rates during 2016 and the first quarter of 2017, offset by reductions in principal outstanding.

MF Properties Segment

The Partnership's strategy has been to acquire ownership positions in MF Properties while assessing the viability of restructuring the property ownership through a sale of the MF Properties.

The table below compares total revenues, other income, total interest expense, and net income for the MF Properties segment, reported in 000's, for the periods indicated:

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2017	2016	\$ Change	% Change	2017	2016	\$ Change	% Change
MF Properties								
Total revenues	\$ 3,307	\$ 4,995	\$ (1,688)	-33.8%	\$ 7,099	\$ 10,069	\$ (2,970)	-29.5%
Other income (loss) - Gain (loss) on sale of real estate assets	\$ (16)	\$ 12,443	\$ (12,459)	-100.1%	\$ 7,153	\$ 12,443	\$ (5,290)	-42.5%
Total interest expense	\$ 534	\$ 596	\$ (62)	-10.4%	\$ 1,060	\$ 1,267	\$ (207)	-16.3%
Net income	\$ 18	\$ 7,972	\$ (7,954)	-99.8%	\$ 3,764	\$ 7,705	\$ (3,941)	-51.1%

At June 30, 2017 and 2016, the Partnership and its Consolidated Subsidiaries owned six and eight MF Properties, respectively, which contain a total of 1,710 and 2,217 rental units, respectively.

The decrease in total revenues for the three months ended June 30, 2017 as compared to the same period in 2016 is due to a decrease of approximately \$1.7 million from the sales of the Arboretum and Woodland Park in 2016 and the sale of Northern View in March 2017, a decrease of approximately \$239,000 from declining occupancy at the 50/50 MF Property, and an increase of approximately

\$325,000 from the acquisition of Jade Park in September 2016. The decrease in total revenues for the six months ended June 30, 2017 as compared to the same period in 2016 is due to a decrease of approximately \$3.1 million from the sales of the Arboretum, Woodland Park and Northern View, a decrease of approximately \$465,000 from declining occupancy at the 50/50 MF Property, and an increase of approximately \$644,000 from the acquisition of Jade Park in September 2016.

Other income (loss) for the three months ended June 30, 2017 consists primarily of the loss on the sale of land in St. Petersburg, FL. Other income for the six months ended June 30, 2017 consists primarily of the gain on sale of Northern View in March 2017. Other income for the three and six months ended June 30, 2016 consists of the gain on sale of the Arboretum in June 2016.

The decrease in interest expense for the three and six months ended June 30, 2017 as compared to the same periods in 2016 is due primarily to lower principal balances as a result of contractual principal payments.

The decrease in net income for the three and six months ended June 30, 2017 as compared to the same periods in 2016 is due primarily to the change in other income, net of related income tax expenses.

At June 30, 2017, Properties Management, an affiliate of AFCA 2, provided property management services for five of the MF Properties and seven of the properties collateralized by the MRBs. Management believes this relationship provides greater insight and understanding of the underlying property operations and their ability to meet the Partnership's debt service requirements.

Other Investments Segment

The Other Investments segment consists of the operations of ATAX Vantage Holdings, LLC, which holds noncontrolling equity investments in certain multifamily projects and has issued property loans due from multifamily projects.

The table below compares total revenues and net income for the Other Investments segment, reported in 000's, for the periods indicated:

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2017	2016	\$ Change	% Change	2017	2016	\$ Change	% Change
Other Investments								
Total revenues	\$ 1,148	\$ 424	\$ 724	170.8%	\$ 2,099	\$ 711	\$ 1,388	195.2%
Net income	\$ 1,148	\$ 424	\$ 724	170.8%	\$ 2,099	\$ 711	\$ 1,388	195.2%

The increase in total revenues and net income for the three months ended June 30, 2017 as compared to same period in 2016 are due to an increase of approximately \$689,000 from returns on investments in unconsolidated entities due to additional equity contributions made during 2016 and 2017, and an increase of approximately \$35,000 in interest income from property loans due to additional principal advances during 2016 and 2017. The increase in total revenues and net income for the six months ended June 30, 2017 as compared to same period in 2016 are due to an increase of approximately \$1.3 million from returns on investments in unconsolidated entities due to additional equity contributions made during 2016 and 2017, and an increase of approximately \$136,000 in interest income from property loans due to additional principal advances during 2016 and 2017.

Former MBS Securities Investments Segment

In January 2016, the Partnership sold its three remaining MBS Securities and collapsed the related MBS TOB Trusts and paid all obligations in full using proceeds from the sale. The sale of the Partnership's remaining MBS Securities eliminated the MBS Securities Investments segment in the first quarter of 2016.

The table below compares total revenues and net income for the MBS Securities Investments segment, reported in 000's, for the periods indicated:

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2017	2016	\$ Change	% Change	2017	2016	\$ Change	% Change
MBS Securities								
Total revenues	\$ -	\$ -	\$ -	N/A	\$ -	\$ 49	\$ (49)	-100.0%
Total interest expense	\$ -	\$ -	\$ -	N/A	\$ -	\$ 15	\$ (15)	-100.0%
Net income	\$ -	\$ -	\$ -	N/A	\$ -	\$ 52	\$ (52)	-100.0%

There were no operations in the MBS Securities Investments segment during the three and six months ended June 30, 2017.

Discussion of the Residential Properties Securing our Mortgage Revenue Bond Holdings and MF Properties

The following tables outline certain information regarding the Residential Properties on which the Partnership holds MRBs as investments and the MF Properties.

Non-Consolidated Properties - Stabilized

The owners of the following properties either do not meet the definition of a VIE and/or the Partnership has evaluated and determined it is not the primary beneficiary of the VIE. As a result, the Partnership does not report the assets, liabilities and results of operations of these properties on a consolidated basis. At June 30, 2017, these Residential Properties have met the stabilization criteria (see footnote 3 below the table). Debt service on the Partnership's bonds for the non-consolidated stabilized properties was current at June 30, 2017.

Property Name	State	Number of Units	Physical Occupancy (1) at June 30,		Economic Occupancy (2) For the Three Months Ended June 30,	
			2017	2016	2017	2016
Non-Consolidated Properties-Stabilized (3)						
Glenview Apartments	CA	88	98 %	100 %	99 %	100 %
Harden Ranch	CA	100	98 %	100 %	97 %	98 %
Montclair Apartments	CA	80	98 %	100 %	100 %	102 %
Santa Fe Apartments	CA	89	97 %	97 %	103 %	98 %
Seasons at Simi Valley	CA	69	100 %	100 %	128 %	142 %
Sycamore Walk	CA	112	99 %	98 %	98 %	102 %
Tyler Park Townhomes	CA	88	100 %	100 %	97 %	99 %
Westside Village Market	CA	81	100 %	99 %	96 %	101 %
Lake Forest Apartments	FL	240	85 %	90 %	88 %	86 %
Ashley Square Apartments	IA	144	92 %	97 %	84 %	93 %
Brookstone Apartments	IL	168	99 %	98 %	96 %	94 %
Copper Gate	IN	128	98 %	98 %	94 %	99 %
Renaissance Gateway	LA	208	98 %	98 %	106 %	94 %
Live 929 Apartments	MD	575	80 %	81 %	85 %	88 %
Woodlynn Village	MN	59	95 %	100 %	98 %	98 %
Greens of Pine Glen Apartments	NC	168	96 %	96 %	88 %	90 %
Silver Moon	NM	151	89 %	91 %	87 %	84 %
Ohio Properties (4)	OH	362	99 %	95 %	94 %	95 %
Bridle Ridge Apartments	SC	152	99 %	99 %	97 %	98 %
Companion at Thornhill Apartments	SC	178	97 %	99 %	86 %	84 %
Cross Creek Apartments	SC	144	96 %	98 %	95 %	93 %
Palms at Premier Park	SC	240	98 %	98 %	88 %	83 %
Arbors of Hickory Ridge	TN	348	89 %	94 %	81 %	83 %
Avistar at Chase Hill	TX	232	75 %	87 %	72 %	78 %
Avistar at the Crest	TX	200	92 %	95 %	78 %	84 %
Avistar at the Oaks	TX	156	94 %	93 %	87 %	86 %
Avistar in 09	TX	133	98 %	98 %	83 %	87 %
Avistar on the Boulevard	TX	344	92 %	94 %	79 %	81 %
Avistar on the Hills	TX	129	98 %	97 %	87 %	89 %
Bella Vista Apartments	TX	144	98 %	99 %	92 %	95 %
Bruton Apartments	TX	264	93 %	27 %	92 %	13 %
Concord at Gulfgate	TX	288	96 %	92 %	90 %	81 %
Concord at Little York	TX	276	96 %	90 %	89 %	73 %
Concord at Williamcrest	TX	288	95 %	95 %	87 %	81 %
Decatur Angle	TX	302	88 %	97 %	87 %	48 %
Heritage Square Apartments	TX	204	89 %	96 %	81 %	80 %
Runnymede Apartments	TX	252	100 %	99 %	96 %	97 %
South Park Ranch Apartments	TX	192	99 %	98 %	97 %	98 %
Vantage at Harlingen	TX	288	95 %	86 %	73 %	65 %
Vantage at Judson	TX	288	97 %	93 %	86 %	81 %
15 West Apartments (5)	WA	120	99 %	n/a	96 %	n/a
		<u>8,072</u>	<u>93 %</u>	<u>92 %</u>	<u>89 %</u>	<u>83 %</u>

(1) Physical occupancy is defined as the total number of units occupied divided by total units at the date of measurement.

- (2) Economic occupancy is defined as the net rental income received divided by the maximum amount of rental income expected based on market conditions to be derived from each property. This statistic is reflective of rental concessions, delinquent rents and non-revenue units such as model units and employee units. Physical occupancy is a point in time measure while economic occupancy is a measurement over the period presented. Therefore, economic occupancy for a period may exceed the actual occupancy at any point in time.
- (3) A property is considered stabilized once it reaches 90% occupancy for 90 days and an achievement of 1.15 times debt service coverage ratio on amortizing debt service.
- (4) The Partnership holds approximately \$17.7 million of MRBs secured by Crescent Village, Willow Bend and Postwoods (Ohio Properties). Crescent Village is located in Cincinnati, Ohio, Willow Bend is located in Columbus (Hilliard), Ohio and Postwoods is located in Reynoldsburg, Ohio.
- (5) Newly stabilized properties. Previous period results are not available.

Overall physical occupancy for the stabilized Residential Properties is fairly consistent at June 30, 2017 as compared to June 30, 2016.

Overall economic occupancy increased for the six months ended June 30, 2017 as compared to the same period in 2016. The increase is due primarily to the stabilization of Bruton Apartments and Decatur Angle during the latter half of 2016 when significant progress was made on renovations at each property. Economic occupancy also increased due to the addition of 15 West in the fourth quarter of 2016, which has higher economic occupancy than the average of the portfolio.

Non-Consolidated Properties - Not Stabilized

The owners of the following properties do not meet the definition of a VIE and/or the Partnership has evaluated and determined it is not the primary beneficiary of the VIE. As a result, the Partnership does not report the assets, liabilities and results of operations of these properties on a consolidated basis. At June 30, 2017, these Residential Properties have not met the stabilization criteria (see footnote 3 below the table). Debt service on the Partnership's bonds for the non-consolidated non-stabilized properties was current at June 30, 2017.

Property Name	State	Number of Units	Physical Occupancy (1) at June 30,		Economic Occupancy (2) For the Three Months Ended June 30,	
			2017	2016	2017	2016
<u>Non-Consolidated Properties-Non Stabilized (3)</u>						
Courtyard Apartments (4)	CA	108	99 %	n/a	100 %	n/a
Harmony Court Bakersfield (4)	CA	96	94 %	n/a	92 %	n/a
Harmony Terrace (4)	CA	136	100 %	n/a	135 %	n/a
Las Palmas (4)	CA	81	100 %	n/a	93 %	n/a
San Vicente (4)	CA	50	98 %	n/a	98 %	n/a
Seasons Lakewood (4)	CA	85	99 %	n/a	107 %	n/a
Seasons San Juan Capistrano (4)	CA	112	96 %	n/a	98 %	n/a
Summerhill (4)	CA	128	97 %	n/a	98 %	n/a
The Village at Madera (4)	CA	75	97 %	n/a	97 %	n/a
Columbia Gardens	SC	188	90 %	78 %	75 %	78 %
Willow Run	SC	200	93 %	88 %	76 %	74 %
Avistar at Copperfield (4)	TX	192	72 %	n/a	67 %	n/a
Avistar at the Parkway	TX	236	86 %	70 %	75 %	42 %
Avistar at Wilcrest (4)	TX	88	78 %	n/a	71 %	n/a
Avistar at Wood Hollow (4)	TX	409	70 %	n/a	75 %	n/a
Crossing at 1415	TX	112	90 %	37 %	60 %	33 %
Heights at 515	TX	96	92 %	63 %	71 %	54 %
Oaks at Georgetown (4)	TX	192	96 %	n/a	86 %	n/a
		<u>2,584</u>	<u>88 %</u>	<u>71 %</u>	<u>85 %</u>	<u>56 %</u>

- (1) Physical occupancy is defined as the total number of units occupied divided by total units at the date of measurement.
- (2) Economic occupancy is defined as the net rental income received divided by the maximum amount of rental income expected based on market conditions to be derived from each property. This statistic is reflective of rental concessions, delinquent rents and non-revenue units such as model units and employee units. Physical occupancy is a point in time measure while economic occupancy is a measurement over the period presented. Therefore, economic occupancy for a period may exceed the actual occupancy at any point in time.
- (3) During the second quarter of 2017, these properties were under construction or renovation. As such, these properties are not considered stabilized as they have not met the criteria for stabilization. Stabilization is generally defined as 90% occupancy for 90 days and an achievement of 1.15 times debt service coverage ratio on amortizing debt service.
- (4) Previous period occupancy numbers are not available as these are new investments subsequent to the second quarter of 2016.

Physical and economic occupancy increased in the first six months of 2017 as compared to the same period in 2016. The increase is primarily due to the addition of non-stabilized Residential Properties with high occupancy in the fourth quarter of 2016 and the first quarter of 2017. These new Residential Properties are scheduled for major rehabilitations and may show a decline in physical and

economic occupancy until the rehabilitations are completed. There is no comparable data for the non-stabilized Residential Properties in the first six month of 2016 since they were either under significant renovations or were new investments.

MF Properties

The MF Properties are owned by the Partnership and the Greens Hold Co. We own two MF Properties directly and the remaining MF Properties are wholly-owned by the Greens Hold Co. The properties are encumbered by mortgage loans and other secured financing with an aggregate net principal balance of \$50.8 million at June 30, 2017. We report the assets, liabilities, and results of operations of these properties on a consolidated basis. At June 30, 2017, all the MF Properties have met the stabilization criteria (see footnote 3 below the table). Debt service on our mortgages payable and other secured financing was current at June 30, 2017.

Property Name	State	Number of Units	Physical Occupancy (1) at June 30,		Economic Occupancy (2) For the Three Months Ended June 30,	
			2017	2016	2017	2016
MF Properties-Stabilized (3)						
Suites on Paseo	CA	394	88 %	84 %	97 %	77 %
Jade Park (4)	FL	144	81 %	n/a	75 %	n/a
Eagle Village	IN	511	77 %	77 %	82 %	87 %
The 50/50 MF Property	NE	475	72 %	97 %	72 %	97 %
Residences at DeCordova	TX	110	99 %	95 %	93 %	94 %
Residences at Weatherford	TX	76	100 %	100 %	97 %	101 %
		<u>1,710</u>	<u>81 %</u>	<u>87 %</u>	<u>85 %</u>	<u>88 %</u>

(1) Physical occupancy is defined as the total number of units occupied divided by total units at the date of measurement.

(2) Economic occupancy is defined as the net rental income received divided by the maximum amount of rental income expected based on market conditions to be derived from each property. This statistic is reflective of rental concessions, delinquent rents and non-revenue units such as model units and employee units. Physical occupancy is a point in time measure while economic occupancy is a measurement over the period presented. Therefore, economic occupancy for a period may exceed the actual occupancy at any point in time.

(3) A property is considered stabilized once it reaches 90% occupancy for 90 days and an achievement of 1.15 times debt service coverage ratio on amortizing debt service for all MF Properties that are not student housing residential properties. Suites on Paseo, Eagle Village and the 50/50 MF Property are student housing residential properties.

(4) Previous period occupancy numbers are not available as the property was acquired in September 2016.

Physical and economic occupancy decreased in the first six months of 2017 as compared to the same period in 2016 due to declining occupancy at the 50/50 MF Property and the addition of Jade Park with a physical occupancy that is lower than the average of other MF Properties. The Partnership is implementing marketing and pricing changes at the 50/50 MF Property to increase physical occupancy for the fall 2017 semester. Jade Park is currently undergoing an in-place rehabilitation, which has resulted in lower physical and economic occupancy. Occupancy at Jade Park is expected to increase as renovations are completed in the coming quarter.

Results of Operations

The tables and following discussions of the Partnership's change in total revenues and total expenses, and net income for the three and six months ended June 30, 2017 and 2016 and should be read in conjunction with the Partnership's condensed consolidated financial statements and Notes thereto included in Item 1 of this report as well as the Partnership's Annual Report on Form 10-K for the year ended December 31, 2016.

The table below compares revenue and other income for the Partnership for the periods presented:

Change in Total Revenues and Other Income (in 000's)

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2017	2016	\$ Change	% Change	2017	2016	\$ Change	% Change
Revenues and Other Income:								
Property revenues	\$ 3,306	\$ 4,995	\$ (1,689)	-33.8%	\$ 7,037	\$ 10,070	\$ (3,033)	-30.1%
Investment income	12,174	9,010	3,164	35.1%	23,644	18,167	5,477	30.1%
Contingent interest income	87	45	42	93.3%	219	219	-	0.0%
Other interest income	667	883	(216)	-24.5%	1,312	1,397	(85)	-6.1%
Other income	-	-	-	N/A	62	-	62	100.0%
Gain (loss) on sale of real estate assets	(16)	12,443	(12,459)	-100.1%	7,153	12,443	(5,290)	-42.5%
Gain on sale of securities	-	-	-	N/A	-	8	(8)	N/A
Total Revenues and Other Income	\$ 16,218	\$ 27,376	\$ (11,158)	-40.8%	\$ 39,427	\$ 42,304	\$ (2,877)	-6.8%

Discussion of the Total Revenues and Other Income for the Three Months Ended June 30, 2017 and 2016

Property revenues. The decrease in property revenues for the three months ended June 30, 2017 as compared to the same period in 2016 is due to the following factors:

- A decrease of approximately \$1.7 million from the sales of the Arboretum and Woodland Park in June and July 2016, respectively, and the sale of Northern View in March 2017;
- A decrease of approximately \$239,000 related to declining occupancy at the 50/50 MF Property; and
- An increase of approximately \$325,000 from the acquisition of Jade Park in September 2016.

Investment income. Investment income includes interest earned on MRBs, PHC Certificates, MBS Securities (for 2016 only) and other equity investments. The increase in investment income for the three months ended June 30, 2017 as compared to the same period in 2016 is due to the following factors:

- An increase of approximately \$2.6 million in recurring investment income from MRBs purchased during 2016 and 2017;
- An increase of approximately \$689,000 from returns on investments in unconsolidated entities due to additional equity contributions made during 2016 and 2017; and
- A decrease of approximately \$195,000 in recurring investment income due to MRB principal payments received, sales and redemptions during 2016 and 2017.

Contingent interest income. For the three months ended June 30, 2017, contingent interest income was received from available excess cash at Lake Forest. For the three months ended June 30, 2016, contingent interest income was received from available excess cash at Ashley Square.

Other interest income. Other interest income is comprised primarily of interest income on property loans. The decrease in other interest income for the three months ended June 30, 2017 as compared to the same period in 2016 was due to the following factors:

- A decrease of approximately \$277,000 in interest income due to one-time collections related to bond settlements prior to 2016 received in the second quarter of 2016; and
- An increase of approximately \$75,000 in interest income from loans to Vantage at Brooks, Vantage at New Braunfels, and the Winston Group due to additional advances in 2016 and 2017.

Gain (loss) on sale of real estate assets. The loss reported for the three months ended June 30, 2017, is primarily from the sale of land in St. Petersburg, FL in May 2017. The gain reported for the three months ended June 30, 2016, is from the sale of the Arboretum in June 2016.

Discussion of the Total Revenues and Other Income for the Six Months Ended June 30, 2017 and 2016

Property revenues. The decrease in property revenues for the six months ended June 30, 2017 as compared to the same period in 2016 is due to the following factors:

- A decrease of approximately \$3.1 million from the sales of the Arboretum and Woodland Park in June and July 2016, respectively, and the sale of Northern View in March 2017;
- A decrease of approximately \$477,000 related to declining occupancy at the 50/50 MF Property; and
- An increase of approximately \$644,000 from the acquisition of Jade Park in September 2016.

Investment income. Investment income includes interest earned on MRBs, PHC Certificates, MBS Securities (for 2016 only) and other equity investments. The increase in investment income for the six months ended June 30, 2017 as compared to the same period in 2016 is due to the following factors:

- An increase of approximately \$4.8 million in recurring investment income from MRBs purchased during 2016 and 2017;
- An increase of approximately \$1.3 million from returns on investments in unconsolidated entities due to additional equity contributions made during 2016 and 2017;
- A decrease of approximately \$571,000 in recurring investment income due to MRB principal payments received, sales and redemptions during 2016 and 2017; and
- A decrease of approximately \$39,000 in recurring investment income due to sale of the MBS Securities in January 2016 and principal paydowns on the PHC investments during 2016 and 2017.

Contingent interest income. For the six months ended June 30, 2017, contingent interest income was received from available excess cash at Lake Forest. For the six months ended June 30, 2016, contingent interest income was received from available excess cash at Ashley Square.

Other interest income. Other interest income is comprised primarily of interest income on property loans. The decrease in other interest income for the six months ended June 30, 2017 as compared to the same period in 2016 was due to the following factors:

- A decrease of approximately \$277,000 in interest income due to one-time collections related to bond settlements prior to 2016 received in the second quarter of 2016; and
- An increase of approximately \$223,000 in interest income from loans to Vantage at Brooks, Vantage at New Braunfels, and the Winston Group due to additional advances in 2016 and 2017.

Gain (loss) on sale of real estate assets. The gain reported for the six months ended June 30, 2017, is primarily from the sale of Northern View in March 2017. The gain reported for the six months ended June 30, 2016, is from the sale of the Arboretum in June 2016.

The table below compares expenses for the Partnership for the periods presented:

	<u>Change in Total Expenses (in 000's)</u>								
	<u>For the Three Months Ended June 30,</u>				<u>For the Six Months Ended June 30,</u>				
	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>	
Expenses:									
Real estate operating (exclusive of items shown below)	\$ 1,621	\$ 2,369	\$ (748)	-31.6%	\$ 4,105	\$ 5,006	\$ (901)	-18.0%	
Impairment charge	-	62	(62)	N/A	-	62	(62)	N/A	
Depreciation and amortization	1,271	1,807	(536)	-29.7%	2,863	3,932	(1,069)	-27.2%	
Amortization of deferred financing costs	563	392	171	43.6%	1,303	924	379	41.0%	
Interest	5,841	4,322	1,519	35.1%	11,284	9,092	2,192	24.1%	
General and administrative	2,876	2,765	111	4.0%	6,007	5,097	910	17.9%	
Total Expenses	<u>\$ 12,172</u>	<u>\$ 11,717</u>	<u>\$ 455</u>	<u>3.9%</u>	<u>\$ 25,562</u>	<u>\$ 24,113</u>	<u>\$ 1,449</u>	<u>6.0%</u>	

Discussion of the Total Expenses for the Three Months Ended June 30, 2017 and 2016

Real estate operating expenses. Real estate operating expenses are associated with the MF Properties and are comprised principally of real estate taxes, property insurance, utilities, property management fees, repairs and maintenance, and salaries and related employee expenses of on-site employees. The decrease in real estate operating expenses for the three months ended June 30, 2017 as compared to the same period in 2016 is due to the following factors:

- A decrease of approximately \$790,000 related to the sales of the Arboretum and Woodland Park during 2016 and Northern View in March 2017;
- A decrease of approximately \$152,000 at the Suites on Paseo related to generally improving operations since acquisition in September 2015; and
- An increase of approximately \$222,000 related to the acquisition of Jade Park in September 2016.

Depreciation and amortization expense. Depreciation relates entirely to the MF Properties. Amortization consists of in-place lease intangible assets recorded as part of the acquisition-method of accounting for the acquisition of MF Properties. The decrease in depreciation and amortization for the three months ended June 30, 2017 as compared to the same period in 2016 is due to the following factors:

- A decrease of approximately \$468,000 in depreciation related to the sales of the Arboretum and Woodland Park during 2016 and Northern View in 2017;
- A decrease of approximately \$153,000 in amortization at the Suites on Paseo due to the full amortization of acquired in-place leases during 2016; and
- An increase of approximately \$105,000 in depreciation related to the acquisition of Jade Park in September 2016.

Amortization of deferred financing costs. Deferred financing costs are amortized using the effective interest method over the life of the related debt financing, mortgage payable or other secured financing. The increase in amortization of deferred financing costs for the three months ended June 30, 2017 as compared to the same period in 2016 is due primarily to \$132,000 additional expense related to Term A/B Trusts executed after the second quarter of 2016.

Interest expense. The increase in interest expense for the three months ended June 30, 2017 as compared to the same period in 2016 is attributable to the following factors:

- An increase of approximately \$901,000 due to an increase of approximately 56 basis points in the average interest rate;
- An increase of approximately \$969,000 due to an increase of approximately \$132.0 million in average principal outstanding, specifically with Term A/B Trusts; and
- A decrease of approximately \$350,000 related to fair value adjustments for interest rate derivatives.

General and administrative expenses. General and administrative expenses were consistent for the three months ended June 30, 2017 as compared to the same period in 2016.

Discussion of the Total Expenses for the Six Months Ended June 30, 2017 and 2016

Real estate operating expenses. Real estate operating expenses are associated with the MF Properties and are comprised principally of real estate taxes, property insurance, utilities, property management fees, repairs and maintenance, and salaries and related employee expenses of on-site employees. The decrease in real estate operating expenses for the six months ended June 30, 2017 as compared to the same period in 2016 is due to the following factors:

- A decrease of approximately \$1.4 million related to the sales of the Arboretum and Woodland Park during 2016 and Northern View in March 2017; and
- An increase of approximately \$492,000 related to the acquisition of Jade Park in September 2016.

Depreciation and amortization expense. Depreciation relates entirely to the MF Properties. Amortization consists of in-place lease intangible assets recorded as part of the acquisition-method of accounting for the acquisition of MF Properties. The decrease in depreciation and amortization for the six months ended June 30, 2017 as compared to the same period in 2016 is due to the following factors:

- A decrease of approximately \$859,000 in depreciation related to the sales of the Arboretum and Woodland Park during 2016 and Northern View in 2017;
- A decrease of approximately \$614,000 in amortization at the Suites on Paseo due to the full amortization of acquired in-place leases during 2016; and
- An increase of approximately \$439,000 in depreciation related to the acquisition of Jade Park in September 2016.

Amortization of deferred financing costs. Deferred financing costs are amortized using the effective interest method over the life of the related debt financing, mortgage payable or other secured financing. The increase in amortization of deferred financing costs for the six months ended June 30, 2017 as compared to the same period in 2016 is due primarily to \$203,000 additional expense related to the \$20 million secured line of credit arrangement initiated in December 2016, and an increase of approximately \$242,000 related to new Term A/B Trust financings in 2016 and 2017.

Interest expense. The increase in interest expense for the six months ended June 30, 2017 as compared to the same period in 2016 is attributable to the following factors:

- An increase of approximately \$2.0 million due to an increase of approximately 65 basis points in the average interest rate;
- An increase of approximately \$1.5 million due to an increase of approximately \$105.2 million in average principal outstanding, specifically with Term A/B Trusts; and
- A decrease of approximately \$1.3 million related to fair value adjustments for interest rate derivatives.

General and administrative expenses. The increase in general and administrative expenses for the six months ended June 30, 2017 as compared to the same period in 2016 is attributable to the following factors:

- An increase of approximately \$610,000 due to restricted unit awards first issued in September 2016;
- An increase of approximately \$405,000 for administrative fees due an increase in assets owned by the Partnership; and
- A decrease of approximately \$65,000 in professional fees.

Discussion of the Income Tax Expense for the Three and Six Months Ended June 30, 2017 and 2016

A wholly-owned subsidiary of the Partnership, the Greens Hold Co, is a corporation subject to federal and state income tax. The Greens Hold Co owns controlling equity interests in the MF Properties, except for Suites on Paseo and Jade Park. The gain on sale of Northern View in March 2017 and normal operating income of the owned MF Properties are subject to federal and state income taxes and the Partnership recorded income tax expense (benefit) of approximately (\$63,000) and \$2.4 million for the three and six months ended June 30, 2017. The gain on sale of the Arboretum in June 2016, net of NOLs carryforwards, are subject to federal and state income taxes and the Partnership recorded income tax expense of approximately \$4.7 million for the three and six months ended June 30, 2016.

Cash Available for Distribution (“CAD”)

The Partnership believes that CAD provides relevant information about the Partnership’s operations and is necessary, along with net income, for understanding its operating results. To calculate CAD, the Partnership begins with net income and adds back non-cash expenses consisting of amortization expense related to debt financing costs and bond issuance costs, interest rate derivative expense or income, provision for loan losses, impairments on bonds and property loans, and Restricted Units compensation expense, to the Partnership’s net income (loss) as computed in accordance with GAAP, and deducts Tier 2 income (see Note 3 to the Partnership’s condensed consolidated financial statements) attributable to the Partnership as defined in the Amended and Restated LP Agreement. Net income is the GAAP measure most comparable to CAD. There is no generally accepted methodology for computing CAD, and the Partnership’s computation of CAD may not be comparable to CAD reported by other companies. Although the Partnership considers CAD to be a useful measure of the Partnership’s operating performance, CAD is a non-GAAP measure that should not be considered as an alternative to net income that is calculated in accordance with GAAP, or any other measures of financial performance presented in accordance with GAAP.

The table below shows the calculation of CAD (and a reconciliation of the Partnership's GAAP net income to CAD) for the three and six months ended June 30, 2017 and 2016:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
Partnership net income	\$ 4,109,400	\$ 11,005,930	\$ 11,398,262	\$ 13,537,630
Change in fair value of derivatives and interest rate derivative amortization	181,420	531,389	302,769	1,641,796
Depreciation and amortization expense	1,270,379	1,806,732	2,863,205	3,931,630
Impairment charge	-	61,506	-	61,506
Amortization of deferred financing costs	562,585	392,493	1,302,823	924,680
Restricted units compensation expense	438,893	-	609,733	-
Deferred income taxes	(201,000)	553,000	(365,000)	553,000
Redeemable Series A preferred unit distribution and accretion	(432,550)	(124,982)	(757,192)	(126,666)
Tier 2 Income distributable to the General Partner (1)	(16,224)	(2,096,982)	(1,120,625)	(2,140,581)
Bond purchase premium (discount) amortization (accretion), net of cash received	(26,741)	33,668	(50,248)	68,364
Total CAD	\$ 5,886,162	\$ 12,162,754	\$ 14,183,727	\$ 18,451,359
Weighted average number of units outstanding, basic	59,862,969	60,252,928	59,950,328	60,252,928
Net income per unit, basic	\$ 0.06	\$ 0.15	\$ 0.16	\$ 0.19
Total CAD per unit, basic	\$ 0.10	\$ 0.20	\$ 0.24	\$ 0.31
Distributions per unit	\$ 0.125	\$ 0.125	\$ 0.250	\$ 0.250

(1) As described in Note 3 to the Partnership's condensed consolidated financial statements, Net Interest Income representing contingent interest and Net Residual Proceeds representing contingent interest (Tier 2 income) will be distributed 75% to the limited partners and Unitholders as a class and 25% to the General Partner. This adjustment represents the 25% of Tier 2 income due to the General Partner. For the three months ended June 30, 2017, the Partnership reported Tier 2 income distributable to the General Partner of approximately \$22,000 from contingent interest received from Lake Forest offset by a loss of approximately \$5,000 on the sale of land in St. Petersburg, FL. For the three months ended June 30, 2016, the Partnership reported Tier 2 income distributable to the General Partner of approximately \$2.1 million from the gain on the sale of the Arboretum and approximately \$11,000 from contingent interest received from Ashley Square to the General Partner. For the six months ended June 30, 2017, the Partnership reported Tier 2 income distributable to the General Partner of approximately \$1.1 million from the net gain on the sale of Northern View and approximately \$55,000 from contingent interest received from Lake Forest, offset by a \$5,000 loss on the sale of land in St. Petersburg, FL. For the six months ended June 30, 2016, the Partnership reported Tier 2 income distributable to the General Partner of approximately \$2.1 million from the gain on the sale of the Arboretum and approximately \$55,000 from contingent interest received from Ashley Square.

There was no non-recurring CAD per unit earned by the Partnership for the three and six months ended June 30, 2017 and 2016.

Liquidity and Capital Resources

The Partnership's principal source of cash flow includes:

- Interest income earned on MRBs;
- Interest income earned on the PHC Certificates;
- Excess cash flow generated by the MF Properties;
- Excess proceeds from the sale of assets; and
- Cash flow, net of expenses, from general Partnership operations.

Additional sources of cash flow may include:

- Interest payments received from property loans; and
- Contingent interest received from investments in MRBs or property loans.

Interest income is primarily comprised of fixed rate base interest payments received on our MRBs and PHC Certificates which provides consistent cash receipts throughout the year. Certain of the MRBs may also generate payments of contingent interest to us

from time to time when the underlying Residential Properties generate excess net cash flow. For additional details, see the Partnership's condensed consolidated statement of cash flows.

Similarly, the economic performance of MF Properties will affect the amount of cash distributions, if any, received by the Partnership from ownership of these properties. The economic performance of the MF Properties depends on the rental and occupancy rates of the property and on the level of operating expenses. Occupancy rates and rents are directly affected by the supply of, and demand for, apartments in the market area in which a property is located. This, in turn, is affected by several factors such as local or national economic conditions, the amount of new apartment construction and the affordability of single-family homes. In addition, factors such as government regulation (such as zoning laws), inflation, real estate and other taxes, labor problems, and natural disasters can affect the economic operations of an apartment property. For discussion related to economic risk see Item 1A, "Risk Factors" in the Partnership's Annual Report on Form 10-K for the year ended December 31, 2016.

Other sources of cash available to the Partnership include:

- Operating line of credit;
- Secured and unsecured lines of credit;
- Debt financing;
- Mortgages payable and other secured financings;
- Sale of Series A Preferred Units; and
- Sale of additional BUCs.

At June 30, 2017, the Partnership had borrowed the following amounts:

- Debt financing, net - \$597.5 million; and
- Mortgages payable and other secured financing, net - \$50.8 million.

In addition, as of June 30, 2017, the Partnership had issued 5.7 million Series A Preferred Units at a subscription price of \$10.00 per unit. We issued approximately 1.6 million Series A Preferred Units during the six months ended June 30, 2017 for gross proceeds of approximately \$16.1 million. We did not issue any BUCs during 2017 or 2016.

Our principal uses of cash are (i) general, administrative and operating expenses, (ii) interest and principal payable on the unsecured and secured lines of credit, (iii) interest and principal payable on the debt financing and mortgages payable and other secured financing, and (iv) payment of distributions to Series A Preferred Unitholders and BUC holders. We also use cash to acquire additional investments.

(i) Payment of general, administrative, and operating expenses

The MF Properties' primary uses of cash were for operating expenses. We also used cash for general and administrative expenses. For additional details, see the Partnership's condensed consolidated statement of cash flows in this Form 10-Q.

(ii) Payment of interest and principal on unsecured and secured lines of credit

We maintain two unsecured lines of credit: an operating and a revolving line of credit. Our operating line of credit allows for the advance of up to \$10.0 million to be used for general operations. We are required to make prepayments of the principal to reduce outstanding principal balance on the operating line to zero for fifteen consecutive days during each calendar quarter. We fulfilled this requirement during the six months ended June 30, 2017. In addition, we have fulfilled this requirement for the third quarter of 2017. Our \$50 million revolving line of credit may be utilized for the purchase of multifamily real estate and taxable or tax-exempt MRBs. Advances on the line of credit are due on the 270th day following the advance date, but may be extended by making certain payments for up to an additional 270 days. Our \$20 million secured term line of credit was used to finance the purchase of MRBs and matured in March 2017. The secured line of credit was closed and is not available for use by the Partnership at June 30, 2017.

(iii) Payment of interest and principal on debt and mortgages payable and other secured financing

Our debt financing arrangements consist of various secured financing transactions to leverage our portfolio of MRBs and other investments. The financing arrangements generally involve the securitization of MRBs and other investments into trusts whereby we retain beneficial interests in the trusts that provide certain rights to the underlying investment assets. The remaining

beneficial interests are sold to unaffiliated parties with the proceeds being received by the Partnership. The beneficial interests held by unaffiliated parties require periodic interest payments, which may be fixed or variable depending on the terms of the arrangement, and scheduled principal payments.

Our mortgages payable and other secured financing arrangements are used to leverage our MF Properties. The mortgages and other secured financing are entered into with financial institutions and are secured by security interests in the MF Properties. The mortgages and other secured financing bear interest, which may be fixed or variable depending on the terms of the arrangement, and scheduled principal payments.

We anticipate refinancing all financing arrangements coming due in 2017 with similar arrangements of terms greater than one year.

(iv) Payment of distributions to the Unitholders – Series A Preferred Unit and BUC holders

Distributions to the Series A Preferred unitholders, if declared by the General Partner, will be paid at a fixed rate of 3.0% annually. The Series A Preferred Units are non-cumulative, non-voting, non-convertible and are senior to BUC holders.

Distributions to the BUC holders may increase or decrease at the determination of the General Partner. The per unit distributions primarily depend on the amount of interest and other cash received by us from our portfolio of MRBs and other investments, the amount of our outstanding debt and the effective interest rates paid by us on this debt, the level of operating and other cash expenses incurred by us, and the number of units outstanding.

Leverage Ratio

We utilize leverage to enhance rates of return to our Unitholders. We use target ratios for each type of financing obligation utilized by us to manage an overall 70% leverage constraint, as previously established by the Board of Managers (the “Board”) of Burlington, which is the general partner of the Partnership’s general partner. The amount of leverage utilized is dependent upon several factors, including the assets being leveraged, the leverage program utilized, constraints of market collateral calls and the liquidity and marketability of the underlying collateral of the asset being leveraged. We defined our leverage ratio as total outstanding debt divided by total assets using the carrying value of the MRBs, PHC Certificates, initial finance costs and the MF Properties at cost. At June 30, 2017, our overall leverage ratio was approximately 66%.

Cash Flows

During the six months ended June 30, 2017, we used \$5.4 million of cash, which was the net result of \$8.2 million provided by operating activities, \$50.4 million used in investing activities, and \$36.8 million provided by financing activities.

Cash provided by operating activities totaled \$8.2 million for the six months ended June 30, 2017, as compared to cash provided by operating activities of \$11.3 million for the six months ended June 30, 2016. The decrease is due primarily to utilization of NOL carryforwards in 2016 that decreased the effective income tax due on the sale of the Arboretum as compared to 2017.

Cash used in investing activities totaled \$50.4 million for the six months ended June 30, 2017, as compared to cash provided by investing activities of \$40.2 million for the six months ended June 30, 2016. The decrease is due primarily to three factors. First, there was an increase of \$48.1 million of cash used for MRB acquisitions in 2017 as compared to 2016. Second, the sale of MRBs and MBS Securities in 2016 resulted in cash of \$24.3 million and such sale did not reoccur in the first six months of 2017. Third, there was a decrease in cash proceeds from the sale of MF Properties of \$16.5 million as compared to 2016 due to the Arboretum sale in 2016 having a higher price than the Northern View sale in 2017.

Cash provided by financing activities totaled \$36.8 million for the six months ended June 30, 2017, as compared to cash used in financing activities of \$25.5 million for the six months ended June 30, 2016. The change is due primarily to an increase of net proceeds from Debt Financing of \$124.5 million, which was offset by a decrease of net proceeds from unsecured and secured lines of credit of \$66.5 million.

We believe our cash balance and cash provided by the sources discussed herein will be sufficient to pay, or refinance, our debt obligations and to meet our liquidity needs over the next 12 months.

Contractual Obligations

As discussed herein and in the Partnership’s Annual Report on Form 10-K for the year ended December 31, 2016, the debt and mortgage obligations of the Partnership consist of scheduled principal payments on the TOB Trust and Term A/B Trust financing

facilities with DB, the TEBS credit facilities with Freddie Mac, and payments on the MF Property mortgages payable and other secured financing.

The Partnership's contractual obligations presented in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2016, which is incorporated by reference herein, have only changed pursuant to the executed contracts during the six months ended June 30, 2017 as disclosed herein.

Recently Issued Accounting Pronouncements

For a discussion on recently issued accounting pronouncements, please see Note 2 to the Partnership's condensed consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes in market risk, except as discussed below, from the information provided under "Quantitative and Qualitative Disclosures about Market Risk" in Item 7A of the Partnership's 2016 Annual Report on Form 10-K.

Mortgage Revenue Bonds and PHC Certificate Sensitivity Analysis

A third-party pricing service is used to value our MRBs starting in the second quarter of 2017. The pricing service uses a discounted cash flow and yield to maturity or call analyses which encompasses judgment in its application. The key assumption in the yield to maturity or call analysis is the range of effective yields of the individual MRBs. The effective yield analysis for each MRB considers the current market yield on similar MRBs, specific terms of the MRB, and various characteristics of underlying property serving as collateral for the MRB such as debt service coverage ratio, loan to value, and other characteristics.

We value the PHC Certificates based upon prices obtained from a third-party pricing service, which are indicative of market prices. There is no active trading market for the trusts' certificates. The valuation methodology of our third-party pricing service incorporates commonly used market pricing methods. It considers the underlying characteristics of each PHC Trust as well as other quantitative and qualitative characteristics including, but not limited to, market interest rates, security ratings from rating agencies, the impact of potential political and regulatory change, and other inputs. The fair value estimate by the third-party pricing service encompasses the use of judgment in its application.

We completed a sensitivity analysis which is hypothetical and is as of a specific point in time. The results of the sensitivity analysis may not be indicative of actual changes in fair value and should be used with caution.

The table below summarizes the sensitivity analysis metrics related to the investments in the MRBs and PHC Certificates at June 30, 2017:

Description	Estimated Fair Value in 000's	Range of Effective Yields used in Valuation	Range of Effective Yields if 10% Adverse Applied	Additional Unrealized Losses with 10% Adverse Change in 000's
Mortgage Revenue Bonds	\$ 768,130	2.6% - 9.9%	2.9%- 10.9%	\$ 23,400
PHC Certificates	55,791	4.9% - 5.8%	5.4%- 6.3%	1,821

Geographic Risk

The properties securing the MRBs are geographically dispersed throughout the United States with significant concentrations (geographic risk) in Texas, California, and South Carolina. At June 30, 2017 and December 31, 2016, the geographic concentration in Texas as a percentage of the total MRB principal outstanding was approximately 50% and 45%, respectively. At June 30, 2017 and December 31, 2016, the geographic concentration in California as a percentage of the total MRB principal outstanding was approximately 18% and 20%, respectively. At June 30, 2017 and December 31, 2016, the geographic concentration in South Carolina as a percentage of the total MRB principal outstanding was approximately 11% and 12%, respectively. After review of the properties' economic performance in Texas, California and South Carolina as compared to general market conditions in these markets, we do not believe we are exposed to adverse risk in these markets.

Summary of Interest Rates on Borrowings and Interest Rate Cap Agreements

At June 30, 2017, the total costs of borrowing by investment type were as follows:

- range between approximately 4.2% and 4.5% for the unsecured LOCs;
- range between approximately 2.3% and 2.8% for the M24, M31, and M33 TEBS facilities;
- range between approximately 4.0% and 4.4% for the TOB Trusts securitized by MRBs;
- range between approximately 3.6% and 4.5% for the Term A/B Trusts securitized by MRBs;
- range between approximately 3.1% and 3.2% for the PHC Trust Certificates TOB Trusts; and
- range between approximately 3.9% and 4.8% for the MF Property mortgages and other secured financing.

The following table sets forth certain information regarding the Partnership's interest rate cap agreements at June 30, 2017:

Purchase Date	Notional Amount	Maturity Date	Effective Capped Rate	Index	Variable Debt Financing Facility Hedged	Counterparty	Fair Value - Asset (Liability) (1)
Sept 2010	\$ 29,609,667	Sept 2017	3.0%	SIFMA	M24 TEBS	Bank of New York Mellon	\$ -
Sept 2010	29,609,667	Sept 2017	3.0%	SIFMA	M24 TEBS	Barclays Bank PLC	-
Sept 2010	29,609,667	Sept 2017	3.0%	SIFMA	M24 TEBS	Royal Bank of Canada	-
Aug 2013	88,829,000	Sept 2017	1.5%	SIFMA	M24 TEBS	Deutsche Bank	-
July 2014	30,850,250	Aug 2019	3.0%	SIFMA	M31 TEBS	Barclays Bank PLC	1,002
July 2014	30,850,250	Aug 2019	3.0%	SIFMA	M31 TEBS	Royal Bank of Canada	1,002
July 2014	30,850,250	Aug 2019	3.0%	SIFMA	M31 TEBS	SMBC Capital Markets, Inc	1,002
July 2015	27,813,538	Aug 2020	3.0%	SIFMA	M33 TEBS	Wells Fargo Bank	12,207
July 2015	27,813,538	Aug 2020	3.0%	SIFMA	M33 TEBS	Royal Bank of Canada	12,207
July 2015	27,813,538	Aug 2020	3.0%	SIFMA	M33 TEBS	SMBC Capital Markets, Inc	12,207
June 2017	92,550,751	Aug 2019	1.5%	SIFMA	M31 TEBS	Barclays Bank PLC	105,269
June 2017	83,440,615	Aug 2020	1.5%	SIFMA	M33 TEBS	Barclays Bank PLC	376,893
							<u>\$ 521,789</u>

(1) For additional details, see Note 22 to the Partnership's condensed consolidated financial statements.

The Partnership has contracted for two interest rate swaps with DB. On a quarterly basis, the Partnership reassesses its interest rate swap positions. In the second quarter of 2017, the Partnership determined that due to the stabilization of the Decatur Angle and Bruton MRB properties and securitization of the related MRBs into fixed rate Term A/B Trust financings, the interest rate swaps were not needed to mitigate interest rate risk on financings related to the MRBs. The Partnership then determined that the interest rate swaps are intended to mitigate interest rate risk for the variable rate PHC TOB Trusts. The following table summarizes the terms of the interest rate swaps at June 30, 2017 and December 31, 2016:

Purchase Date	Notional Amount	Effective Date	Termination Date	Fixed Rate Paid	Period End Variable Rate Received	Variable Rate & Index	Counterparty	June 30, 2017 - Fair Value of Liability	December 31, 2016 - Fair Value of Liability
Sept 2014	\$ 22,899,450	Oct 2016	Oct 2021	1.96%	0.85%	70% 30-day LIBOR	Deutsche Bank	\$ (652,598)	\$ (738,574)
Sept 2014	18,108,276	April 2017	April 2022	2.06%	0.85%	70% 30-day LIBOR	Deutsche Bank	(630,839)	(600,709)
								<u>\$ (1,283,437)</u>	<u>\$ (1,339,283)</u>

Interest Rates Risk – Change in Net Interest Income

The following table sets forth information regarding the impact on the Partnership's income assuming a change in interest rates:

Description	- 25 basis points	+ 50 basis points	+ 100 basis points	+ 150 basis points	+ 200 basis points
TOB & Term A/B Debt Financings	\$ 5,600	\$ (11,258)	\$ (22,592)	\$ (34,064)	\$ (45,983)
TEBS Debt Financings	396,013	(791,891)	(1,238,197)	(1,215,380)	(1,187,397)
Other Investment Financings	(29,557)	59,076	118,101	177,076	236,000
Total	<u>\$ 372,056</u>	<u>\$ (744,073)</u>	<u>\$ (1,142,688)</u>	<u>\$ (1,072,368)</u>	<u>\$ (997,380)</u>

The interest rate sensitivity table ("Table") represents the change in interest income from investments net of interest on debt and interest rate derivative expenses over the next twelve months, assuming an immediate parallel shift in the LIBOR yield curve and the resulting implied forward rates are realized as a component of this shift in the curve. Assumptions include anticipated interest rates, relationships between interest rate indices and outstanding investments, liabilities and interest rate derivative positions.

No assurance can be made that the assumptions included in the Table presented herein will occur or that other events would not occur that would affect the outcomes of the analysis. Furthermore, the results included in the Table assume the Partnership does not act to change its sensitivity to the movement in interest rates.

As the above information incorporates only those material positions or exposures that existed as of June 30, 2017, it does not consider those exposures or positions that could arise after that date. The ultimate economic impact of these market risks will depend on the exposures that arise during the period, our risk mitigating strategies at that time and the overall business and economic environment.

Item 4. Controls and Procedures.

Evaluation of disclosure controls and procedures. The Chief Executive Officer and Chief Financial Officer have reviewed and evaluated the effectiveness of the Partnership's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of such period, the Partnership's current disclosure controls and procedures were effective in ensuring that (i) information required to be disclosed by the Partnership in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and (ii) information required to be disclosed by the Partnership in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Partnership's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in internal control over financial reporting. The Chief Executive Officer and Chief Financial Officer have determined that there were no changes in the Partnership's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the Partnership's most recent fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Partnership's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1A. Risk Factors.

The risk factors affecting the Partnership are described in Item 1A “Risk Factors” in the Partnership’s 2016 Annual Report on Form 10-K, which is incorporated by reference herein. There have been no material changes from these previously disclosed risk factors for the six months ended June 30, 2017, except for the risks disclosed in the following paragraphs.

There are many risks related to the construction of Residential Properties that may affect the mortgage revenue bonds issued to finance these properties and multifamily properties that underlie our Investments in Unconsolidated Entities.

We may invest in mortgage revenue bonds secured by residential housing properties, and we make equity investments in limited liability companies created to develop, construct and operate multifamily properties. Construction of such properties generally takes approximately twelve to eighteen months. The principal risk associated with these investment activities is that construction of the underlying properties may be substantially delayed or never completed. This may occur for many reasons including (i) insufficient financing to complete the project due to underestimated construction costs or cost overruns; (ii) failure of contractors or subcontractors to perform under their agreements; (iii) inability to obtain governmental approvals; (iv) labor disputes; and (v) adverse weather and other unpredictable contingencies beyond the control of the developer. While we may be able to protect ourselves from some of these risks by obtaining construction completion guarantees from developers, agreements of construction lenders to purchase our bonds if construction is not completed on time, and/or payment and performance bonds from contractors, we may not be able to do so in all cases or such guarantees or bonds may not fully protect us in the event a property is not completed. In other cases, we may decide to forego certain types of available security if we determine that the security is not necessary or is too expensive to obtain in relation to the risks covered.

If a property is not completed or costs more to complete than anticipated, it may cause us to receive less than the full amount of interest owed to us on the mortgage revenue bond financing such property or otherwise result in a default under the mortgage loan that secures our mortgage revenue bond on the property. In such case, we may be forced to foreclose on the incomplete property and sell it in order to recover the principal and accrued interest on our mortgage revenue bond and we may suffer a loss of capital as a result. Alternatively, we may decide to finance the remaining construction of the property, in which event we will need to invest additional funds into the property, either as equity or as a taxable property loan. Any return on this additional investment would be taxable. Also, if we foreclose on a property, we will no longer receive interest on the bond issued to finance the property. The overall return to us from our investment in such property is likely to be less than if the construction had been completed on time or within budget.

As it relates to our equity investments, if a property is not completed or costs more to complete than anticipated, it may cause us to receive less distributions than expected. Furthermore, we may be prevented from receiving a return on our investments or recovering our initial investment, which would likely adversely affect our results of operations.

There are various risks associated with our Investments in Unconsolidated Entities.

Our Investments in Unconsolidated Entities represent equity investments in limited liability companies created to develop, construct and operate multifamily properties. We are entitled to certain distributions under the terms of the investees’ governing documents based on the availability of cash to pay such distributions. The only sources of cash flows for such distributions are either the net cash flows from the operation of the property, the cash proceeds from a sale of the property, or through the permanent financing in the form of a mortgage revenue bond. The net cash flow from the operation of a property may be affected by many factors, such as the number of tenants, the rental and fee rates, operating expenses, the cost of repairs and maintenance, taxes, debt service requirements, competition from other similar multifamily properties and general and local economic conditions. Sale proceeds are primarily dependent, among other things, on the value of a property to a prospective buyer at the time of its sale. If there are no net cash flows from operations or insufficient proceeds from a sale or a refinancing event, we are unlikely to receive distributions from our investees and we may be unable to recover our investments in these entities.

There is a risk associated with a third-party developer that has provided guarantees of our returns on Investments in Unconsolidated Entities.

One developer has provided a guarantee of returns on our Investments in Unconsolidated Entities during the period of construction of the underlying multifamily property. The guarantees remain through the two-year anniversary of construction completion of each multifamily property up to a maximum amount for each investment. If the underlying multifamily properties do not generate sufficient cash proceeds, either through net cash flows from operations or upon a sale event or through the permanent financing in the form of a mortgage revenue bond, then we are entitled to enforce the guarantee against the developer. If the developer is unable to perform on the guarantee, we may be prevented from realizing our returns earned on our Investments in Unconsolidated Entities during the period of construction which may result in the recognition of losses.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On March 8, 2017, the Partnership announced that the Board of Managers of Burlington, which is the general partner of the Partnership's General Partner, authorized a unit repurchase program for up to 254,656 of the Partnership's outstanding BUCs. Under the terms of the repurchase program, BUCs may be repurchased from time to time at the Partnership's discretion on the open market, through block trades, or otherwise, subject to market conditions, applicable legal requirements, and other considerations. The program does not have a stated expiration date and will continue until all the BUCs authorized under the program have been repurchased, or the program is otherwise modified or terminated by the Board in its sole discretion. For the six months ended June 30, 2017, the Partnership repurchased 254,656 BUCs under the program for approximately \$1.5 million.

Information on the BUCs repurchased during the three months ended June 30, 2017 under the program is as follows:

Period	Total number of shares (or units) purchased	Average price paid per share (or unit)	Total number of shares (or units) purchased as part of publicly announced plans or programs	Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or program
April 1 - April 30, 2017	-	\$ -	-	109,908
May 1 - May 31, 2017	109,908	5.85	109,908	-
June 1 - June 30, 2017	-	-	-	-
	<u>109,908</u>	<u>\$ 5.85</u>	<u>109,908</u>	

Item 6. Exhibits.

The following exhibits are filed as required by Item 15(a)(3) of this report. Exhibit numbers refer to the paragraph numbers under Item 601 of Regulation S-K:

- 10.1 Fourth Amendment to Credit Agreement dated May 22, 2017 between America First Multifamily Investors, L.P. and Bankers Trust Company (incorporated by reference to Exhibit 10.1 of the registrant's Current Report on Form 8-K filed on May 25, 2017).
- 10.2 [Regulatory Margin Self-Disclosure Letter date June 30, 2017 between ATAX TEBS II, LLC and the International Swaps and Derivatives Association, Inc.](#)
- 10.3 [Rate Cap Agreement dated June 28, 2017 between ATAX TEBS II, LLC and Barclays Bank PLC.](#)
- 10.4 [Regulatory Margin Self-Disclosure Letter date June 30, 2017 between ATAX TEBS III, LLC and the International Swaps and Derivatives Association, Inc.](#)
- 10.5 [Rate Cap Agreement dated June 28, 2017 between ATAX TEBS III, LLC and Barclays Bank PLC.](#)
- 31.1 [Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2 [Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.1 [Certification of CEO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2 [Certification of CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101 The following materials from the Partnership's Quarterly Report on Form 10-Q for the three months ended June 30, 2017 are filed herewith, formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets on June 30, 2017 and December 31, 2016, (ii) the Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2017 and 2016, (iii) the Condensed Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2017 and 2016, (iv) the Condensed Consolidated Statements of Partners' Capital for the six months ended June 30, 2017 and 2016, (v) the Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2017 and 2016, and (vi) Notes to Condensed Consolidated Financial Statements. Such materials are presented with detailed tagging of notes and financial statement schedules.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMERICA FIRST MULTIFAMILY INVESTORS, L.P.

Date: August 7, 2017 By: /s/ Chad L. Daffer
Chad L. Daffer
Chief Executive Officer

Date: August 7, 2017 By: /s/ Craig S. Allen
Craig S. Allen
Chief Financial Officer



International Swaps and Derivatives Association, Inc.

REGULATORY MARGIN SELF-DISCLOSURE LETTER

published on June 30, 2016

by the International Swaps and Derivatives Association, Inc.

Various jurisdictions are implementing regulatory margin requirements for uncleared derivatives transactions based on the framework published by the Basel Committee on Banking Supervision and the International Organization of Securities Commissions.¹ Regulatory margin requirements based on the BCBS-IOSCO Framework have been proposed or adopted in (i) Canada, (ii) the European Union, (iii) Japan, (iv) Switzerland, and (v) the United States, and it is expected that other jurisdictions will propose and adopt similar requirements. This Self Disclosure Letter is intended to provide market participants with a standard form for providing counterparties with information necessary to determine if and when compliance with one or more of these new regulatory margin regimes will be required. The information provided in this Letter is being provided solely for making such determinations.

Capitalized terms used in this Letter are defined in Appendices I-VI.

¹ See *Margin requirements for non-centrally cleared derivatives* (Mar. 2015) (“**BCBS-IOSCO Framework**”), available at <https://www.bis.org/bcbs/publ/d317.htm>.

TABLE OF CONTENTS

1.	GENERAL BIOGRAPHICAL INFORMATION	3
2.	CANADA INFORMATION	4
3.	EU INFORMATION	8
4.	JAPAN INFORMATION	13
5.	SWITZERLAND INFORMATION	17
6.	UNITED STATES INFORMATION	21

Instructions:

Section 1 of this Self-Disclosure Letter (the “Letter”) requests general information about the market participant on whose behalf this Letter will be delivered (referred to herein as “Principal”). Section 1 is intended to be completed by all users of this Letter.

The remaining sections of this Letter request jurisdiction or regulator-specific information. The sections that should be completed on behalf of Principal when delivering this Letter to another market participant (referred to herein as “Recipient”) will depend on the jurisdiction and regulatory status of both Recipient and Principal.

For example, if this Letter is being delivered to a Recipient that is an “FC” (as defined in Article 2(8) of Regulation (EU) No 648/2012), such Recipient will likely need the information requested in the EU section of this Letter to determine whether and how the Draft EU Margin Requirements apply to the particular relationship between Principal and Recipient. At the same time, if Principal is itself an FC, Recipient will likely need this information for its own purposes, including (if it is regulated in a different jurisdiction) potential application of substituted compliance and other rules.

Thus, when preparing to fill out this Letter for particular Recipients, market participants should consider obtaining instructions from the Recipient ahead of time if it is not clear which jurisdictional sections the Recipient needs completed. Market participants should complete at least those sections of this Letter that are for jurisdictions that they have been informed or otherwise have reason to conclude are jurisdictions in which the Recipient is generally regulated for purposes of uncleared derivatives margin. In addition, market participants that are subject to direct regulation under the uncleared derivatives margin rules of one or more jurisdictions should complete the sections of the Letter that relate to those jurisdictions. Please note that the regulatory margin requirements of more than one jurisdiction may be applicable to a market participant.

If you are unsure of whether any particular section will apply to Principal’s relationship with a Recipient, you should contact the applicable Recipient. Market participants may exchange contact information for this purpose by using Section 1(c).

1. General Biographical Information

Please complete this Section 1 with the biographical information of Principal. Definitions of certain terms used in this Section 1 are set forth in Appendix I to this Letter.

(a) Principal Information

Legal Name:	ATAX TEBS II, LLC
Entity Identifier:	
Address:	1004 Farnam Street, Suite 400
	Omaha
Country:	United States
State/Province:	Nebraska
Zip/Postal Code:	68102

(b) Multibranch Entity Information ²

Is Principal a Multibranch Entity?

- Yes
- No

(c) Contact Information

This space may be used to provide contact information to a Recipient who may have questions about information provided by Principal in its Letter or about what information to provide in its corresponding Letter to Principal. This contact information is not required and is solely for purposes of providing an address for Recipient to direct questions regarding this Letter or Principal.

Name:	Andy Grier
E-Mail:	agrier@burlingtoncapital.com
Phone:	402-930-3076

² It may be necessary to track branches for purposes of establishing when a pair of counterparties is within the scope of margin rules. See, e.g., Regulation (EU) No. 285/2014 at Article 2(2).

2. Canada Information

If the Canada OSFI Margin Requirements may apply to the relationship between Principal and Recipient (i.e., if either Principal or Recipient is an entity subject to Canada OSFI Margin Requirements), please complete each relevant subsection of this Section 2. Definitions of certain terms used in this Section 2 are set forth in Appendix II to this Letter.

(a) Canada OSFI Margin Requirements Entity Status

Please check one box for each of the questions below. By checking a box, Principal is indicating that its entity status for purposes of Canada OSFI Margin Requirements is the status specified next to the box checked.

(i) Domestic FRFI

Is Principal a Domestic FRFI?

- Yes
- No

(ii) Canada Branch FRFI

Does Principal have a Canada Branch FRFI?

- Yes
- No

(iii) Covered Entity

Is Principal a Covered Entity?

- Yes
- No

(b) **Canada Cross-Border Status**

(i) Canadian Branch³

If Principal is a non-Canadian institution and indicated that it is a Multibranch Entity in Section 1(b), please indicate whether Principal will transact in E-22 NCC Derivatives with Recipient through a Canadian branch. If Principal checks the box next to "No Canadian Branch Transactions," it is indicating that it will not enter into E-22 NCC Derivatives with Recipient through one or more branches in Canada. If Principal checks the box next to "Canadian Branch Transactions," it is indicating that it may enter into E-22 NCC Derivatives with Recipient through one or more branches in Canada.

- No Canadian Branch Transactions
 Canadian Branch Transactions

(c) **Canada AANA Information**

If Principal has been identified as a Domestic FRFI in Section 2(a)(i), as having a Canada Branch FRFI in Section 2(a)(ii) or has been identified as a Covered Entity in Section 2(a)(iii), please complete each of the questions below, as applicable.

(i) Canada AANA Group Information

(1) Is Principal a member of a Canada AANA Group?

- Yes
 No

(2) If Principal is a member of a Canada AANA Group, please provide the following information for the ultimate parent entity of such Canada AANA Group:

Legal Name: _____
Entity Identifier: _____
Address: _____

Country: _____ City: _____
Province/State: _____
Postal Code/Zip Code: _____

³ This section should only be completed by non-Canadian institutions that have a branch in Canada.

(ii) 2016 Canada AANA Threshold⁴

Please check one of the boxes below.

- *Checking the first box below indicates that Principal's Canada AANA for 2016 is above CAD \$5 trillion.*
- *Checking the second box below indicates that Principal's Canada AANA for 2016 is not above CAD \$5 trillion.*
- *Checking the third box below indicates that Principal's Canada AANA information will be separately reported by its Canada Ultimate Parent. • By checking the fourth box below, Principal is indicating that its Canada AANA information will be separately reported by a third party other than its Canada Ultimate Parent; if the fourth box is checked, Principal should also provide appropriate contact information regarding who that third party is.*

- Above CAD \$5 trillion Canada AANA
- Not above CAD \$5 trillion Canada AANA
- Canada AANA information will be separately reported by Principal's Canada Ultimate Parent
- Canada AANA information will be separately reported by the following person:

Legal Name: _____
Entity Identifier: _____
Address: _____

Country: _____ City: _____
Province/State: _____
Postal Code/Zip Code: _____

⁴ Please note that counterparties may have to exchange AANA information on an annual basis, for which ISDA may publish a separate form, and ISDA Amend will be built to facilitate, subsequent exchanges of AANA information.

(iii) Canada AANA Threshold Estimate

If Principal's Canada AANA is not above CAD \$5 trillion in 2016, please indicate the estimated year (if any) in which Principal expects to cross the relevant Canada AANA threshold by checking the appropriate box below. A person completing this form may also select "Decline to answer" in this section.

This information is not mandatory, is not a representation that Principal will, in fact, cross the relevant threshold in the indicated year, and is provided solely to enable Recipient to plan for future documentation or other changes that may be necessary to comply with regulatory initial margin requirements.

- 2017 (CAD \$3.75 trillion Canada AANA)
- 2018 (CAD \$2.5 trillion Canada AANA)
- 2019 (CAD \$1.25 trillion Canada AANA)
- 2020 (CAD \$12 billion Canada AANA)
- None of the above
- Decline to answer

3. EU Information

If EU margin requirements for OTC derivatives may apply to the relationship between Principal and Recipient (i.e., if either Principal or Recipient is an entity that would be regulated under such margin requirements based on the Draft EU Margin Requirements), please complete each relevant subsection of this Section 3. Definitions of certain terms used in this Section 3 are set forth in Appendix III to this Letter.

(a) EU Entity Status

Please complete each of the questions below, as applicable, to indicate Principal's entity status for purposes of Draft EU Margin Requirements. Checking a box indicates that Principal's status for purposes of Draft EU Margin Requirements is the status specified next to the box checked.

(i) If Principal is an Exempt Entity, please check one or more of the boxes below to indicate what type of Exempt Entity it is.

- Article 1(4)(a) Entity
- Article 1(4)(b) Entity
- Article 1(4)(c) Entity
- Article 1(5)(a) Entity
- Article 1(5)(b) Entity
- Article 1(5)(c) Entity
- Non-Undertaking

(ii) If Principal is not an Exempt Entity, please indicate Principal's entity type by checking one of the boxes below. For a Principal that is a Third Country Entity, this section should be completed by checking the box that would apply to it if it were established in the European Union. Status as a Third Country Entity can be indicated in Section 3(b).

- FC
- NFC+
- NFC-

(b) **EU Cross-Border Status**

If FC or NFC+ has been checked in the EU Entity Status section above, please complete the items in this Section 3(b), as applicable.

(i) **Third Country Entity Status**

Please indicate whether Principal is a Third Country Entity by checking the appropriate box below.

Is Principal a Third Country Entity?

- Yes
 No

(ii) **DSF Guarantees**

If Principal has been identified as a Third Country Entity, please indicate whether Principal's obligations under OTC derivative contracts are covered by a DSF Guarantee by checking the appropriate box below.

Checking the box next to "No DSF Guarantees" indicates that, to Principal's knowledge, Principal's obligations under OTC derivative contracts with Recipient (other than OTC derivative contracts notified to Recipient in writing prior to execution) are not covered by any DSF Guarantees.

Checking the box next to "DSF Guarantees" indicates that Principal's obligations under one or more OTC derivative contracts with Recipient are covered by one or more DSF Guarantees.⁵

- No DSF Guarantees
 DSF Guarantees

⁵ See Article 2 of Regulation (EU) No 285/2014 (indicating that the impact of a guarantee applies on a contract by-contract basis).

(iii) **EU Branches**

If Principal has been identified as a Third Country Entity in Section 3(b)(i) and as a Multibranch Entity in Section 1(b), please indicate whether Principal may transact in OTC derivatives contracts with Recipient through one or more of its branches established in the European Union by checking the appropriate box below.

Checking the box next to “No EU Branch Transactions” indicates that Principal will not enter into OTC derivatives contracts with Recipient through one or more branches established in the European Union.

Checking the box next to “EU Branch Transactions” indicates that Principal may enter into OTC derivatives contracts with Recipient through one or more branches established in the European Union.⁶

- No EU Branch Transactions
 EU Branch Transactions

(c) **EU AANA Information**

If Principal has been identified as a FC or NFC+ in Section 3(a)(ii) (including as a Third Country Entity that would be an FC or NFC+ if established in the European Union), please complete each of the questions below, as applicable.

(i) EU AANA Group Information

- (1) Is Principal a member of an EU AANA Group?

- Yes
 No

- (2) If Principal is a member of an EU AANA Group, please provide the following information for the EU Ultimate Parent of such EU AANA Group:

Legal Name: _____
Entity Identifier: _____
Address: _____
Country: _____ City: _____
Province/State: _____
Postal Code/Zip Code: _____

⁶ See Regulation (EU) No 285/2014 at Article 2(2).

(ii) 2016 EU AANA Threshold⁷

Please check one of the boxes below.

- *Checking the first box below indicates that Principal's EU AANA for 2016 is above €3 trillion.*
- *Checking the second box below indicates that Principal's EU AANA for 2016 is not above €3 trillion.*
- *Checking the third box below indicates that Principal's EU AANA information will be separately reported by its EU Ultimate Parent.*
- *Checking the fourth box below indicates that Principal's EU AANA information will be separately reported by a third party other than its EU Ultimate Parent; if the fourth box is checked, please also provide appropriate contact information for that third party.*

- Above €3 trillion EU AANA
- Not above €3 trillion EU AANA
- EU AANA information will be separately reported by Principal's EU Ultimate Parent
- EU AANA information will be separately reported by the following person:

Legal Name: _____
Entity Identifier: _____
Address: _____
Country: _____ City: _____
Province/State: _____
Postal Code/Zip Code: _____

⁷ Please note that counterparties may have to exchange AANA information on an annual basis., for which ISDA will publish a separate form, and ISDA Amend will be built to facilitate, subsequent exchanges of AANA information.

(iii) EU AANA Threshold Estimate ⁸

If Principal's EU AANA is not above €3 trillion in 2016, please indicate the estimated year (if any) in which Principal expects to cross the relevant EU AANA threshold by checking the appropriate box below. A person completing this form may also select "Decline to answer" in this section.

This information is not mandatory, is not a representation that Principal will, in fact, cross the relevant threshold in the indicated year, and is provided solely to enable Recipient to plan for future documentation or other changes that may be necessary to comply with regulatory initial margin requirements.

- 2017 (€2.25 trillion EU AANA)
- 2018 (€1.5 trillion EU AANA)
- 2019 (€0.75 trillion EU AANA)
- 2020 (€8 billion EU AANA)
- None of the above
- Decline to answer

⁸ Please note that counterparties may have to exchange AANA information on an annual basis. ISDA will publish a separate form for, and ISDA Amend will be built to facilitate, subsequent exchanges of AANA information

4. Japan Information

If the Japan Margin Requirements may apply to the relationship between Principal and Recipient (i.e., if either Principal or Recipient is an entity regulated under the Japan Margin Requirements), please complete each relevant subsection of this Section 4. Definitions of certain terms used in this Section 4 are set forth in Appendix IV to this Letter.

(a) **Japan Margin Requirements Entity Status – Entities organized in Japan**

Please check one of the boxes below. Checking a box indicates that Principal's status for purposes of Japan Margin Requirements is the status specified next to the box checked.

- Regulated FIBO etc.
- Regulated Trustee⁹
- None of the above¹⁰

(b) **Japan Margin Requirements Entity Status – Entities that are not organized in Japan**

(i) Principal that is a Multibranch Entity

If Principal has been identified as a Multibranch Entity in Section 1(b), please indicate whether Principal may transact in OTC Derivative Transactions with Recipient through its Japan branch by checking the appropriate box below.

Checking the box next to “No Japan Branch Transactions” indicates that Principal will not enter into any OTC Derivative Transactions with Recipient through any of its Japan branches.

Checking the box next to “Some or All Japan Branch Transactions” indicates that Principal may enter into some or all of its OTC Derivative Transactions with Recipient through one or more Japan branches.

No Japan Branch Transactions: If this box is checked for a Principal, then one of the following boxes regarding the status of Principal's head office and/or branches outside Japan through which it conducts OTC Derivative Transactions should also be checked.

- Regulated FIBO etc. Equivalent at Offshore
- Not a Regulated FIBO etc. Equivalent at Offshore

9 If Principal falls within the FIBO etc. and acts as trustee for a trust, please confirm whether Principal falls within the Regulated Trustee (not the Regulated FIBO etc.). This item is for a trust bank acting in its capacity as trustee for a trust. When Principal is a trust bank acting in its proprietary capacity, please confirm whether it falls within the Regulated FIBO etc. (not the Regulated Trustee).

10 This status includes (a) the case where Principal does not fall within the FIBO etc. and (b) the case where Principal falls within the FIBO etc. but does not fall within either the Regulated FIBO etc. or Regulated Trustee. The same will apply hereinafter.

Some or All Japan Branch Transactions: *If this box is checked for a Principal, then one of the following boxes regarding (x) the status of Principal's Japan branch through which it conducts OTC Derivative Transactions and (y) the status of Principal's head office and/or branches outside Japan through which it conducts OTC Derivative Transactions, should also be checked.*

(A) Japan Branch

- Regulated FIBO etc.
- Regulated Trustee
- None of the above

(B) Head office and/or branches outside Japan

- Regulated FIBO etc. Equivalent at Offshore
- Not a Regulated FIBO etc. Equivalent at Offshore

(ii) Principal that is not a Multibranch Entity

If Principal is not a Multibranch Entity as identified under Section 1(b), please check one of the following boxes regarding the status of the Principal.

- Regulated FIBO etc. Equivalent at Offshore
- Not a Regulated FIBO etc. Equivalent at Offshore

(c) **Japan AANA Information**

If Principal has been identified as (i) a Regulated FIBO etc. or Regulated Trustee in Section 4(a), (ii) a Regulated FIBO etc. Equivalent at Offshore, Regulated FIBO etc. or Regulated Trustee in Section 4(b)(i), or (iii) a Regulated FIBO etc. Equivalent at Offshore in Section 4(b)(ii), please complete each of the questions below, as applicable.

(i) Japan AANA Group Information

(1) Is Principal a member of a Japan AANA Group?

- Yes
- No

- (2) If Principal is a member of a Japan AANA Group, please provide the following information for the ultimate parent entity or parent entities of such Japan AANA Group:

Legal Name: _____
Entity Identifier: _____
Address: _____

Country: _____ City: _____
Province/State: _____
Postal Code/Zip Code: _____

(ii) 2016 Japan AANA Threshold

Please check one of the boxes below.

- *Checking the first box below indicates that Principal's Japan AANA for 2016 is above ¥420 trillion.*
- *Checking the second box below indicates that Principal's Japan AANA for 2016 is not above ¥420 trillion.*
- *Checking the third box below indicates that Principal's Japan AANA information will be separately reported by its Japan Ultimate Parent(s).*
- *Checking the fourth box below indicates that Principal's Japan AANA information will be separately reported by a third party other than its Japan Ultimate Parent; if the fourth box is checked, please also provide appropriate contact information for that third party.*

- Above ¥420 trillion Japan AANA
- Not above ¥420 trillion Japan AANA
- Japan AANA information will be separately reported by Principal's Japan Ultimate Parent(s)
- Japan AANA information will be separately reported by the following person:

Legal Name: _____
Entity Identifier: _____
Address: _____

Country: _____ City: _____
Province/State: _____
Postal Code/Zip Code: _____

(iii) Japan AANA Threshold Estimate¹¹

If Principal's Japan AANA is not above ¥420 trillion in 2016, please indicate the estimated year (if any) in which Principal expects to cross the relevant Japan AANA threshold by checking the appropriate box. ¹² A person completing this form may also select "Decline to answer" in this section.

This information is not mandatory, is not a representation that Principal will, in fact, cross the relevant threshold in the indicated year, and is provided solely to enable Recipient to plan for future documentation or other changes that may be necessary to comply with regulatory initial margin requirements.

- 2017 (¥315 trillion Japan AANA)
- 2018 (¥210 trillion Japan AANA)
- 2019 (¥105 trillion Japan AANA)
- 2020 (¥1.1 trillion Japan AANA)
- Not applicable
- Decline to answer

11 Please note that counterparties may have to exchange AANA information on an annual basis, for which ISDA may publish a separate form, and ISDA Amend will be built to facilitate, subsequent exchanges of AANA information.

12 Under Article 123, Paragraph 11, Items 1(ha), 2(ro) and 4(ha) of the Cabinet Office Ordinance on Financial Instrument Businesses etc., Principal's Japan AANA must be calculated based on an aggregate month-end average notional amount during the previous period (see the definition of Japan AANA). Accordingly, the timing of the confirmation in terms of whether Principal's Japan AANA reaches such threshold is when such period for calculating the aggregate month-end average notional changes in accordance with a change of the Reference Year.

5. Switzerland Information

If the FMIA Margin Requirements may apply to the relationship between Principal and Recipient (i.e., if either Principal or Recipient is an entity regulated under the FMIA Margin Requirements), please complete each relevant subsection of this Section 5. Definitions of certain terms used in this Section 5 are set forth in Appendix V to this Letter.

(a) FMIA Entity Status

Please complete each of the questions below, as applicable, to indicate Principal's entity status for purposes of FMIA Margin Requirements.

- (i) If Principal is a FMIA Exempt Entity, please check one or more of the boxes below to indicate what type of FMIA Exempt Entity it is.

Principal is fully or partially out of scope of Chapter 1 (Derivatives Trading) of Title 3 (Market Conduct) of FMIA as it is:

- a FMIA Article 93(4)(a) Entity
- a FMIA Article 93(4)(b) Entity
- a FMIA Article 94(1)(a) Entity
- a FMIA Article 94(1)(b) Entity
- a FMIA Article 94(1)(c) Entity
- a FMIA Article 94(2) Entity a
- FMIA Non-Undertaking Entity

- (ii) If Principal is not a FMIA Exempt Entity, please indicate Principal's entity type by checking one of the boxes below. For a Principal that is a FMIA Third-Country Entity, this section should be completed and the box that would apply to it if it had its registered seat in Switzerland should be checked. Status as a FMIA Third-Country Entity can be indicated in Section 5(b).

- FC+
- FC-
- NFC+
- NFC-

(b) **FMIA Cross-Border Status**

If FC+, FC- or NFC+ has been checked in Section 5(a) above, please complete this Section 5(b). Please indicate whether Principal is a FMIA Third-Country Entity by checking the appropriate box below.

Is Principal a FMIA Third-Country Entity?¹³

- Yes
 No

(c) **FMIA AANA Information**

If Principal has been identified as a FC+, FC- or NFC+ in Section 5(a)(ii) above (including as a FMIA Third-Country Entity that would be an FC+, FC- or NFC+ if it had its registered seat in Switzerland), please complete each of the questions below, as applicable.

(i) **FMIA AANA Group Information**

(1) Is Principal a member of a FMIA AANA Group?

- Yes
 No

(2) If Principal is a member of a FMIA AANA Group, please provide the following information for the FMIA Ultimate Parent of such FMIA AANA Group:

Legal Name: _____
Entity Identifier: _____
Address: _____
Country: _____ City: _____
Province/State: _____
Postal Code/Zip Code: _____

¹³ Note that a Swiss branch of a non-Swiss Entity may be subjected to the FMIA if it is not adequately regulated and supervised in its home country, in such case it would need to check No.

(ii)

2016 FMIA AANA Threshold ¹⁴

Please check one of the boxes below.

- *Checking the first box below indicates that Principal's FMIA AANA for 2016 is above CHF 3 trillion.*
- *Checking the second box below indicates that Principal's FMIA AANA for 2016 is not above CHF 3 trillion.*
- *Checking the third box below indicates that Principal's FMIA AANA information will be separately reported by its FMIA Ultimate Parent.* •
- *Checking the fourth box below indicates that Principal's FMIA AANA information will be separately reported by a third party other than its FMIA Ultimate Parent; if the fourth box is checked, please also provide appropriate contact information for that third party.*

- Above CHF 3 trillion FMIA AANA
- Not above CHF 3 trillion FMIA AANA
- FMIA AANA information will be separately reported by Principal's FMIA Ultimate Parent
- FMIA AANA information will be separately reported by the following person:

Legal Name: _____

Entity Identifier: _____

Address: _____

Country: _____ City: _____

Province/State: _____

Postal Code/Zip Code: _____

¹⁴ With respect to the FMIA AANA, this section is based on Article 131 (5) FMIO that may pursuant to para. 6 thereof be amended to reflect amendments in the implementation dates in line with international standards. Please note that counterparties may have to exchange AANA information on an annual basis, for which ISDA may publish a separate form, and ISDA Amend will be built to facilitate, subsequent exchanges of AANA information.

(iii) FMIA AANA Threshold Estimate 15

If Principal's FMIA AANA is not above CHF 3 trillion in 2016, please indicate the estimated year (if any) in which Principal expects to cross the relevant FMIA AANA threshold by checking the appropriate box below. A person completing this form may also select "Decline to answer" in this section.

This information is not mandatory, is not a representation that Principal will, in fact, cross the relevant threshold in the indicated year, and is provided solely to enable Recipient to plan for future documentation or other changes that may be necessary to comply with regulatory initial margin requirements.

- 2017 (CHF 2.25 trillion FMIA AANA)
- 2018 (CHF 1.5 trillion FMIA AANA)
- 2019 (CHF 0.75 trillion FMIA AANA)
- 2020 (CHF 8 billion FMIA AANA)
- None of the above
- Decline to answer

15 With respect to the FMIA AANA, this section is based on Article 131 (5) FMIO that may pursuant to para. 6 thereof be amended to reflect amendments in the implementation dates in line with international standards.

6. United States Information

Please note that depending on their other activities, Swap Dealers, Security-Based Swap Dealers, Major Swap Participants and Major Security-Based Swap Participants in the United States may be subject to the margin rules of the CFTC, the SEC, or a Prudential Regulator. Definitions of certain terms used in this Section 6 are set forth in Appendix VI to this Letter.

(a) CFTC

If the CFTC Margin Requirements may apply to the relationship between Principal and Recipient (i.e., if either Principal or Recipient is an Swap Dealer or Major Swap Participant regulated under the CFTC Margin Requirements), please complete each relevant subsection of this Section 6(a).

(i) CFTC Entity Status ¹⁶

Please check one of the boxes below. Checking a box indicates that Principal's status for purposes of CFTC Margin Requirements is the status specified next to the box checked.

- Swap Dealer for which there is not a Prudential Regulator
- Major Swap Participant for which there is not a Prudential Regulator
- Swap Dealer or Major Swap Participant for which there is a Prudential Regulator ¹⁷
- CFTC Financial End User
- None of the above

¹⁶ See CFTC Reg. 23.151.

¹⁷ The term "Swap Entity" is not used here because, unlike the Prudential Regulators, the CFTC rules do not inquire as to whether a counterparty of an SD/MSP is an SBSB or MSBSP. However, note that SBSBs and MSBSPs are included in the definition of CFTC Financial End User.

(ii) CFTC Cross-Border Status

(A) CFTC Cross-Border Status – General ¹⁸

If any box other than “None of the above” has been checked in Section 6(a)(i), please indicate Principal’s status for purposes of jurisdictional rules under CFTC Margin Requirements by checking the appropriate box below. Checking a box indicates that Principal’s status is the status specified next to the box checked. A person completing this question should check at least one box. If Principal fits under more than one category, please check each applicable box.

- CFTC US Person
- CFTC Foreign Consolidated Subsidiary
- None of the above

(B) CFTC Cross-Border Status – US Branches ¹⁹

If “None of the above” has been checked in Section 6(a)(ii)(A) and Principal has been identified as a Multibranch Entity in Section 1(b), please indicate whether Principal may conduct Uncleared Swap transactions with Recipient by or through a US branch by checking the appropriate box below.

Checking the box next to “No US Branch Transactions” indicates that Principal will not conduct Uncleared Swap transactions with Recipient by or through one or more branches in the United States.

Checking the box next to “Some or All US Branch Transactions” indicates that Principal may conduct Uncleared Swap transactions with Recipient by or through one or more branches in the United States.

- No US Branch Transactions
- Some or All US Branch Transactions

¹⁸ See CFTC Reg. 23.160(a).

¹⁹ See CFTC Reg. 23.160(b)(2)(ii) and 81 Fed. Reg. at 34832 (“[T]he Commission believes that a non-U.S. CSE should be subject to the Commission’s margin requirements when conducting swap activities from within the United States by or through a U.S. branch.”).

(C) CFTC Cross-Border Status – US Guarantees ²⁰

If “None of the above” was checked under Section 6(a)(ii)(A), please indicate whether Principal’s obligations in respect of Uncleared Swaps with Recipient are guaranteed by a CFTC US Person by checking the appropriate box below.

Checking the box next to “No CFTC US Guarantees” indicates that, to Principal’s knowledge, none of Principal’s obligations in Uncleared Swaps with Recipient (other than Uncleared Swaps notified to Recipient in writing prior to execution) receive a CFTC Guarantee from a CFTC US Person.

Checking the box next to “CFTC US Guarantees” indicates that one or more of Principal’s obligations in Uncleared Swaps with Recipient receive a CFTC Guarantee from a CFTC US Person.

- No CFTC US Guarantees
- CFTC US Guarantees

(b) **Prudential Regulators**

If the PR Margin Requirements may apply to the relationship between Principal and Recipient (i.e., if either Principal or Recipient is an Swap Entity regulated under the PR Margin Requirements), please complete each relevant subsection of this Section 6(b).

(i) PR Entity Status ²¹

Please indicate Principal’s entity status for purposes of PR Margin Requirements by checking the appropriate box below. Checking a box indicates that Principal’s status is the status specified next to the box checked.

- Swap Dealer or Security-Based Swap Dealer for which there is a Prudential Regulator
- Major Swap Participant or Major Security-Based Swap Participant for which there is a Prudential Regulator
- Swap Entity for which there is not a Prudential Regulator
- PR Financial End User
- None of the above

20 See CFTC Reg. 23.160(b).

21 See PR Reg. _2.

(ii) PR Cross-Border Status ²²

(1) PR Cross-Border Status – General

If any box other than “None of the above” has been checked in Section 6(a)(i), please indicate Principal’s status for purposes of jurisdictional rules under PR Margin Requirements by checking the appropriate box below. Checking a box indicates that Principal’s status is the status specified next to the box checked.

- PR US Person ²³
- PR Foreign Consolidated Subsidiary
- None of the above

(2) PR Cross-Border Status – PR US Branches & Agencies

If “None of the above” has been checked in Section 6(b)(ii)(1) and Principal has been identified as a Multibranch Entity in Section 1(b), please indicate whether Principal may book Uncleared Swaps or Uncleared Security-Based Swaps with Recipient to a PR US Branch or otherwise establish a PR US Branch as counterparty to such transactions ²⁴ by checking the appropriate box below.

Checking the box next to “No PR US Branch Transactions” indicates that Principal will not book its Uncleared Swaps or Uncleared Security-Based Swaps contracts with Recipient to one or more PR US Branches or otherwise establish a PR US Branch as counterparty to such transactions.

Checking the box next to “Some or All PR US Branch Transactions” indicates that Principal may book some or all of its Uncleared Swaps or Uncleared Security-Based Swaps contracts with Recipient to one or more PR US Branches or otherwise establish a PR US Branch as counterparty to such transactions.

- No PR US Branch Transactions
- Some or All PR US Branch Transactions

²² See PR Reg. 9(b).

²³ **Important note for Multibranch Entities:** For the purposes of this form, the defined term “PR US Person” does not include branches and agencies organized or licensed under US law, even though PR Reg. 9(b)(1) treats a US branch or agency of non-US banks as “an entity organized under the laws of the United States or any State.” A bank that is not organized in the United States or a PR Foreign Consolidated Subsidiary should check the “None of the above” box in response to this question, and use Section 6(b)(ii)(2) to advise Recipient as to whether it will book transactions to a US branch or agency.

²⁴ The US prudential regulators indicated that they would “generally consider the entity to which the swap is booked as the counterparty” for purposes of section 9 of the PR Margin Requirements. See 80 Fed. Reg. at 74883 & n. 183.

(3) PR Cross-Border Status – US Guarantees

If “None of the above” has been checked in Section 6(b)(ii)(1) please indicate whether Principal’s obligations in respect of Uncleared Swaps or Uncleared Security-Based Swaps with Recipient may be guaranteed by a PR US Person, PR US Branch or PR Foreign Consolidated Subsidiary by checking the appropriate box below.

Checking the box next to “No PR US Guarantees” indicates that, to Principal’s knowledge, none of Principal’s Uncleared Swaps and Uncleared Security-Based Swaps with Recipient (other than Uncleared Swaps and Uncleared Security-Based Swaps notified to Recipient in writing prior to execution) are guaranteed by a PR US Person, PR US Branch or PR Foreign Consolidated Subsidiary.

Checking the box next to “PR US Guarantees” indicates that one or more of Principal’s Uncleared Swaps and Uncleared Security-Based Swaps with Recipient may be guaranteed by a PR US Person, PR US Branch or PR Foreign Consolidated Subsidiary.

- No PR US Guarantees
- PR US Guarantees

(c) **Swaps Hedging Exemption 25**

If Principal is eligible for, and may want to take advantage of, a Swaps Hedging Exemption from margin requirements, please complete each relevant subsection of this Section 6(c).²⁶ If Principal is not eligible for, or does not intend to use, a Swaps Hedging Exemption you may skip this section.

(i) **Hedging Exemption Status**

Please check one or more of the boxes below, if applicable. Checking a box indicates that Principal is eligible, subject to satisfying any applicable transaction-specific requirements, to rely on the specified Swaps Hedging Exemption from the applicable US Margin Requirements. Persons checking these boxes should note that: (i) checking a box does not constitute an election by Principal to use such exemption in connection with any particular Uncleared Swap and (ii) Recipient may require additional information in order to rely upon the exemption for any particular Uncleared Swap. Skipping this section does not preclude a Principal that is eligible for a Swaps Hedging Exemption from electing such Swaps Hedging Exemption at a later date in respect of any Swap.

- CFTC Non-Financial Entity Exemption
- CFTC Small Bank Exemption
- CFTC Captive Finance Company Exemption
- CFTC Exempt Cooperative Exemption
- CFTC Treasury Affiliate Exemption²⁷

(ii) **Swaps Hedging Exemption Elections**

If any box has been checked in Section 6(c)(i), please indicate below whether Principal will rely on a Swaps Hedging Exemption from margin requirements by checking the appropriate box below.

Checking the box next to “All Transactions” indicates that, unless it otherwise notifies Recipient in writing prior to the execution of the relevant Swaps that will not be entered into in reliance on a Swaps Hedging Exemption indicated in Section 6(c)(i) above, Principal will enter into all of its Uncleared Swaps with Recipient in reliance on a Swaps Hedging Exemption indicated in Section 6(c)(i) above and that it will comply with the terms of the relevant exemption, including but not limited to,

25 See PR Reg. 1(d) and CFTC Reg. 23.150(b).

26 This section is substantially similar to provisions in the March 2013 ISDA DF Protocol. However, unlike certain of the provisions therein, this section is not specific to swaps that are subject to a mandatory clearing determination under CEA § 2(h). See Part IV of Schedule 2 to the March 2013 DF Supplement.

27 Note that Section 705 of the Consolidated Appropriations Act, 2016, Pub. L. 114-113, made amendments to CEA § 2(h)(7)(D) and Exchange Act § 3C(g)(4).

any applicable requirement that such transaction is entered into in order to “hedge or mitigate commercial risk.”²⁸

Checking the box next to “Not All Transactions” indicates that Principal may not enter into all Uncleared Swaps with Recipient in reliance on a Swaps Hedging Exemption and that if it does rely on a Swaps Hedging Exemption for a particular transaction, it will comply with the terms of the relevant exemption, including but not limited to any requirement that such transaction is entered into in order to “hedge or mitigate commercial risk.”

- All Transactions
- Not All Transactions

(iii) Swaps Hedging Exemption Reporting ²⁹

If any box has been checked in Section 6(c)(i), please indicate if Principal will satisfy the Swaps Hedging Exemption Reporting Requirement by making an annual filing or require Recipient to satisfy such reporting requirement by checking the appropriate box below.

Checking the box next to “Annual Filing by Principal” indicates that: (i) unless Principal otherwise notifies Recipient in writing prior to the execution of the relevant Uncleared Swap, as applicable, Principal will satisfy the Swaps Hedging Exemption Reporting Requirement by making an annual filing and (ii) all information reported in connection with Principal’s satisfaction of the Swaps Hedging Exemption Reporting Requirement is true, accurate and complete in every material respect.

Checking the box next to “Trade Filing by Recipient” indicates that Principal intends to cause Recipient to satisfy the Swaps Hedging Exemption Reporting Requirement.

- Annual Filing by Principal
- Trade Filing by Recipient

28 See CEA § 2(h)(7)(A)(ii) and CFTC Reg. 50.50(c).

29 See PR Reg. .1(d) and CFTC Reg. 23.150(b).

(iv) Swaps Hedging Exemption Information

If the box next to "Trade Filing by Recipient" in Section 6(c)(iii) has been checked, the following subsections may be completed to supply information required for such filings.

(1) Financial Obligations ³⁰

Please indicate how Principal generally meets its financial obligations associated with entering into Uncleared Swaps by checking one or more boxes below, as appropriate.

- A written credit support agreement
- Pledged or secured assets (including posting or receiving margin pursuant to a credit support arrangement or otherwise)
- A written third party guarantee
- Its available financial resources
- Means other than those described in any of the foregoing options

(2) SEC Issuer/Filer

Please check one of the boxes below. Checking the box next to "SEC Issuer/Filer" indicates that Principal is an issuer of securities registered under Section 12 of the Exchange Act or is required to file reports under Section 15(d) of the Exchange Act.³¹ Checking the box next to "Not an SEC Issuer/Filer" indicates that Principal is not an issuer of securities registered under Section 12 of the Exchange Act and is not required to file reports under Section 15(d) of the Exchange Act.

- SEC Issuer/Filer
- Not an SEC Issuer/Filer

³⁰ See CFTC Reg. 50.50(b)(iii)(C).

³¹ See CFTC Reg. 50.50(b)(iii)(D). The CFTC has interpreted the meaning of "issuer of securities" in this context in the same manner as the SEC did in its proposal for implementing the end-user exception to mandatory clearing of security-based swaps, and so the phrase has been interpreted to cover entities that are "controlled" by issuers of securities. See 77 Fed. Reg. 42560, 42570 (July 19, 2012) (citing 75 Fed. Reg. 79992, 79996 & n. 34 (Dec. 21, 2010)) ("[A] counterparty invoking the end-user clearing exception is considered by the [SEC] to be an issuer of securities registered under Exchange Act Section 12 or required to file reports pursuant to Exchange Act Section 15(d) if it is controlled by a person that is an issuer of securities registered under Exchange Act Section 12 or required to file reports pursuant to Exchange Act Section 15(d).").

(3) SEC Central Index Key Number ³²

If “SEC Issuer/Filer” has been checked in Section 6(c)(iv)(2), please provide Principal’s SEC Central Index Key number here:

(4) Board Approval ³³

If “SEC Issuer/Filer” has been checked in Section 6(c)(iv)(2), please indicate whether an appropriate committee of Principal’s board of directors (or equivalent body) reviewed and approved the decision to enter into Uncleared Swaps that are exempt from the Clearing Requirements by checking the appropriate box below.

Checking the box next to “Board Approved” confirms that an appropriate committee of Principal’s board of directors (or equivalent body) has reviewed and approved the decision to enter into Uncleared Swaps that are exempt from the Clearing Requirements.

Checking the box next to “No Board Approval Confirmation” indicates that Principal does not confirm at this time that an appropriate committee of Principal’s board of directors (or equivalent body) has reviewed and approved the decision to enter into Uncleared Swaps that are exempt from the Clearing Requirements.

- Board Approved
- No Board Approval

32 See CFTC Reg. 50.50(b)(iii)(D)(1).

33 See CFTC Reg. 50.50(b)(iii)(D)(2).

(d) **United States AANA Information**

If any box other than "None of the above" has been checked in either Section 6(a)(i) or Section 6(b)(i) of this Letter,³⁴ please complete each relevant subsection of this Section 6(d), as applicable.

(i) US AANA Group Information

Please complete each of the questions below, as applicable.

(1) Is Principal a member of a US AANA Group?

- Yes
 No

(2) If Principal is a member of a US AANA Group, provide the following information for the ultimate parent entity of such US AANA Group:

Legal Name: America First Multifamily Investors, L.P.
Entity Identifier: 54930029TGND09JQHI13
Address: 1004 Farnam Street
Country: USA City: Omaha State: NE
Zip Code: 68102

³⁴ I.e., if it has been indicated that Principal is a regulated swap entity in the United States, a CFTC Financial End User or PR Financial End User.

(ii) 2016 US AANA Threshold³⁵

Please check one of the boxes below.

- *Checking the first box below indicates that Principal's US AANA for 2016 is above \$3 trillion and that it has Material Swaps Exposure.*³⁶
- *Checking the second box below indicates that Principal's US AANA for 2016 is not above \$3 trillion or that Principal does not have Material Swaps Exposure.*
- *Checking the third box below indicates that Principal's US AANA information will be separately reported by its US Ultimate Parent(s).*
- *Checking the fourth box below indicates that Principal's US AANA information will be separately reported by a third party other than its US Ultimate Parent; if the fourth box is checked, please also provide appropriate contact information for that third party.*

- Above \$3 trillion US AANA and Material Swaps Exposure
- Not above \$3 trillion US AANA or no Material Swaps Exposure
- US AANA information will be separately reported by Principal's US Ultimate Parent
- US AANA information will be separately reported by the following person:

Legal Name: _____
Entity Identifier: _____
Address: _____
Country: _____ City: _____
Province/State: _____
Postal Code/Zip Code: _____

³⁵ See PR Reg. .1(c)(1); CFTC Reg. 23.161(a)(1). Please note that counterparties may have to exchange AANA information on an annual basis, for which ISDA may publish a separate form, and ISDA Amend will be built to facilitate, subsequent exchanges of AANA information.

³⁶ Under the compliance schedule in CFTC Reg. 23.161(a), compliance with minimum margin requirements will be required in the first compliance phase where a covered swap entity and its counterparty exceed the specified US AANA for 2016. Under the rules, compliance with IM requirements is required with respect to a "covered counterparty," which is defined as a "financial end user with material swaps exposure or a swap entity ..." See CFTC Reg. 23.151. Thus, for transactions with entities other than "swap entities," a covered swap entity would theoretically want to know whether such entity is over the US AANA threshold and whether it has "material swaps exposure" (which has a different measuring period than US AANA). A similar issue arises under PR Reg. .1(c)(1).

(iii) US AANA Threshold Estimate

If Principal's US AANA is not above \$3 trillion in 2016, please indicate the estimated year (if any) in which Principal expects to cross the relevant US AANA threshold by checking the appropriate box below. A person completing this form may also select "Decline to answer" in this section.

This information is not mandatory, is not a representation that Principal will, in fact, cross the relevant threshold in the indicated year, and is provided solely to enable Recipient to plan for future documentation or other changes that may be necessary to comply with regulatory initial margin requirements.

- 2017 (\$2.25 trillion US AANA)³⁷
- 2018 (\$1.5 trillion US AANA)³⁸
- 2019 (\$.75 trillion US AANA)³⁹
- 2020 (Material Swaps Exposure)⁴⁰
- 2021 None of the above
- Decline to answer

³⁷ See PR Reg. 1(e)(3); CFTC Reg. 23.161(a)(3).

³⁸ See PR Reg. 1(e)(4); CFTC Reg. 23.161(a)(4).

³⁹ See PR Reg. 1(e)(5); CFTC Reg. 23.161(a)(5).

⁴⁰ This would be \$8 billion, but note that the measuring period for "material swaps exposure" is different from US AANA. See PR Reg. 1(e)(6); CFTC Reg. 23.161(a)(6).

The information provided in this Letter is, to the best of Principal's knowledge and belief accurate as of the date of completion of this Regulatory Margin Self-Disclosure Letter. As to information other than answers provided in Sections 3(c)(iii), 6(d)(iii), 4(c)(iii) and 5(c)(iii), Principal agrees to promptly provide updates if any such information changes in any material respect.

[Name of Principal]¹ ATAX TEBS II, LLC

By: s/ Craig S. Allen

Name: Craig S. Allen

Title: CFO

Date of Completion: June 9, 2017

¹ If this Letter is being delivered by an agent on behalf of one or more Principals, the agent should insert "as agent for [name of Principal][the Principals named on the attached sheet]." If the agent is acting on behalf of more than one Principal, (i) it may list the names of such Principals on a separate sheet and (ii) this Letter should be treated as if it were a separate Letter with respect to each Principal listed on such sheet. Similarly, if this Letter is being delivered by a trustee on behalf of one or more trusts or trust funds, the trustee should insert "as trustee for [name of trust or trust fund][the [trusts][trust funds] named on the attached sheet]."

Appendix I: Definitions – General Biographical Information

“**Covered Margin Requirements**” means the Canada OSFI Margin Requirements, the Draft EU Margin Requirements, the CFTC Margin Requirements, the PR Margin Requirements, the SEC Margin Requirements, the Japan Margin Requirements and the FMIA Margin Requirements.

“**Entity Identifier**” means an [LEI/GEI/other acceptable identifier].

“**Letter**” or “**Self-Disclosure Letter**” means this Regulatory Margin Self-Disclosure Letter, as published by the International Swaps and Derivatives Association, Inc. on June 30, 2016.

“**Multibranch Entity**” means a bank or other entity that has local branches, offices or agencies in multiple jurisdictions for purposes of any of the Covered Margin Requirements.

“**Principal**” means the market participant whose information is disclosed in this Letter, as identified in Section 1(a).

“**Recipient**” means the derivatives counterparty of Principal to whom this Letter is or will be delivered.

Appendix II: Definitions – Canada Information

“Canada AANA” means an amount in CAD equal to the aggregate month-end average notional amount of E-22 NCC Derivatives for March, April and May of a given year for a Canada AANA Group, excluding inter-affiliate transactions but, for the avoidance of doubt, including physically settled foreign exchange forward transactions and physically settled foreign exchange swaps.

“Canada AANA Group” means a group of entities for which consolidated financial statements are prepared.⁴²

“Canada Branch FRFF” means any of the following: (i) a Canadian branch of an authorized foreign bank established under the *Bank Act* (Canada); and (ii) a branch of a foreign company conducting insurance business in Canada under the *Insurance Companies Act* (Canada).⁴³

“Canada OSFI Margin Requirements” means Guideline E-22.

“Canada Ultimate Parent” means the person identified in Section 2(c)(i)(2) of this Letter.

“Covered Entity” means an E-22 Financial Entity that belongs to a Canada AANA Group⁴⁴ for which the Canada AANA for 2016 or any year thereafter exceeds CAD \$12 billion. Notwithstanding the foregoing, Covered Entity does not include any entity that is an Excluded Covered Entity.

“Domestic FRFF” means any of the following: (i) a bank organized under the *Bank Act* (Canada); (ii) a bank holding company organized under the *Bank Act* (Canada); (iii) a company organized under the *Trust and Loan Companies Act* (Canada); (iv) an association organized under the *Cooperative Credit Associations Act* (Canada); (v) a company organized under the *Insurance Companies Act* (Canada); and (vi) an insurance holding company organized under the *Insurance Companies Act* (Canada).

“E-22 Derivative” means a financial contract whose value depends on, or is derived from, the value of one or more underlying reference assets. The value can be determined by fluctuations of the underlying asset, which may include stocks, bonds, commodities, currencies, interest rates and market indices. Physically settled commodity transactions are not included in the definition of **“E-22 Derivative”**.

⁴² For purposes of Guideline E-22, a Canada AANA Group can consist of a single entity.

⁴³ While the *Insurance Companies Act* (Canada) does not use the concept of a branch, OSFI refers to a foreign company in respect of its insurance business in Canada as operating on a branch basis. See footnote 6 of Guideline E-22.

⁴⁴ For the purposes of applying the Covered Entity definition to investment funds, OSFI provides in Guideline E22 as follows:
[i] investment funds that are managed by an investment advisor are considered distinct entities that are treated separately when applying the threshold [*i.e.*, the CAD \$12 billion threshold] as long as the funds are distinct legal entities that are not collateralised by or are otherwise guaranteed or supported by other investment funds or the investment advisor in the event of fund insolvency or bankruptcy.

“E-22 Financial Entity” means a legal entity whose main business includes the management of financial assets, lending, factoring, leasing, provision of credit enhancements, securitisation, investments, financial custody, proprietary trading and other financial services activities. This includes (but is not limited to) deposit-taking institutions, insurance companies, pension funds, hedge funds, and asset managers.

“E-22 NCC Derivative” means an E-22 Derivative that is not cleared through a central counterparty.

“Excluded Covered Entity” means the Bank for International Settlements, central counterparties, Excluded Entities, Exempt Multilateral Development Institutions, public sector entities, multilateral development banks eligible for a zero risk weight under OSFI’s Capital Adequacy Requirements (CAR) Guideline and sovereigns.

“Excluded Entities” means (i) treasury affiliates that undertake risk management activities on behalf of affiliates within a corporate group; (ii) any special purpose entity (“**SPE**”) established for the purpose of financing a specific pool or pools of assets or underwriting a specific set of risk exposures, in each case, by incurring indebtedness; *provided* that the indebtedness of the SPE, including obligations owing to the SPE’s swap counterparties, is secured by the specific pool or pools of financed assets; (iii) any SPE established by an investment fund for the purpose of acquiring and holding real estate or other physical assets on behalf of or at the direction of the investment fund; (iv) any SPE established for the purpose of acquiring or investing in real estate; and (v) any collective investment vehicle established for the purpose of investing in real estate or other physical assets.

“Exempt Multilateral Development Institutions” means the International Bank for

Reconstruction and Development, the International Finance Corporation, the Asian Development Bank, the African Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, the European Investment Bank, the European Investment Fund, the Nordic Investment Bank, the Caribbean Development Bank, the Islamic Development Bank, the Council for Europe Development Bank and the International Finance Facility for Immunisation.

“Guideline E-22” means OSFI Guideline E-22 Margin Requirements for Non-Centrally Cleared Derivatives published by the OSFI in February 2016.

“OSFI” means the Office of the Superintendent of Financial Institutions Canada.

“public sector entities” means (i) entities directly or wholly owned by a government; (ii) schools boards, hospitals, universities and social service programs that receive regular government financial support and (iii) municipalities.

Appendix III: Definitions – EU Information

Article 1(4)(a) Entity” means a member of the European System of Central Banks and other Member States’ bodies performing similar functions and other European Union public bodies charged with or intervening in the management of public debt.

Article 1(4)(b) Entity” means the Bank for International Settlements.

Article 1(4)(c) Entity” means any central bank or public bodies charged with or intervening in the management of public debt in Japan or the United States of America.

Article 1(5)(a) Entity” means any multilateral development banks, as listed under Section 4.2 of Part 1 of Annex VI to Directive 2006/48/EC.

Article 1(5)(b) Entity” means any public sector entities within the meaning of point (18) of Article 4 of Directive 2006/48/EC where they are owned by central governments and have explicit guarantee arrangements provided by central governments.

Article 1(5)(c) Entity” means the European Financial Stability Facility and the European Stability Mechanism.

CCP” means a legal person that interposes itself between the counterparties to the contracts traded on one or more financial markets, becoming the buyer to every seller and the seller to every buyer.

Draft EU Margin Requirements” means the final draft regulatory technical standards on riskmitigation techniques for OTC derivative contracts not cleared by a CCP under Article 11(15) of EMIR dated March 8, 2016.

DSF Guarantee” means an EU Guarantee provided by an FC to a Third Country Entity that, under Article 2(1) of Regulation (EU) No 285/2014 of the European Parliament and of the Council with regard to regulatory technical standards on direct, substantial and foreseeable effect of contracts within the Union and to prevent the evasion of rules and obligations dated 13 February 2014, causes one or more OTC derivative contracts between the Third Country Entity and a counterparty to have a “direct, substantial and foreseeable effect” within the European Union.

EMIR” means Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012.

EU AANA” means an aggregate month-end average notional amount of non-centrally cleared derivatives, as calculated in accordance with the Draft EU Margin Requirements.

EU AANA Group” means a “group,” as defined in Article 2, paragraph 16 of EMIR.

EU Guarantee” means a “guarantee,” as defined in Article 1 of Regulation (EU) No 285/2014 of the European Parliament and of the Council with regard to regulatory technical standards on direct, substantial and foreseeable effect of contracts within the Union and to prevent the evasion of rules and obligations dated 13 February 2014.

EU Ultimate Parent” means the “parent undertaking,” as such term is defined in Article 2(21) of EMIR.

“**European Union**” or “**Union**” means the economic and political union established in 1993 by the Maastricht Treaty, with the aim of achieving closer economic and political union between member states that are primarily located in Europe.

“**Exempt Entity**” means an Article 1(4)(a) Entity, an Article 1(4)(b) Entity, an Article 1(4)(c) Entity, an Article 1(5)(a) Entity, an Article 1(5)(b) Entity, an Article 1(5)(c) Entity, or a Non-Undertaking.

“**FC**” means “financial counterparty,” within the meaning of Article 2(8) of Regulation (EU) No 648/2012.

“**Member States**” has the meaning given to it in EMIR.

“**NFC**” means an undertaking established in the European Union other than a CCP or an FC.

“**NFC-**” means an NFC that is not an NFC+.

“**NFC+**” means an NFC that meets the conditions referred to in Article 10(1)(b) of EMIR.

“**Non-Undertaking**” means a natural or legal person who/which is not an undertaking for purposes of EMIR.⁴⁵

“**Third Country Entity**” means an entity that is a “third country entity” as that term is used in EMIR.⁴⁶

45 The concept of an “undertaking” is not defined in EMIR. The European Commission, in its EMIR FAQs (available at http://ec.europa.eu/internal_market/financial-markets/docs/derivatives/emir-faqs_en.pdf) has given its interpretation of what constitutes an “undertaking” for EMIR purposes.

46 The term “third country entity” is not defined in EMIR. However, in the context of application of certain obligations, EMIR distinguishes between entities that are established in the EU and entities that are not established in the EU. For the purposes of this question therefore, a “third country entity” means an entity that is not established in the EU (subject to the points below).

The meaning of “established” has also not been defined in this context – existing commentary from European authorities suggests that it refers to the jurisdiction in which an entity is incorporated or otherwise constituted (rather than any physical presence from which it does business, to the extent that this differs from its jurisdiction of incorporation or constitution); for example, an entity which is incorporated outside the EU but has a physical presence in the EU by way of a branch would still be a third country entity. Each entity must determine for itself where it is “established” for these purposes.

Appendix IV: Definitions – Japan Information

“Cabinet Office Ordinance on Financial Instrument Businesses etc.” means the Cabinet Office Ordinance on Financial Instrument Businesses etc. (*kin'yuu shouhin torihiki gyou tou ni kansuru naikakufu rei*) (Cabinet Office Ordinance No. 52 of August 6, 2007), as amended.

“Commodity Clearing Organization” means a commodity clearing organization (*shouhin torihiki seisan kikan*) as defined in Article 2, Paragraph 18 of the Commodity Derivatives Act. **“Commodity Derivatives Act”** means the Commodity Derivatives Act of Japan (*shouhin sakimono torihiki hou*) (Act No. 239 of August 5, 1950), as amended.

“Commodity Transaction Obligation Assumption Business” means the commodity transaction obligation assumption business (*shouhin torihiki saimu hikiuke gyou*) as defined in Article 2, Paragraph 17 of the Commodity Derivatives Act.

“Enforcement Ordinance of the FIEA” means the Enforcement Ordinance of the FIEA (*kin'yuu shouhin torihiki hou sekou rei*) (Ordinance No. 321 of September 30, 1965), as amended.

“FIBO etc.” means a Financial Instruments Business Operator etc. (*kin'yuu shouhin torihiki gyousha tou*) as defined in Article 34 of the FIEA. **“FIEA”** means the Financial Instruments and Exchange Act of Japan (*kin'yuu shouhin torihiki hou*) (Act No. 25 of April 13, 1948), as amended.

“Financial Instruments Clearing Organization” means a financial instruments clearing organization (*kin'yuu shouhin torihiki seisan kikan*) as defined in Article 2, Paragraph 29 of the FIEA.

“Financial Instruments Obligation Assumption Business” means the financial instruments obligation assumption business (*kin'yuu shouhin saimu hikiuke gyou*) as defined in Article 2, Paragraph 28 of the FIEA.

“Financial Instruments Obligation Assumption Business Operator” means a business operator subject to an assumption of obligations of financial instruments (*kin'yuu shouhin saimu hikiuke gyou taishou gyou sha*) as defined in Article 2, Paragraph 28 of the FIEA.

“Foreign Financial Instruments Clearing Organization” means a foreign financial instruments clearing organization (*gaikoku kin'yuu shouhin torihiki seisan kikan*) as defined in Article 2, Paragraph 29 of the FIEA.

“Interoperable Clearing Organization, etc.” means an interoperable clearing organization, etc. (*renkei seisan kikan tou*) as defined in Article 156-20-16, Paragraph 1 of the FIEA.

“Interoperable Financial Instruments Obligation Assumption Business” means the interoperable financial instruments obligation assumption business (*renkei kin'yuu shouhin saimu hikiuke gyomu*) as defined in Article 156-20-16, Paragraph 1 of the FIEA.

“*Japan AANA*” means (i) in respect of the Regulated FIBO etc., an aggregate month-end average notional amount of Principal and its Japan AANA Group (excluding Principal) from March to May of the year immediately preceding the Reference Year (from March to May of the Reference Year if the Reference Time falls between September and December) of the following transactions (limited to transactions whereby both parties fall within (x) an entity provided in Article 123, Paragraph 11, Item 1(i) or (y) an entity other than the entity provided in Article 123, Paragraph 11, Item 4(i) of the Cabinet Office Ordinance on Financial Instrument Businesses etc. and excluding any transactions entered into by and among its Japan AANA Group):

- (a) Non-cleared OTC Derivative Transactions (except for those cleared by a corporation or other legal entity that is established under a law other than Japanese law and that conducts the same type of business as the Financial Instruments Obligation Assumption Business outside of Japan with respect to the Non-cleared OTC Derivative Transactions entered into by an entity other than the Financial Instruments Obligation Assumption Business Operator);
- (b) OTC Commodity Derivative Transactions (except for those cleared by the Commodity Clearing Organization or a corporation or other legal entity that is established under a law other than Japanese law and that conducts the same type of business as the Commodity Transaction Obligation Assumption Business or the business provided for in Article 170, Paragraph 1 of the Commodity Derivatives Act outside of Japan); and
- (c) foreign exchange forward transactions (*sakimono gaikoku kawase torihiki*),

(ii) in respect of the Regulated FIBO etc. Equivalent at Offshore, an estimated aggregate month-end average notional amount of Principal and its Japan AANA Group (excluding Principal) from March to May of the year immediately preceding the Reference Year (from March to May of the Reference Year if the Reference Time falls between September and December) that are determined in a reasonable manner based on various factors including, but not limited to, certain features of the transactions with respect to the following transactions (limited to transactions whereby both parties fall within (x) an entity provided in Article 123, Paragraph 11, Item 1(i) or (y) an entity other than the entity provided in Article 123, Paragraph 11, Item 4(i) of the Cabinet Office Ordinance on Financial Instrument Businesses etc. and excluding any transactions entered into by and among its Japan AANA Group):

- (a) OTC Derivative Transactions (except for those cleared by (x) a Financial Instruments Clearing Organization (including an Interoperable Clearing Organization, etc. if such Financial Instruments Clearing Organization conducts the Interoperable Financial Instruments Obligation Assumption Business), (y) a Foreign Financial Instruments Clearing Organization or (z) a corporation or other legal entity that is established under a law other than Japanese law and that conducts the same type of business as the Financial Instruments Obligation Assumption Business outside of Japan);

- (b) OTC Commodity Derivative Transactions (except for those cleared by the Commodity Clearing Organization or a corporation or other legal entity that is established under a law other than Japanese law and that conducts the same type of business as the Commodity Transaction Obligation Assumption Business or the business provided for in Article 170, Paragraph 1 of the Commodity Derivatives Act outside of Japan); and
 - (c) foreign exchange forward transactions, and
- (iii) in respect of the Regulated Trustee, an aggregate month-end average notional amount of Principal as trustee for a trust from March to May of the year immediately preceding the Reference Year (from March to May of the Reference Year if the Reference Time falls between September and December) with respect to the following transactions (limited to transactions whereby both parties fall within (x) an entity provided in Article 123, Paragraph 11, Item 1(i) or (y) an entity other than the entity provided in Article 123, Paragraph 11, Item 4(i) of the Cabinet Office Ordinance on Financial Instrument Businesses etc.):
- (a) Non-cleared OTC Derivative Transactions;
 - (b) OTC Commodity Derivative Transactions (except for those cleared by the Commodity Clearing Organization or a corporation or other legal entity that is established under a law other than Japanese law and that conducts the same type of business as the Commodity Transaction Obligation Assumption Business or the business provided for in Article 170, Paragraph 1 of the Commodity Derivatives Act outside of Japan); and
 - (c) foreign exchange forward transactions.

“**Japan AANA Group**” means a group of the Subsidiaries etc. (if any), the Parent Companies etc. (if any) and the Subsidiaries etc. of such Parent Companies etc. (if any).

“**Japan Margin Requirements**” means the margin requirements as provided in Article 40, Item 2 of the FIEA and Article 123, Paragraph 1, Items 21-5 and 21-6 and Paragraphs 7 to 11 of the Cabinet Office Ordinance on Financial Instrument Businesses etc.

“**Japan Ultimate Parent**” means each person identified in Section 4(c)(ii) of this Letter.

“**Non-cleared OTC Derivative Transaction**” means a non-cleared OTC derivative transaction (*hi seisan tentou deribathibu torihiki*) as defined in Article 123, Paragraph 1, Item 21-5 of the Cabinet Office Ordinance on Financial Instrument Businesses etc.

“**OTC Commodity Derivative Transaction**” means an OTC commodity derivative transaction (*tentou shouhin deribathibu torihiki*) as defined in Article 2, Paragraph 14 of the Commodity Derivatives Act.

“**OTC Derivative Transaction**” means an OTC derivative transaction (*tentou deribathibu torihiki*) as defined in Article 2, Paragraph 22 of the FIEA.

“**Parent Companies etc.**” means parent companies etc. (*oya gaisha tou*) as defined in Article 1516, Paragraph 3 of the Enforcement Ordinance of the FIEA.

“**Reference Time**” means the time when a Non-cleared OTC Derivative Transaction is entered into.

“**Reference Year**” means the year into which the Reference Time falls.

“**Regulated FIBO etc.**” means a FIBO etc. which does not fall into any of the categories provided in Article 123, Paragraph 10, Item 4(i) and (ro) of the Cabinet Office Ordinance on Financial Instrument Businesses etc. (excluding a FIBO etc. which falls into the category of the Regulated Trustee).

“**Regulated FIBO etc. Equivalent at Offshore**” means a person (i) who is not a FIBO etc. and

(ii) which satisfies the conditions provided in Article 123, Paragraph 10, Item 1(i) and (ro) of the Cabinet Office Ordinance on Financial Instrument Businesses etc.

“**Regulated Trustee**” means a FIBO etc. which acts as trustee for a trust whose trust assets do not satisfy the condition provided in Article 123, Paragraph 10, Item 2 of the Cabinet Office Ordinance on Financial Instrument Businesses etc. For the avoidance of doubt, Non-cleared OTC Derivative Transactions which belong to such trust will not be exempt from the Japan Margin Requirements.

“**Subsidiaries etc.**” means subsidiaries etc. (*ko gaisha tou*) as defined in Article 15-16, Paragraph 3 of the Enforcement Ordinance of the FIEA.

Appendix V: Definitions – Switzerland Information

“**FC-**” means a “financial counterparty” which is small within the meaning of Article 99 FMIA in conjunction with Article 88 (2) FMIO.

“**FC+**” means a “financial counterparty” within the meaning of Article 93 (2) FMIA which is not an FC-.

“**FMIA**” means the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading of 19 June 2015.

“**FMIA AANA**” means an aggregate month-end average notional amount of non-centrally cleared derivatives, as calculated in accordance with Article 131(4)(a) and (5)(a–d) FMIO respectively.

“**FMIA AANA Group**” means a financial group, an insurance group or any group within the meaning of Article 131(4)(a) and (5)(a–d) FMIO, respectively.

“**FMIA Article 93(4)(a) Entity**” means multilateral development banks.

“**FMIA Article 93(4)(b) Entity**” means organisations, including social security institutions, belonging to the Swiss Confederation, cantons or communes or for which the Swiss Confederation, canton or commune in question is liable and provided that they are not Swiss financial counterparties.

“**FMIA Article 94(1)(a) Entity**” means the Swiss Confederation, cantons and communes.

“**FMIA Article 94(1)(b) Entity**” means the Swiss National Bank.

“**FMIA Article 94(1)(c) Entity**” means the Bank for International Settlements.

“**FMIA Article 94(2) Entity**” means an entity excluded from Chapter 1 (Derivatives Trading) of Title 3 (Market Conduct) of FMIA, by the Federal Council under Article 94(2) of FMIA and accordingly includes an entity falling within the list of public state bodies set out in Article 79 of FMIO, namely: (a) foreign central banks; (b) the European Central Bank; (c) the European Financial Stability Facility; (d) the European Stability Mechanism; (e) official bodies or state departments that are responsible for or involved in administering the national debt; and (f) financial institutions set up by a central government or by the government of a subordinate regional body in order to grant promotional loans on the state’s behalf on a non-competitive, non-profit-oriented basis.

“**FMIA Exempt Entity**” means a FMIA Article 93(4)(a) Entity, a FMIA Article 93(4)(b) Entity, a FMIA Article 94(1)(a) Entity, a FMIA Article 94(1)(b) Entity, a FMIA Article 94(1)(c) Entity, a FMIA Article 94(2) Entity, or a FMIA Non-Undertaking Entity.

“**FMIA Margin Requirements**” means the FMIA margin requirements pursuant to Article 110 through 111 FMIA and Art. 94 and Art. 100 through 107 FMIO.

“FMIA Ultimate Parent” means the “parent undertaking” (as such term is defined in Art. 3(1)(a) FMIA).

“FMIA Non-Undertaking Entity” means a counterparty that is not an undertaking (Unternehmen/Entreprise) within the meaning of Article 77 FMIO.

“FMIA Third-Country Entity” means an entity that is a “third country entity” (*ausländische Gegenpartei/contrepartie étrangère*) as that term is used in FMIA and FMIO.⁴⁷

“FMIO” means the Swiss Federal Council Ordinance on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading of 25 November 2015.

“NFC-” means a “non-financial counterparty” which is small within the meaning of Article 98 FMIA in conjunction with Article 88 (1) FMIO.

“NFC+” means a “non-financial counterparty” within the meaning of Article 93 (3) FMIA which is not an NFC-.

⁴⁷ The term “third country entity” (*ausländische Gegenpartei/contrepartie étrangère*) is not defined in the FMIA/FMIO. However, in the context of application of certain obligations, the FMIA distinguishes between entities that have their registered seat in Switzerland and entities that do not have their registered seat in Switzerland. As a result, if the counterparty has its registered seat in Switzerland it is subject to FMIA and therefore should not be considered as a third country entity from a FMIA perspective. A “FMIA Third Country Entity” means an entity that has no registered seat in Switzerland and is not a Swiss branch of a FMIA third country entity that is exceptionally subjected to the FMIA by the Federal Council due to not being adequately regulated and supervised in the third country entity’s home country.

Appendix VI: Definitions – United States Information

“*Affiliate*” means (i) in the case of the PR Margin Requirements, an “affiliate,” as defined in PR Reg. __2 and (ii) in the case of the CFTC Margin Requirements, a “margin affiliate,” as defined in CFTC Reg. 23.151.

“*CEA*” means the US Commodity Exchange Act, as amended.

“*CFTC*” means the US Commodity Futures Trading Commission.

“*CFTC Captive Finance Company Exemption*” means the exemption from margin requirements for an entity that qualifies for an exclusion from the definition of “financial entity” in Section CEA § 2(h)(7)(C)(iii).

“*CFTC Exempt Cooperative Exemption*” means the exemption from margin requirements for an entity that qualifies for an exception from clearing under a rule, regulation, or order that the CFTC issued pursuant to its authority under Section 4(c)(1) of the CEA concerning cooperative entities that would otherwise be subject to the requirements of CEA § 2(h)(1)(A).⁴⁸

“*CFTC Financial End User*” means a “financial end user” as defined in CFTC Reg. 23.151.⁴⁹

“*CFTC Foreign Consolidated Subsidiary*” means a “foreign consolidated subsidiary,” as defined in CFTC Reg. 23.160(a)(1).

“*CFTC Guarantee*” means a “guarantee” as defined in CFTC Reg. 23.160(a)(2).⁵⁰

“*CFTC Margin Requirements*” means the margin requirements adopted by the CFTC pursuant to CEA § 4s(e).

“*CFTC Non-Financial Entity Exemption*” means the exemption from margin requirements for an entity that does not meet the general definition of “financial entity” in CEA § 2(h)(7)(C)(i).

“*CFTC Small Bank Exemption*” means the exemption from margin requirements for an entity that qualifies for an exclusion from the definition of “financial entity” in CEA § 2(h)(7)(C)(ii) and CFTC Regulation 50.50(d).

48 See CFTC Regulation 50.51.

49 This definition, as it existed at the time of publication, is provided at the end of this Letter for ease of reference.

50 Solely for ease of reference, as of the date of publication of this Letter, CFTC Reg. 23.160(a)(2) states: Guarantee means an arrangement pursuant to which one party to an uncleared swap has rights of recourse against a guarantor, with respect to its counterparty’s obligations under the uncleared swap. For these purposes, a party to an uncleared swap has rights of recourse against a guarantor if the party has a conditional or unconditional legally enforceable right to receive or otherwise collect, in whole or in part, payments from the guarantor with respect to its counterparty’s obligations under the uncleared swap. In addition, in the case of any arrangement pursuant to which the guarantor has a conditional or unconditional legally enforceable right to receive or otherwise collect, in whole or in part, payments from any other guarantor with respect to the counterparty’s obligations under the uncleared swap, such arrangement will be deemed a guarantee of the counterparty’s obligations under the uncleared swap by the other guarantor.

“CFTC Treasury Affiliate Exemption” means the exemption from margin requirements for an entity that satisfies the criteria in CEA § 2(h)(7)(D) and implementing regulations.

“CFTC US Person” means a “U.S. person,” as defined in CFTC Reg. 23.160(a)(10).⁵¹

“Clearing Requirement” means (i) in the case of a Swap, CEA § 2(h)(1) and (ii) in the case of a Security-Based Swap, Exchange Act § 3C(a)(1).

“Exchange Act” means the US Securities Exchange Act of 1934, as amended.

“Hedging Exempt Swap” means a Swap or Security-based Swap that is exempt pursuant to PR Reg. .1(d), CFTC Reg. 23.150(b) or Section 15F(e)(4) of the Exchange Act.

“Major Security-Based Swap Participant” means a “major security-based swap participant,” as defined in Exchange Act § 3(a)(67) and the rules adopted thereunder.

“Major Swap Participant” means a “major swap participant,” as defined in CEA § 1a(33).

“Material Swaps Exposure” means “material swaps exposure,” as defined in PR Reg. .2 and CFTC Reg. 23.151.

“PR Financial End User” means a “financial end user,” as defined in PR Reg. .2.⁵²

“PR Foreign Consolidated Subsidiary” means a Swap Entity that is a Subsidiary of an entity that is organized under the laws of the United States or any US State.

“PR Margin Requirements” means the margin requirements adopted by a Prudential Regulator pursuant to CEA § 4s(e) and Exchange Act § 15F(e).

“PR US Branch” means a branch or agency organized or licensed under the laws of the United States or any US State.

⁵¹ Solely for ease of reference, as of the date of publication of this Letter, CFTC Reg. 23.160(a)(10) states:

U.S. person means: (i) A natural person who is a resident of the United States; (ii) An estate of a decedent who was a resident of the United States at the time of death; (iii) A corporation, partnership, limited liability company, business or other trust, association, joint-stock company, fund or any form of entity similar to any of the foregoing (other than an entity described in paragraph (a)(10)(iv) or (v) of this section) (a “legal entity”), in each case that is organized or incorporated under the laws of the United States or that has its principal place of business in the United States, including any branch of such legal entity; (iv) A pension plan for the employees, officers or principals of a legal entity described in paragraph (a)(10)(iii) of this section, unless the pension plan is primarily for foreign employees of such entity; (v) A trust governed by the laws of a state or other jurisdiction in the United States, if a court within the United States is able to exercise primary supervision over the administration of the trust; (vi) A legal entity (other than a limited liability company, limited liability partnership or similar entity where all of the owners of the entity have limited liability) that is owned by one or more persons described in paragraphs (a)(10)(i) through (v) of this section and for which such person(s) bears unlimited responsibility for the obligations and liabilities of the legal entity, including any branch of the legal entity; or (vii) An individual account or joint account (discretionary or not) where the beneficial owner (or one of the beneficial owners in the case of a joint account) is a person described in paragraphs (a)(10)(i) through (vi) of this section.

⁵² This definition, as it existed at the time of publication, is provided at the end of this Letter for ease of reference.

“PR US Person” means (i) an entity organized under the laws of the United States or any State other than a US branch, office or agency of a non-US bank or (ii) a natural person who is a resident of the United States.⁵³

“Prudential Regulator” means a “prudential regulator,” as defined in CEA § 1a(39).

“SEC” means the US Securities and Exchange Commission.

“Security-Based Swap” means a “security-based swap,” as defined in Exchange Act § 3(a)(68) and the rules adopted thereunder.

“Security-Based Swap Dealer” means a “security-based swap dealer,” as defined in Exchange Act § 3(a)(71) and the rules adopted thereunder.

“Subsidiary” means a “subsidiary,” as defined in PR Reg. .2.⁵⁴

“Swap” means a “swap,” as defined in CEA § 1a(47) and the rules adopted thereunder.

“Swap Dealer” means a “swap dealer,” as defined in CEA § 1a(49) and the rules adopted thereunder.

“Swap Entity” means a Swap Dealer, a Security-Based Swap Dealer, a Major Swap Participant or a Major Security-Based Swap Participant.

“Swaps Hedging Exemption” means the exemptions from the PR Margin Requirements pursuant to PR Reg. .1(d)(1) or from the CFTC Margin Requirements pursuant to CFTC Reg. 23.150(b).

“Swaps Hedging Exemption Reporting Requirement” means the reporting requirements of CFTC Reg. 50.50(b).

“Swaps Hedging Requirement” means the requirements of CFTC Reg. 50.50(c).

“Uncleared Swap” means, (i) in the case of the PR Margin Requirements, a “non-cleared swap,” as defined in PR Reg. .2 and (ii) in the case of the CFTC Margin Requirements, an “uncleared swap,” as defined in CFTC Reg. 23.151.

53 PR Reg. .9(b)(1).

54 Solely for ease of reference, as of the date of publication of this Letter, PR Reg. .2 states, in relevant part:
Subsidiary. A company is a subsidiary of another company if: (1) The company is consolidated by company on financial statements the other prepared in accordance with U.S. Generally Accepted Accounting Principles, the International Financial Reporting Standards, or other similar standards; (2) For a company that is not subject to such principles or standards, if consolidation as described in paragraph (1) of this definition would have occurred if such principles or standards had applied; or (3) [The Agency] has determined that the company is a subsidiary of another company, based on [Agency’s] conclusion that either company provides significant support to, or is materially subject to the risks of loss of, the other company.

“Uncleared Security-Based Swap” means, (i) in the case of the PR Margin Requirements, a “non-cleared security-based swap,” as defined in PR Reg. __.2 and (ii) in the case of the CFTC Margin Requirements, an “uncleared security-based swap,” as defined in CFTC Reg. 23.151.

“US AANA” means the average daily aggregate notional amount of Uncleared Swaps, Uncleared Security-Based Swaps, Foreign Exchange Swaps and Foreign Exchange Forwards (other than Hedging Exempt Swaps) for March, April and May of [relevant year], where such amounts are calculated only for business days and transactions between Affiliates are only counted once.

“US AANA Group” means a group of Affiliates.

“US Foreign Exchange Forward” means a “foreign exchange forward,” as defined in CEA § 1a(24).

“US Foreign Exchange Swap” means a “foreign exchange swap,” defined in CEA § 1a(25).

“US Margin Requirements” means the PR Margin Requirements and the CFTC Margin Requirements.

“US Ultimate Parent” means the person identified in Section 6(e)(i)(2) of this Letter.

“CFTC Financial End User”

The definition of “financial end user” in CFTC Regulation 23.150 (as of June 30, 2016) is provided below solely for ease of reference.

Financial end user means—

- (1) A counterparty that is not a swap entity and that is:
 - (i) A bank holding company or a margin affiliate thereof; a savings and loan holding company; a U.S. intermediate holding company established or designated for purposes of compliance with 12 C.F.R. 252.153; or a nonbank financial institution supervised by the Board of Governors of the Federal Reserve System under Title I of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5323);
 - (ii) A depository institution; a foreign bank; a Federal credit union or State credit union as defined in section 2 of the Federal Credit Union Act (12 U.S.C. 1752(1) and (6)); an institution that functions solely in a trust or fiduciary capacity as described in section 2(c)(2)(D) of the Bank Holding Company Act (12 U.S.C. 1841(c)(2)(D)); an industrial loan company, an industrial bank, or other similar institution described in section 2(c)(2)(H) of the Bank Holding Company Act (12 U.S.C. 1841(c)(2)(H));
 - (iii) An entity that is state-licensed or registered as:
 - (A) A credit or lending entity, including a finance company; money lender; installment lender; consumer lender or lending company; mortgage lender, broker, or bank; motor vehicle title pledge lender; payday or deferred deposit lender; premium finance company; commercial finance or lending company; or commercial mortgage company; except entities registered or licensed solely on account of financing the entity’s direct sales of goods or services to customers;
 - (B) A money services business, including a check casher; money transmitter; currency dealer or exchange; or money order or traveler’s check issuer;
 - (iv) A regulated entity as defined in section 1303(20) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4502(20)) or any entity for which the Federal Housing Finance Agency or its successor is the primary federal regulator;
 - (v) Any institution chartered in accordance with the Farm Credit Act of 1971, as amended, 12 U.S.C. 2001 et seq. that is regulated by the Farm Credit Administration;

- (vi) A securities holding company; a broker or dealer; an investment adviser as defined in section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-2(a)); an investment company registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.), a company that has elected to be regulated as a business development company pursuant to section 54(a) of the Investment Company Act of 1940 (15 U.S.C. 80a-53(a)), or a person that is registered with the U.S. Securities and Exchange Commission as a security-based swap dealer or a major security-based swap participant pursuant to the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.).
 - (vii) A private fund as defined in section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80-b-2(a)); an entity that would be an investment company under section 3 of the Investment Company Act of 1940 (15 U.S.C. 80a-3) but for section 3(c)(5)(C); or an entity that is deemed not to be an investment company under section 3 of the Investment Company Act of 1940 pursuant to Investment Company Act Rule 3a-7 (§ 270.3a-7 of this title) of the Securities and Exchange Commission;
 - (viii) A commodity pool, a commodity pool operator, a commodity trading advisor, a floor broker, a floor trader, an introducing broker or a futures commission merchant;
 - (ix) An employee benefit plan as defined in paragraphs (3) and (32) of section 3 of the Employee Retirement Income and Security Act of 1974 (29 U.S.C. 1002);
 - (x) An entity that is organized as an insurance company, primarily engaged in writing insurance or reinsuring risks underwritten by insurance companies, or is subject to supervision as such by a State insurance regulator or foreign insurance regulator;
 - (xi) An entity, person, or arrangement that is, or holds itself out as being, an entity, person, or arrangement that raises money from investors, accepts money from clients, or uses its own money primarily for investing or trading or facilitating the investing or trading in loans, securities, swaps, funds, or other assets; or
 - (xii) An entity that would be a financial end user described in paragraph (1) of this definition or a swap entity if it were organized under the laws of the United States or any State thereof.
- (2) The term “financial end user” does not include any counterparty that is:
- (i) A sovereign entity;
 - (ii) A multilateral development bank;
 - (iii) The Bank for International Settlements;
 - (iv) An entity that is exempt from the definition of financial entity pursuant to section 2(h)(7)(C)(iii) of the Act and implementing regulations;

- (v) An affiliate that qualifies for the exemption from clearing pursuant to section 2(h)(7)(D) of the Act; or
- (vi) An eligible treasury affiliate that the Commission exempts from the requirements of §§ 23.150 through 23.161 by rule.

“PR Financial End User”

The definition of “financial end user” in PR Regulation _2 (as of June 30, 2016) is provided below solely for ease of reference.

Financial end user means –

- (1) Any counterparty that is not a swap entity and that is:
- (i) A bank holding company or an affiliate thereof; a savings and loan holding company; a U.S. intermediate holding company established or designated for purposes of compliance with 12 C.F.R. 252.153; or a nonbank financial institution supervised by the Board of Governors of the Federal Reserve System under Title I of the Dodd-Frank Wall Street Reform and Consumer Protection Act
(12 U.S.C. 5323);
 - (ii) A depository institution; a foreign bank; a Federal credit union or State credit union as defined in section 2 of the Federal Credit Union Act (12 U.S.C. 1752(1) & (6)); an institution that functions solely in a trust or fiduciary capacity as described in section 2(c)(2)(D) of the Bank Holding Company Act (12 U.S.C. 1841(c)(2)(D)); an industrial loan company, an industrial bank, or other similar institution described in section 2(c)(2)(H) of the Bank Holding Company Act (12 U.S.C. 1841(c)(2)(H));
 - (iii) An entity that is state-licensed or registered as:
 - (A) A credit or lending entity, including a finance company; money lender; installment lender; consumer lender or lending company; mortgage lender, broker, or bank; motor vehicle title pledge lender; payday or deferred deposit lender; premium finance company; commercial finance or lending company; or commercial mortgage company; except entities registered or licensed solely on account of financing the entity’s direct sales of goods or services to customers;
 - (B) A money services business, including a check casher; money transmitter; currency dealer or exchange; or money order or traveler’s check issuer;
 - (iv) A regulated entity as defined in section 1303(20) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended (12 U.S.C. 4502(20)) or any entity for which the Federal Housing Finance Agency or its successor is the primary federal regulator;
 - (v) Any institution chartered in accordance with the Farm Credit Act of 1971, as amended, 12 U.S.C. 2001 *et seq.*, that is regulated by the Farm Credit Administration;

- (vi) A securities holding company; a broker or dealer; an investment adviser as defined in section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-2(a)); an investment company registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.); or a company that has elected to be regulated as a business development company pursuant to section 54(a) of the Investment Company Act of 1940 (15 U.S.C. 80a-53(a));
 - (vii) A private fund as defined in section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80-b- 2(a)); an entity that would be an investment company under section 3 of the Investment Company Act of 1940 (15 U.S.C. 80a-3) but for section 3(c)(5)(C); or an entity that is deemed not to be an investment company under section 3 of the Investment Company Act of 1940 pursuant to Investment Company Act Rule 3a-7 (17 C.F.R. 270.3a-7) of the U.S. Securities and Exchange Commission;
 - (viii) A commodity pool, a commodity pool operator, or a commodity trading advisor as defined, respectively, in section 1a(10), 1a(11), and 1a(12) of the Commodity Exchange Act of 1936 (7 U.S.C. 1a(10), 1a(11), and 1a(12)); a floor broker, a floor trader, or introducing broker as defined, respectively, in 1a(22), 1a(23) and 1a(31) of the Commodity Exchange Act of 1936 (7 U.S.C. 1a(22), 1a(23), and 1a(31)); or a futures commission merchant as defined in 1a(28) of the Commodity Exchange Act of 1936 (7 U.S.C. 1a(28));
 - (ix) An employee benefit plan as defined in paragraphs (3) and (32) of section 3 of the Employee Retirement Income and Security Act of 1974 (29 U.S.C. 1002);
 - (x) An entity that is organized as an insurance company, primarily engaged in writing insurance or reinsuring risks underwritten by insurance companies, or is subject to supervision as such by a State insurance regulator or foreign insurance regulator;
 - (xi) An entity, person or arrangement that is, or holds itself out as being, an entity, person, or arrangement that raises money from investors, accepts money from clients, or uses its own money primarily for the purpose of investing or trading or facilitating the investing or trading in loans, securities, swaps, funds or other assets for resale or other disposition or otherwise trading in loans, securities, swaps, funds or other assets; or
 - (xii) An entity that would be a financial end user described in paragraph (1) of this definition or a swap entity, if it were organized under the laws of the United States or any State thereof.
- (2) The term “financial end user” does not include any counterparty that is:
- (i) A sovereign entity;
 - (ii) A multilateral development bank;

- (iii) The Bank for International Settlements;
- (iv) An entity that is exempt from the definition of financial entity pursuant to section 2(h)(7)(C)(iii) of the Commodity Exchange Act of 1936 (7 U.S.C. 2(h)(7)(C)(iii)) and implementing regulations; or
- (v) An affiliate that qualifies for the exemption from clearing pursuant to section 2(h)(7)(D) of the Commodity Exchange Act of 1936 (7 U.S.C. 2(h)(7)(D)) or section 3C(g)(4) of the Securities Exchange Act of 1934 (15 U.S.C. 78c-3(g)(4)) and implementing regulations.

Exhibit 10.3
5 The North Colonnade
Canary Wharf
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E14 4BB
United Kingdom
Tel: +44 (0) 207623 2323

Reference No. nyk10f51633 / 35948998B | nyk10f51830 / 35948848B
USI No.: 1030209452101135948998BZZZZZZZZZZZZZZZZZZZZZZ
Buyer LEI: 54930060N608ZCQZDB93
Seller LEI: G5GSEF7VJP5I7OUK5573

RATE CAP AGREEMENT (SIFMA)

THIS RATE CAP AGREEMENT (this "Agreement") is dated as of June 28, 2017 between **BARCLAYS BANK PLC** (LONDON HEAD OFFICE) (the "Seller") and ATAX TEBS II, LLC (the "Buyer"), whereby the parties agree as follows:

Section 1. Definitions and Incorporated Terms. For purposes of this Agreement, the terms set forth below in the Cap Transaction Profile or in Exhibit A shall have the meanings there indicated and capitalized terms that are used and not otherwise defined herein shall have the meanings given to them (as completed herein, where applicable) in the *2006 ISDA Definitions* as published by the International Swaps and Derivatives Association, Inc.

Cap Transaction Profile

Notional Amount: USD 92,550,751.02 which shall reduce in such amounts and on such dates as set forth in Annex I hereto

Trade Date: June 28, 2017

Effective Date: June 15, 2017

Termination Date: August 15, 2019

Fixed Amount:

 Fixed Amount Payer: Buyer

 Fixed Amount Payer
 Payment Date: June 30, 2017

 Fixed Amount: USD 138,900.00

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4814-8780-0582.10
Barclays Reference Number: 35948998B / 35948848B

Floating Amounts:	For the avoidance of doubt, on each Floating Rate Payer Payment Date, the Seller will pay to Buyer the difference between the Floating Rate Option and the Cap Rate. If the Floating Rate Option does not exceed the Cap Rate with respect to any Calculation Period, no payment will be made by Seller to Buyer on the related Floating Rate Payer Payment Date.
Floating Rate Payer:	Seller
Cap Rate:	1.50% per annum
Floating Rate Payer Payment Dates:	Fifteenth calendar day of each month from (and including) July 15, 2017, to (and including) the Termination Date, subject to adjustment in accordance with the Following Business Day Convention.
Floating Rate Payer Period End Dates:	Fifteenth calendar day of each month from (and including) July 15, 2017, to (and including) the Termination Date, subject to No Adjustment.
Floating Rate Option:	USD-SIFMA Municipal Swap Index (“SIFMA”); provided, however, if SIFMA exceeds 3.00% per annum as determined on any Reset Date, then SIFMA for such Reset Date shall be 3.00% per annum
Floating Rate Day Count Fraction:	Actual/Actual
Reset Dates:	Effective Date and thereafter Weekly on Thursday.
Weighted Average Method:	Applicable
Business Days:	A day other than (a) a Saturday or a Sunday, (b) any day on which banking institutions located in the city of New York, New York are authorized or required by law to close, (c) a day on which the New York Stock Exchange is closed
Rounding Convention:	The simple arithmetic mean of rates expressed as a percentage rounded to five decimal places.
Calculation Agent:	The Seller

Additional Defined Terms

“*Credit Support Document*” means the Guaranty of the Credit Support Provider, if any, and the Credit Support Annex, each as identified in Exhibit A hereto.

“*Credit Support Provider*” means the Person (if any) identified as such in Part 3 of Exhibit A.

“*Damages*” means an amount determined as provided in Section 11(b).

“*Early Termination Date*” has the meaning given to that term in Section 10(b).

“*Local Business Day*” in relation to a party means a day on which commercial banks in the city indicated in that party’s address for notices hereunder are open for business.

“*Market Quotation*” means an amount determined as provided in Section 12.

“*Person*” means an individual, an estate, a trust, a corporation, a partnership, a limited liability company, or any other organization or entity, whether governmental or private.

“*Reference Market-maker*” has the meaning given to that term in Section 12(a).

“*Standard and Poor’s*” means S&P Global Ratings Inc., and its successors and assigns, if such successors and assigns shall continue to perform the functions of a securities rating agency.

“*Taxes*,” with respect to payments hereunder by the Seller, means any present or future taxes, levies, imposts, duties or charges of any nature whatsoever that are collectible by withholding except for any such tax, levy, impost, duty or charge that would not have been imposed but for the existence of a connection between the Buyer and the jurisdiction where the Tax is imposed.

“*Termination Event*” has the meaning given to that term in Section 9.

Section 2. Payments. On the Payment Date for the Buyer, it shall pay the Fixed Amount and, on each Payment Date for the Seller, it shall pay the Floating Amount for the Calculation Period ending on that Payment Date. The Seller’s obligation to make any payment hereunder shall be subject to the condition precedent that the Buyer has paid the Fixed Amount. If the Buyer fails to pay the Fixed Amount to the Seller as and when due hereunder and does not remedy the failure on or before the third Local Business Day after notice from the Seller, the Seller may, by notice to the Buyer given not later than the fifth Local Business Day after the end of the Buyer’s cure period, declare this Agreement to be terminated, whereupon neither party shall have any further obligation hereunder, except for the Buyer’s obligation to pay interest pursuant to Section 4. Notwithstanding the foregoing, the Buyer shall, upon failure to pay the Fixed Amount, remain liable to the Seller to pay the value of this Agreement, calculated, on the date Seller declares this Agreement terminated, on the basis of Market Quotation, which, for purposes of this Section 2 only, shall be determined pursuant to Section 12, substituting the word “Seller” in each instance when the word “Buyer” is utilized in such section and the quotation

referred to in Section 12(b) shall be the amount in Dollars that a Reference Market-Maker would charge as a Fixed Amount on such date of declaration of termination; provided, however, that if a Market Quotation cannot be determined, the Seller shall reasonably determine in good faith an amount equal to its total losses and costs in connection with this Agreement, including any loss of bargain, cost of funding or, at the election of the Seller but without duplication, loss or cost incurred as a result of its terminating, liquidating, obtaining or reestablishing any hedge or related trading position. The value of this Agreement, if any, shall be the original Fixed Amount less the amount of the Market Quotation determined in the manner described in the previous sentence. If the difference is a negative number, the value of this Agreement shall be zero.

Section 3. Making of Payments. All payments hereunder shall be made to the account of the intended payee specified in Exhibit A, or to such other account in New York City as that party may have last specified by notice to the party required to make the payment. All such payments shall be made in funds settled through the New York Clearing House Interbank Payments System or such other same-day funds as are customary at the time for the settlement in New York City of banking transactions denominated in Dollars.

Section 4. Interest on Overdue Amounts. If any amount due hereunder is not paid when due, interest shall accrue on that amount to the extent permitted by applicable law at a rate per annum equal for each day that amount remains unpaid to the sum of 1% and the rate per annum equal to the cost (without proof or evidence of any actual cost) to the intended payee (as certified by it) if it were to fund or of funding the relevant amount for that day.

Section 5. Supervening Illegality. If it becomes unlawful for either party to make any payment to be made by it hereunder, as a result of the adoption of, or any change in, or change in the interpretation of, any law, regulation or treaty, that party shall give notice to that effect to the other party and shall use reasonable efforts (a) to assign or transfer its rights and obligations under this Agreement, subject to Section 14, to another of its branches, offices or affiliates, or to any leading participant in the interest rate cap market, that may make those payments lawfully and without withholding for or on account of Taxes or (b) to agree with that other party to modify this Agreement or change the method of payment hereunder so that the payment will not be unlawful. If an assignment or agreement is not made as provided herein on or before the tenth Business Day after that notice becomes effective, either party may give notice of termination as provided in Section 10.

Section 6. Taxes.

(a) Except as otherwise required by law, each payment hereunder shall be made without withholding for or on account of Taxes. If a party is required to make any withholding from any payment under this Agreement for or on account of Taxes, it shall:

- (i) make that withholding;
- (ii) make timely payment of the amount withheld to the appropriate governmental authority;
- (iii) forthwith pay the other party such additional amount as may be necessary to ensure that the net amount actually received by it free and clear of

Taxes (including any Taxes on the additional amount) is equal to the amount that it would have received had no Taxes been withheld; and

(iv) on or before the thirtieth day after payment, send the payee the original or a certified copy of an official tax receipt evidencing that payment; provided, however, that if the representation and warranty made by a party in Section 7(c) proves not to have been true when made or, if repeated on each Payment Date, would not then be true, or if a party fails to perform or observe any of its covenants set forth in Section 7 or Section 8, the other party shall be under no obligation to pay any additional amount hereunder to the extent that the withholding would not have been required if the representation and warranty had been true when made, or would have been true if so repeated, or if the failure had not occurred.

(b) If a party would be required to make any withholding for or on account of Taxes and pay any additional amount as provided in Section 6(a) with respect to any payment to be made by it in accordance with Section 2, it shall give notice to that effect to the other party and shall use reasonable efforts

(i) to assign or transfer its rights and obligations under this Agreement, subject to Section 14, to another of its branches, offices or affiliates, or to any leading participant in the interest rate cap market, that may make the payments to be made by it hereunder lawfully and without withholding for or on account of Taxes; or

(ii) to agree with that other party to modify this Agreement or change the method of payment hereunder so that those payments will not be subject to the withholding. If an assignment or agreement is not made as provided herein on or before the tenth day after that notice becomes effective, the party that would be required to make the withholding may give notice of termination as provided in Section 10.

Section 7. Representations and Warranties.

(a) Each of the parties makes the representations and warranties set forth below to the other as of the date hereof:

(i) It is duly organized and validly existing and has the corporate, partnership or other power as a company and the authority to execute and deliver this Agreement and to perform its obligations hereunder;

(ii) It has taken all necessary action to authorize its execution and delivery of this Agreement and the performance of its obligations hereunder;

(iii) All governmental authorizations and actions necessary in connection with its execution and delivery of this Agreement and the performance of its obligations hereunder have been obtained or performed and remain valid and in full force and effect;

(iv) This Agreement has been duly executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with the terms of this Agreement, subject to all applicable bankruptcy, insolvency, moratorium and similar laws affecting creditors' rights generally;

(v) There are no actions, proceedings or claims pending or, to its knowledge, threatened, the adverse determination of which might have a materially adverse effect on its ability to perform its obligations under, or affect the validity or enforceability against it of, this Agreement;

(vi) Each of the documents delivered by it hereunder is, as of the date stated in such document, true, accurate and complete in every material respect or, in the case of financial statements, fairly presents the condition of the Person indicated therein; and

(vii) Its execution, delivery and performance of this Agreement do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets.

(b) The Seller makes the following additional representations and warranties to the Buyer:

(i) No event or condition that constitutes (or that with the giving of notice or the lapse of time or both would constitute) a Termination Event with respect to it has occurred and is continuing or will occur by reason of its entering into or performing its obligations under this Agreement.

(ii) Seller is and shall be the reporting party for the Transaction pursuant to Section 4r(a)(3) of the Commodity Exchange Act, as amended ("CEA"), and shall report the Transaction to a Swap Data Repository (as defined in Section 1a(48) of the CEA, pursuant to any requirements of 17 CFR Part 44, 45 and 46 applicable to the Transaction.

(c) In addition, if an Exhibit B on Tax Representations and Covenants is made a part of this Agreement, each of the Buyer and the Seller makes the representations and warranties set forth therein to the other and covenants as set forth therein with the other with respect to certain matters relating to Taxes.

(d) Buyer represents that it is not a governmental, quasi-governmental, municipal or similar public entity and is not otherwise owned or controlled by any such entity.

Section 8. Documents. At or before the time of execution of this Agreement, each party shall deliver to the other evidence of the truth and accuracy of its representations in subsections (ii) and (iii) of Section 7(a) as well as evidence of the authority, incumbency and specimen signature of each Person authorized to execute and deliver this Agreement or any other

document to be delivered under this Agreement on its behalf. In addition, the Seller shall deliver to the Buyer at the times specified in Part 2 of Exhibit A, each of the documents there specified.

Section 9. Termination Events. For purposes of this Agreement, “Termination Event” means each of the events and circumstances listed below:

(a) The Seller fails to pay any amount payable by it hereunder as and when that amount becomes payable and does not remedy that failure on or before the third Local Business Day after notice from the Buyer of the failure;

(b) Any representation or warranty made by the Seller in this Agreement, other than in Section 7(c), or made by any Credit Support Provider in any Credit Support Document (or document related thereto) delivered hereunder proves to have been incorrect, incomplete or misleading in any material respect at the time it was made, or the Seller fails to deliver any document it is required to deliver as provided in Part 2 of Exhibit A and does not remedy that failure on or before the thirtieth day after notice from the Buyer of the failure or, in the case of failure to deliver a Credit Support Document, does not remedy that failure immediately;

(c) The Seller or any Credit Support Provider becomes the subject of any action or proceeding for relief under any bankruptcy or insolvency law or any law affecting creditors’ rights that is similar to a bankruptcy or insolvency law or law relating to the composition of debts or seeks or becomes subject to the appointment of a receiver, custodian or similar official for it or any of its property or fails or is unable to pay its debts generally as they fall due;

(d) The Seller or any Credit Support Provider fails to pay any amount payable by it to the Buyer under any other agreement or under any instrument of the Seller or any Credit Support Provider held by the Buyer and does not remedy that failure during any applicable cure period;

(e) (i) There occurs a default, an event of default or another similar condition or event (however described) in respect of the Seller or any Credit Support Provider for the Seller under one or more agreements or instruments relating to Specified Indebtedness in an aggregate amount of not less than the Threshold Amount and as a result such Specified Indebtedness has been or may be declared due and payable before it would otherwise have been due and payable or (ii) there occurs a default by the Seller or any such Credit Support Provider in making one or more payments on the due date thereof in an aggregate amount of not less than the Threshold Amount under any such agreements or instruments or under any Specified Transaction (after giving effect to any applicable notice requirement or grace period) or (iii) the combined amounts of Specified Indebtedness covered by clauses (i) and (ii) at least equal the Threshold Amount.

For this purpose, “Specified Indebtedness,” with respect to any Person, means all obligations of that Person (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money, excluding deposits received in the ordinary course of its banking business; “Specified Transaction” means any rate swap,

currency swap, cross-currency swap, commodity-price swap, equity, equity-index, debt-linked or debt-index-linked swap, rate cap, floor or collar, forward rate agreement, forward or spot foreign exchange transaction, interest rate, currency or commodity-price option, any cash-settled option on a security or index or group of securities, any combination of any of the foregoing and any similar transaction; and “Threshold Amount” means an amount equal to the value of two percent (2%) of shareholder’s equity of the Seller (or the equivalent in any other currency or currencies), determined in accordance with generally accepted accounting principles in the Seller’s jurisdiction of incorporation or organization, as at the end of the Seller’s most recently completed fiscal year;

(f) Any Credit Support Provider fails to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Credit Support Document to which it is a party if the failure is not remedied during any applicable cure period; or any Credit Support Document expires or terminates or fails or ceases to be in full force and effect (in either case, other than in accordance with its terms) prior to the satisfaction of all obligations of the Seller under this Agreement; or any Credit Support Provider or any Person purporting to act on its behalf disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, any Credit Support Document to which it is a party;

(g) The Seller or any Credit Support Provider consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity, and the creditworthiness of the resulting, surviving or transferee entity is materially weaker than that of the Seller or such Credit Support Provider (as the case may be) as determined by the Buyer immediately prior to such action; or

Section 10. Early Termination.

(a) At any time while a Termination Event is continuing, the Buyer may, in its absolute discretion, give notice of termination in accordance with this Section. If a party gives notice of supervening illegality, either party may give notice of termination in accordance with this Section in the circumstances described in Section 5. If a party is required to pay any additional amount pursuant to Section 6, it may give notice of termination in accordance with this Section in the circumstances described in Section 6.

(b) At any time while an event under Paragraph 7 of the Credit Support Annex is continuing where the Buyer (or its Custodian) is the party failing to take an action or comply with the provisions specified therein, the Seller may, in its absolute discretion give notice of termination in accordance with this Section. For purposes of calculating the amount due under Sections 11 and 12 hereof in connection with a notice of termination under this Section 10(b), the Market Quotation shall be determined pursuant to Section 12, substituting the word “Seller” in each instance when the word “Buyer” is utilized in such section and the quotation referred to in Section 12(b) shall be the amount in Dollars that a Reference Market Maker would charge as a Fixed Amount on such date of declaration of termination; provided, however, that if a Market Quotation cannot be determined, the Seller shall reasonably determine in good faith an amount

equal to its total losses and costs in connection with this Agreement including any loss of bargain, costs of funding or, at the election of the Seller but without duplication, loss or cost incurred as a result of its terminating, liquidating, obtaining or reestablishing any hedge or related trading position.

- (c) Any notice of termination hereunder
 - (i) shall state the grounds for termination;
 - (ii) shall specify a date that is not before, nor more than 10 days after, the date the notice of early termination is given on which the payments required by Section 11 shall be made as provided therein (the “Early Termination Date”); and
 - (iii) shall declare the obligations of the Seller to make the payments required by Section 2 that are scheduled to be made after the Early Termination Date to be terminated as of that date, and those obligations shall so terminate and be replaced by the parties’ obligations to make the payments specified in Section 11.

Section 11. Payments Upon Early Termination.

- (a) If notice of termination is given pursuant to Section 10, the Seller shall pay the Buyer its Damages.
- (b) The Buyer’s Damages in the event of early termination shall be the Market Quotation, if it can be determined. If it cannot be determined, the Buyer’s Damages shall be an amount in Dollars equal to the sum of the losses (including loss of bargain) that it may incur as a result of the early termination or as a result of the event that served as the ground for early termination.
- (c) Payments to be made in accordance with this Section shall be made on the Early Termination Date. If the Buyer is entitled to be paid any amount in respect of its Damages in accordance with this Section, it shall submit to the Seller a statement in reasonable detail of those Damages.

Section 12. Market Quotation.

- (a) For the purpose of determining the Market Quotation, the Buyer shall select, four leading participants in the interest rate cap market (each a “Reference Market-maker”), in its sole discretion and in good faith, with a view to minimizing the Market Quotation (to the extent required by law); provided, however, that in doing so the Buyer shall be entitled to select market participants that are of the highest credit standing and that otherwise satisfy all the criteria that the Buyer applies generally at the time in deciding whether to enter into an interest rate protection transaction.
- (b) The Buyer shall request from each of the Reference Market-makers it has selected a quotation of the amount in Dollars which that Reference Market-maker would

charge on the Early Termination Date as a flat amount for entering into an agreement, effective on the Early Termination Date, pursuant to which it would be obligated to make all the payments scheduled to be made by the Seller under Section 2 of this Agreement after the Early Termination Date.

(c) The Market Quotation shall be the arithmetic mean (rounded up, if necessary, to the nearest cent) of the amounts described in Section 12(b) that are quoted to the Buyer by the Reference Market-makers it has selected or, if only one Reference Market-maker will quote such a fee, the Market Quotation Value shall be the amount quoted by that Reference Market-maker.

Section 13. Costs and Expenses.

(a) Each of the parties shall pay, or reimburse the other on demand for, all stamp, registration, documentation or similar taxes or duties, and any penalties or interest that may be due with respect thereto, that may be imposed by any jurisdiction in respect of its execution or delivery of this Agreement. If any such tax or duty is imposed by any jurisdiction as the result of the conduct or status of both parties, each party shall pay one half of the amount of the tax or duty.

(b) The Seller shall pay, or reimburse the Buyer on demand for, all reasonable costs and expenses incurred by the Buyer in connection with enforcement of its rights under this Agreement or as a consequence of a Termination Event, including, without limitation, fees and expenses of legal counsel.

(c) Upon the Buyer's failure to pay the Fixed Amount pursuant to Section 2, if the value of this Agreement is greater than zero as determined in the manner described in Section 2, the Buyer shall pay, or reimburse the Seller on demand for, all reasonable costs and expenses incurred by the Seller in connection with enforcement and protection of its rights under this Agreement including, without limitation, fees and expenses of legal counsel.

Section 14. Nonassignment. Neither party shall assign or otherwise transfer its rights or obligations hereunder or any interest herein to any other Person or any of its other branches or offices without the prior written consent of the other party to this Agreement, unless the assignment or transfer by the Seller is pursuant to Section 5 or Section 6 and provided that:

- (a) the Seller gives the Buyer 10 Business Days' prior written notice of the assignment or transfer;
- (b) the assignee or transferee meets the criteria set forth in Section 5(a) or Section 6(b), as the case may be;
- (c) the credit policies of the Buyer at the time would permit the Buyer to purchase an interest rate cap from the assignee or transferee without credit support;
- (d) a Termination Event does not occur as a result of such transfer;

(e) on or prior to the effective date of the transfer, this Agreement (including, without limitation, any Tax covenants (if any) in Exhibit B to this Agreement) and all other related documents shall have been amended to reflect the transfer in a manner reasonably satisfactory to Buyer; and

(f) on or prior to the effective date of the transfer, Seller shall have agreed in writing to indemnify and hold harmless Buyer in a manner reasonably satisfactory to Buyer from and against any adverse tax consequences and any related fees, expenses and other losses resulting from the transfer, subject to the following conditions: (i) notwithstanding Seller's duty to indemnify Buyer, Buyer shall at all times retain sole control and decision-making authority with regard to any tax issues affecting Buyer or related litigation arising from or in connection with said transfer; and (ii) such indemnification shall be made as such expenses are incurred by Buyer and at such time as Buyer is required to pay any such tax liability, provided that Seller shall not be required to make such indemnification until five Business Days after it has received written notice from Buyer of expenses or liabilities for which Buyer seeks reimbursement.

Any purported transfer in violation of this Section shall be void. The parties are acting for purposes of this Agreement through their respective branches or offices specified in Exhibit A.

The Seller shall not withhold its consent to an assignment or transfer proposed by the Buyer, or by any subsequent assignee or transferee of the Buyer, if the Seller would be entitled to make the payments it is required to make pursuant to Section 2 to the proposed assignee or transferee lawfully and without withholding for or on account of Taxes and the proposed assignee or transferee assumes the obligations of the Buyer under the Tax covenants (if any) of the Buyer in Exhibit B to this Agreement to the satisfaction of the Seller.

Section 15. Waivers: Rights Not Exclusive. No failure or delay by a party in exercising any right hereunder shall operate as a waiver of, or impair, any such right. No single or partial exercise of any such right shall preclude any other or further exercise thereof or the exercise of any other right. No waiver of any such right shall be effective unless given in writing. No waiver of any such right shall be deemed a waiver of any other right hereunder. The right to terminate provided for herein is in addition to, and not exclusive of, any other rights, powers, privileges or remedies provided by law.

Section 16. Interpretation. The section headings in this Agreement are for convenience of reference only and shall not affect the meaning or construction of any provision hereof.

Section 17. Notices. All notices in connection with this Agreement shall be given by telex or cable or by notice in writing hand-delivered or sent by facsimile transmission or by airmail, postage prepaid. All such notices shall be sent to the telex or telecopier number or address (as the case may be) specified for the intended recipient in Exhibit A (or to such other number or address as that recipient may have last specified by notice to the other party). All such notices shall be effective upon receipt, and confirmation by answerback of any notice sent by telex as provided herein shall be sufficient evidence of receipt thereof, and telephone

confirmation of receipt of any facsimile transmission in accordance with Exhibit A shall be sufficient evidence of receipt thereof.

Section 18. Amendments. This Agreement may be amended only by an instrument in writing executed by the parties hereto.

Section 19. Survival. The obligations of the parties under Section 6, Section 11 and Section 13 shall survive payment of the obligations of the parties under Section 2 and Section 4 and the termination of their other obligations hereunder.

Section 20. Jurisdiction; Governing Law.

(a) Any action or proceeding relating in any way to this Agreement may be brought and enforced in the courts of the State of New York or of the United States for the Southern District of New York, and each of the parties irrevocably submits to the nonexclusive jurisdiction of each such court in connection with any such action or proceeding.

(b) This Agreement shall be governed by, and construed in accordance with, the law of the State of New York without reference to its choice of law doctrine.

Section 21. Independence of this Agreement. It is the parties' intention that no other agreements or arrangements between them or any of their affiliates affect the transaction provided for herein except as expressly provided herein. Therefore, except as expressly provided herein, the Seller's obligation to make payments to the Buyer hereunder shall not be subject to early termination or to any condition precedent, no such payment obligation shall be netted against any payment due from the Buyer or any third party under any other agreement or instrument, and neither the Seller nor any third party shall have any right to set off any such payment due from the Seller to the Buyer or withhold any such payment, in whole or in part, pending payment of any amount payable by the Buyer or any third party to the Seller or any third party. In addition, the terms set forth in this provision may not be modified except in a written amendment to this Agreement executed by both parties hereto that (i) is expressly identified in capital letters as modifying this provision (identified by its title) and (ii) deals only with such modification.

Section 22. Waiver of Jury Trial. Each of the Buyer and the Seller, respectively, hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Agreement or any Credit Support Document. Each of the Buyer and the Seller (i) certifies that no representative, agent or attorney of the other party or any Credit Support Provider has represented, expressly or otherwise, that such other party would not, in the event of such suit, action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this Agreement and provide for any Credit Support Document, as applicable, by, among other things, the mutual waivers and certifications in this Section.

Section 23. Setoff. The obligation to pay amounts due hereunder shall be absolute and unconditional and shall not be subject to diminution by set-off, recoupment, counterclaim, abatement or otherwise.

Section 24. Counterparts: Integration of Terms. This Agreement may be executed in counterparts, and the counterparts taken together shall be deemed to constitute one and the same agreement. This Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements and prior writings with respect thereto. Delivery of an executed counterpart of a signature page of this Agreement by any electronic means that reproduces an image of the actual executed signature page (including by the email of a scanned Portable Document Format file) shall be of the same legal effect, validity and enforceability as the physical delivery of a manually executed signature thereof. This Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements and prior writings with respect thereto.

Section 25. Contractual Currency. The provision on Contractual Currency set forth in Part 4 of Exhibit A will apply if the Seller or any Credit Support Provider for the Seller is not organized in the U.S. or is acting through any office outside the U.S.

Section 26. Consent to Recording. Each party (i) consents to the monitoring or recording, at any time and from time to time, by the other party of any and all communications between officers or employees of the parties, (ii) waives any further notice of such monitoring or recording, and (iii) agrees to notify (and, if required by law, obtain the consent of) its officers and employees with respect to such monitoring or recording. Any such recording may be submitted in evidence to any court or in any proceeding for the purpose of establishing any matters pertinent to this Agreement.

Section 27. Contractual Recognition of Bail-in

(1) Each party acknowledges and accepts that liabilities arising under this Agreement (other than Excluded Liabilities) may be subject to the exercise of the UK Bail-in Power by the relevant resolution authority and acknowledges and accepts to be bound by any Bail-in Action and the effects thereof (including any variation, modification and/or amendment to the terms of this Agreement as may be necessary to give effect to any such Bail-in Action), which if the Bail-in Termination Amount is payable by Seller to the Buyer may include, without limitation:

- (i) a reduction, in full or in part, of the Bail-in Termination Amount; and/or
- (ii) a conversion of all, or a portion of, the Bail-in Termination Amount into shares or other instruments of ownership, in which case the Buyer acknowledges and accepts that any such shares or other instruments of ownership may be issued to or conferred upon it as a result of the Bail-in Action.

(2) Each party acknowledges and accepts that this provision is exhaustive on the matters described herein to the exclusion of any other agreements, arrangements or understanding between the parties relating to the subject matter of this Agreement and that no further notice shall be required between the parties pursuant to this Agreement in to order to give effect to the matters described herein.

(3) The acknowledgements and acceptances contained in paragraphs (1) and (2) above will not apply if:

(i) the relevant resolution authority determines that the liabilities arising under this Agreement may be subject to the exercise of the UK Bail-in Power pursuant to the law of the third country governing such liabilities or a binding agreement concluded with such third country and in either case the UK Regulations have been amended to reflect such determination; and/or

(ii) the UK Regulations have been repealed or amended in such a way as to remove the requirement for the acknowledgements and acceptances contained in paragraphs (1) and (2).

For purposes of this Section 27:

“Bail-in Action” means the exercise of the UK Bail-in Power by the relevant resolution authority in respect of all transactions (or all transactions relating to one or more netting sets, as applicable) under this Agreement.

“Bail-in Termination Amount” means the early termination amount or early termination amounts (howsoever described), together with any accrued but unpaid interest thereon, in respect of all transactions (or all transactions relating to one or more netting sets, as applicable) under this Agreement (before, for the avoidance of doubt, any such amount is written down or converted by the relevant resolution authority).

“BRRD” means Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms.

“Excluded Liabilities” means liabilities excluded from the scope of the contractual recognition of bail-in requirement pursuant to the UK Regulations.

“UK Bail-in Power” means any write-down or conversion power existing from time to time (including, without limitation, any power to amend or alter the maturity of eligible liabilities of an institution under resolution or amend the amount of interest payable under such eligible liabilities or the date on which interest becomes payable, including by suspending payment for a temporary period) under, and exercised in compliance with, any laws, regulations, rules or requirements (together, the **“UK Regulations”**) in effect in the United Kingdom relating to the transposition of the BRRD as amended from time to time, including but not limited to, the Banking Act 2009 as amended from time to time, and the instruments, rules and standards created thereunder, pursuant to which the obligations of a regulated entity (or other affiliate of a regulated entity) can be reduced (including to zero), cancelled or converted into shares, other securities, or other obligations of such regulated entity or any other person.

A reference to a **“regulated entity”** is to any BRRD Undertaking as such term is defined under the PRA Rulebook promulgated by the United Kingdom Prudential Regulation Authority or to any person falling within IFPRU 11.6, of the FCA Handbook promulgated by the United Kingdom Financial Conduct Authority, both as amended from time to time, which includes, certain credit institutions, investment firms, and certain of their parent or holding companies.

Section 28. Contractual Recognition of UK Stay in Resolution. The terms of the ISDA UK (PRA Rule) Jurisdictional Module and the ISDA Resolution Stay Jurisdictional Modular Protocol (together, the “UK Module”) are incorporated into and form part of this Agreement, and, for purposes thereof: (a) this Agreement shall be deemed a Covered Agreement, (b) Buyer shall be deemed a Module Adhering Party and (c) Seller shall be deemed a Regulated Entity Counterparty with respect to Buyer. In the event of any inconsistencies between this Agreement and the UK Module, the UK Module will prevail.

Section 29. Bankruptcy. Without limiting any other protections under the Bankruptcy Code (Title 11 of the United States Code) (the "Bankruptcy Code"), the Parties hereto intend for:

(a) This Transaction and the Agreement to be a "swap agreement" as defined in the Bankruptcy Code, and the parties hereto to be entitled to the protections afforded by, among other Sections, Section 560 of the Bankruptcy Code.

(b) A party's right to liquidate this Transaction and to exercise any other remedies upon the occurrence of any Event of Default or Termination Event under the Agreement or this Transaction to constitute a "contractual right" as described in Section 560 of the Bankruptcy Code.

(c) Any cash, securities or other property provided as performance assurance, credit support or collateral with respect to this Transaction or the Agreement to constitute "transfers" under a "swap agreement" as defined in the Bankruptcy Code.

(d) All payments for, under or in connection with this Transaction or the Agreement, all payments for any securities or other assets and the transfer of such securities or other assets to constitute "transfers" under a "swap agreement" as defined in the Bankruptcy Code.

IN WITNESS WHEREOF the parties have caused this Agreement to be duly executed and delivered as of the day and year first written above.

BARCLAYS BANK PLC

DRAFT

By /s/Dawn Beach
Name Dawn Beach
Title Authorized Signatory

ATAX TEBS II, LLC

DRAFT

By /s/Craig S. Allen
Name Craig S. Allen
Title Chief Financial Officer

[Signature Page to nyk10f51633 / nyk10f51830 Rate Cap Agreement]

ANNEX I

to Confirmation, Dated June 28, 2017
between Buyer and Seller

<u>From and Including*</u>	<u>To But Excluding*</u>	<u>Notional Amount (USD)</u>
6/15/2017	7/15/2017	92,550,751.02
7/15/2017	8/15/2017	92,460,329.01
8/15/2017	9/15/2017	92,369,488.02
9/15/2017	10/15/2017	92,278,226.01
10/15/2017	11/15/2017	92,186,539.02
11/15/2017	12/15/2017	92,094,425.01
12/15/2017	1/15/2018	91,956,883.02
1/15/2018	2/15/2018	91,863,913.02
2/15/2018	3/15/2018	91,770,510.00
3/15/2018	4/15/2018	91,675,673.01
4/15/2018	5/15/2018	91,580,400.00
5/15/2018	6/15/2018	91,484,688.00
6/15/2018	7/15/2018	91,388,535.00
7/15/2018	8/15/2018	91,291,938.00
8/15/2018	9/15/2018	91,194,895.02
9/15/2018	10/15/2018	91,097,404.02
10/15/2018	11/15/2018	90,999,465.00
11/15/2018	12/15/2018	90,901,073.01
12/15/2018	1/15/2019	90,757,226.01
1/15/2019	2/15/2019	90,657,922.02
2/15/2019	3/15/2019	90,558,158.01
3/15/2019	4/15/2019	90,457,933.02
4/15/2019	5/15/2019	90,357,245.01
5/15/2019	6/15/2019	90,256,091.01
6/15/2019	7/15/2019	90,154,469.01
7/15/2019	8/15/2019	90,052,375.02

* Subject to No Adjustment.

EXHIBIT A

NOTICE ADDRESSES AND OTHER MATTERS

Part 1: Addresses for Notices and Accounts for Payments:

The Seller:

Address: BARCLAYS BANK PLC
745 Seventh Avenue
New York, New York 10019
United States of America
Attention: Head of Derivatives PTS, Americas
By electronic email: IRDConfirmations@barclays.com
With copy to: muni_deriv_middleoffice@barclays.com

Payments to Seller: Bank: Barclays Bank Plc, New York
ABA No.: 026-0025-74
A/C: Barclays Bank Plc London
Favour: Barclays Swaps & Options Group, New York
A/C No.: 050-01922-8

The Buyer:

Address: ATAX TEBS II, LLC
c/o Burlington Capital Group
1004 Farnam Street, Suite 400
Omaha, NE 68102
Attn: Craig Allen
By Electronic email: callen@burlingtoncapital.com

Payments to Buyer (pursuant to Section 3, payments are to be made as will be specified):

Bank Name: Bank of America, N.A.
100 West 33rd Street
NY, NY 10001
ABA#: 026009593
Account Name: America First Multifamily Investors, L.P.
Account Number: 223001503325

Part 2: Documents to be delivered by the Seller to the Buyer contemporaneously with this Rate Cap Agreement:

- (a) Credit Support Document to be delivered by the Seller: Credit Support Annex on standard ISDA form with paragraph 13 in the form attached as Exhibit C hereto.

Document to be delivered by the Buyer to the Seller contemporaneously with this Rate Cap Agreement:

- (a) Evidence of the authority, incumbency and specimen signature of the party executing this Agreement.

Part 3: Credit Support Provider for the Seller: NONE

Part 4: Each reference in this Agreement to Dollars (the “Contractual Currency”) is of the essence. The obligation of each party in respect of any amount due under this Agreement in the Contractual Currency is, notwithstanding any payment in any other currency (whether pursuant to a judgment or otherwise), be discharged only to the extent of the amount in the Contractual Currency that the intended payee may, in accordance with normal banking procedures, purchase with the sum paid in that other currency (after any premium and costs of exchange) on the Business Day in New York City immediately following the day on which that payee receives the payment. If the amount in the Contractual Currency that may be so purchased for any reason falls short of the amount originally due, the party owing that amount shall pay such additional amount, in the Contractual Currency, as is necessary to compensate for the shortfall. Any obligation of that party not discharged by that payment shall, to the fullest extent permitted by applicable law, be due as a separate and independent obligation and, until discharged as provided herein, shall continue in full force and effect.

EXHIBIT B

TAX REPRESENTATIONS AND COVENANTS

A. Tax Representations and Covenants

Representations of each of the Seller and the Buyer

It is not required by any applicable law, as modified by the practice of any relevant governmental authority, to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 4 to be made by it to the other party) under this Agreement. In making this representation, it may rely on (i) the accuracy of any representation made by the other party below in this Exhibit and (ii) the satisfaction of the covenant of that other party contained below in this Exhibit and the accuracy and effectiveness of any document provided by that other party pursuant to any such covenant.

B. Payee Tax Representations

Of the Seller:

- (i) With respect to payments made to Seller which are not effectively connected to the United States, Seller is a non-U.S. branch of a foreign person for United States federal income tax purposes.
- (ii) With respect to payments made to Seller which are effectively connected to the United States, each payment received or to be received by Seller in connection with this Agreement will be effectively connected with its conduct of a trade or business in the United States.

Of the Buyer:

Buyer is a United States person for purposes of the United States Internal Revenue Code of 1986, as amended, and is not acting as an agent or intermediary for a foreign Person.

C. Covenants

Of Each Party:

It will give notice of any failure of a representation set forth in this Exhibit B and made by it under Section 7(c) of this Agreement to be accurate and true promptly upon learning of such failure.

If a party is required at any time to execute any form or document in order for payments to it hereunder to qualify for exemption from withholding for or on account of Taxes or to qualify for such withholding at a reduced rate, that party shall, as soon as practicable after request from the other party, execute the required form or document and deliver it to that other party.

Of the Seller:

None

Of the Buyer:

None

B-2

4814-8780-0582.10

Barclays Reference Number: 35948998B / 35948848B

EXHIBIT C

FORM OF PARAGRAPH 13 OF CREDIT SUPPORT ANNEX

Party A (or Seller): Barclays Bank PLC

Party B (or Buyer): ATAX TEBS II, LLC

Paragraph 13. Elections and Variables

(a) **Security Interest for “Obligations.”** The term “Obligations” as used in the Annex includes the following additional obligations: Not Applicable.

(b) **Credit Support Obligations.**

(i) ***Delivery Amount, Return Amount and Credit Support Amount.***

(A) “Delivery Amount” has the meaning specified in Paragraph 3(a), unless otherwise specified here: None Specified

(B) “Return Amount” has the meaning specified in Paragraph 3(b), unless otherwise specified here: None Specified

(C) “Credit Support Amount” means, for any Valuation Date (i) the Secured Party’s Exposure for that Valuation Date plus (ii) the aggregate of all Independent Amounts applicable to the Pledgor, if any, minus (iii) the Pledgor’s Threshold; provided, however, that (x) in the case where the sum of the Independent Amounts applicable to the Pledgor exceeds zero, the Credit Support Amount will not be less than the sum of all Independent Amounts applicable to the Pledgor and (y) in all other cases, the Credit Support Amount will be deemed to be zero whenever the calculation of Credit Support Amount yields an amount less than zero.

(ii) ***Eligible Collateral.*** Debt obligations of the Federal Home Loan Mortgage Corporation shall not qualify as “Eligible Collateral.” The following items will qualify as “Eligible Collateral” with respect to Party A and Party B:

<i>ICAD Code</i>	<i>One (1) year or under</i>	<i>Remaining Maturity</i>		
		<i>More than one (1) year up to and including five (5) years</i>	<i>More than five (5) years up to and including ten (10) years</i>	<i>More than ten (10) years</i>
<i>US-CASH</i>	<i>100%</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<i>US-TBILL</i>	<i>99%</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<i>US-TNOTE</i>	<i>99%</i>	<i>98%</i>	<i>95%</i>	<i>N/A</i>
<i>US-TBOND</i>	<i>99%</i>	<i>98%</i>	<i>95%</i>	<i>95%</i>

(iii) **Other Eligible Support.** There shall be no “Other Eligible Support” for either Party A or Party B.

(iv) **Thresholds.**

(A) “Independent Amount” for Party A and Party B means zero.

(B) “Threshold” for the Party A and Party B means USD\$0.

(C) “Minimum Transfer Amount” means, with respect to Party A and Party B, USD\$500,000; provided, that if an Event of Default has occurred and is continuing with respect to Pledgor, the Minimum Transfer Amount with respect to Pledgor shall be zero.

(D) *Rounding.* The Delivery Amount and the Return Amount will be rounded up or down respectively to the nearest integral multiple of USD\$10,000.

(c) **Valuation and Timing.**

(i) “Valuation Agent” means, for purposes of Paragraphs 3 and 5, the party making the demand under Paragraph 3, and, for purposes of Paragraph 6(d), the Secured Party receiving or deemed to receive the Distributions or the Interest Amount, as applicable. In addition, the Valuation Agent will be the Secured Party for purposes of calculating Value in connection with substitutions pursuant to Paragraph 4(d).

(ii) “Valuation Date” means each Local Business Day.

(iii) “Valuation Time” means the closing of business in the city of the Valuation Agent on the Local Business Day preceding the Valuation Date or the date of calculation, as applicable, provided that the calculations of Value and Exposure will be made as of approximately the same time on the same date.

(iv) “Notification Time” means by 10:00 a.m., New York time, on a Local Business Day.

(d) **Conditions Precedent and Secured Party’s Rights and Remedies.** Each of the following will be a “Specified Condition”: None.

(e) **Substitution.**

(i) “Substitution Date” has the meaning specified in Paragraph 4(d)(ii) unless otherwise specified here: None

(ii) *Consent.* The Pledgor does not need to obtain the Secured Party’s consent for any substitution pursuant to Paragraph 4(d).

(f) **Dispute Resolution.**

- (i) “Resolution Time” means 12:00 p.m., New York Time, on the fifth Local Business Day following the date on which notice of a dispute is given under Paragraph 5.
- (ii) *Value.* For the purpose of Paragraph 5(i)(C) and 5(ii), the Value of Eligible Collateral other than Cash will be calculated as follows:

the sum of (i) (x) the arithmetic mean of the closing bid prices quoted on the relevant date of three nationally recognized principal market makers (which may include an affiliate of Party A) for such security chosen by the Valuation Agent or (y) if no quotations are available from such principal market makers on the relevant date, the arithmetic mean of the closing bid prices on the next preceding date, multiplied by the appropriate Valuation Percentage set forth in subsection (b) of this Paragraph 13, plus (ii) the accrued interest on such security (except to the extent Transferred to a party pursuant to any applicable provision of this Agreement or included in the applicable price referred to in (i) of this clause) as of such date.
- (iii) *Alternative.* Not Applicable.

(g) **Holding and Using Posted Collateral.**

- (i) *Eligibility to Hold Posted Collateral; Custodians.* Secured Party will be entitled to hold Posted Collateral through itself or its Custodian pursuant to Paragraph 6(b), provided that the following conditions applicable to it are satisfied:
 - (1) *The Custodian:* The Custodian is a bank or trust company designated by the Secured Party and having total assets of at least USD\$10,000,000,000.
- (ii) *Use of Posted Collateral.* The provision of Paragraph 6(c) will apply.

(h) **Distributions and Interest Amount.**

- (i) *Interest Rate.* The Interest Rate will be the rate per annum equal to the overnight Federal Funds Rate for each day cash is held by the Secured Party as reported in Federal Reserve Publication H.15-519.
- (ii) *Transfer of Interest Amount.* The Transfer of the Interest Amount will be made on the last Local Business Day of each calendar month and on any Local Business Day that Posted Collateral in the form of Cash is Transferred to the Pledgor pursuant to Paragraph 3(b).
- (iii) *Alternative to Interest Amount.* Not Applicable.

(i) **Additional Representation(s).** Not Applicable.

- (j) **“Other Eligible Support and Other Posted Support.”**
- (i) “Value” with respect to Other Eligible Support and Other Posted Support means: Not Applicable.
- (ii) “Transfer” with respect to Other Eligible Support and Other Posted Support means: Not Applicable.
- (k) **Demands and Notices.** All demands, specifications and notices made by one party to this Annex will be made pursuant to the Notices Section of this Agreement, unless otherwise specified here:
- Party A: None Specified
- Party B: None Specified
- (l) **Address for Transfers.** None Specified
- (m) **Other Provisions.**
- (i) (ii) **FIRREA.** Party A, if an FDIC-insured depository institution, represents that (i) this Annex has been executed and delivered by a duly appointed or elected and authorized officer of Party A of the level of vice president or higher and (ii) Party A has taken all necessary action to authorize the execution, delivery and performance of this Annex.
- (iii) **Posted Collateral.** The definition of Posted Collateral shall also include any and all accounts in which Cash Collateral is held.
- (iv) **Additions to Paragraph 3.** The following subparagraph (c) is hereby added to Paragraph 3 of this Annex:
- (c) **No Offset.** On any Valuation Date, if (i) each party is required to make a Transfer under Paragraph 3(a) and (ii) each party is required to make a Transfer under Paragraph 3(b), then the amounts of those obligations will not offset each other.
- (v) **Fees of Custodian.** Notwithstanding any other provision contained in this Annex, Pledgor shall pay all fees and charges of the Custodian related to the holding and maintenance of the Posted Collateral.
- (vi) **Exposure.** The definition of the term “Exposure” contained in Paragraph 12 of this Annex is deleted in its entirety and the following language is substituted therefor: “Exposure” means for any Valuation Date or other date for which Exposure is calculated and, subject to Paragraph 5 in the case of a dispute, the amount, if any that would be payable to Party B pursuant to Section 11 of this Agreement as if this Agreement were being terminated as of the relevant Valuation Time; provided, however, that Market Quotation will be determined by

the Valuation Agent using its estimates at mid-market of the amounts that would be paid pursuant to Section 11.

- (vii) **Master Agreement.** For purposes of this Annex, the term "Agreement" shall not refer to a Master Agreement and Schedule as indicated above in the introductory paragraph, but shall mean the Rate Cap Agreement between Party A and Party B dated as of the date hereof.
- (viii) **Notice Regarding Client Money Rules.** Party A hereby notifies Party B that Barclays Bank PLC, as a CRD credit institution (as such term is defined in the rules of the UK Financial Conduct Authority or any successor thereto ("the FCA")), holds Party B's money as banker and not as trustee. Accordingly, Party B's money will not be held in accordance with the rules within the Client Asset Sourcebook of the FCA (the "Client Money Rules") and will not be subject to the statutory trust provided for under the Client Money Rules. In particular, Seller shall not segregate Party B's money from Party A's money and Party A shall not be liable to account of Party B for any profits made by Party A's use as banker of such funds. Upon failure of Party A, the client money distribution rules within the rules of the FCA (the "Client Money Distribution Rules") will not apply to these sums and so Party B will not be entitled to share in any distribution under the Client Money Distribution Rules.
- (ix) **ISDA 2014 Collateral Agreement Negative Interest Protocol (the Protocol).** The parties agree that, solely for the purposes of this Agreement (which shall be deemed to be a **Protocol Covered Collateral Agreement** for the purposes of the Protocol), they shall be deemed to be **Adhering Parties** to the Protocol, the **Implementation Date** shall be the date of this Agreement and the representations and undertakings set out at Clause 3(a)(vi) (with respect to any Third Party Credit Support Document only), Clause 3(c) and Clause 3(d) of the Protocol shall be disregarded.
- (x) **Form of Annex.** The parties hereto agree that the text of the body of this Annex (paragraphs 1 through 12) shall be deemed to be the printed form of the 1994 ISDA Credit Support Annex (Bilateral Form — ISDA Agreements subject to New York Law only version) as published and copyrighted by the International Swaps and Derivatives Association, Inc., incorporated herein by reference, subject to the following revisions:
 - (a) **Modification to Introductory Paragraph:** The following paragraph is substituted for the introductory paragraph of the Annex:

“This Annex supplements, forms part of, and is subject to, the above-referenced Rate Cap Agreement (the “Agreement”), and is a Credit Support Document under the Agreement with respect to each party.
 - (b) **Modifications to Paragraph 1:**

- (1) The word “Schedule” shall be replaced with “Agreement” in subparagraph (a) of the Annex.
- (c) Modification to Paragraph 2: The following Paragraph 2 is substituted for Paragraph 2 of this Annex:
- “Paragraph 2. Security Interest. The Pledgor hereby pledges to the Secured Party, as security for its Obligations, and grants to the Secured Party a first priority continuing security interest in, lien on and right of Set-off against all Posted Collateral Transferred to or received by the Secured Party hereunder. Upon the Transfer by the Secured Party to the Pledgor of Posted Collateral, the security interest and lien granted hereunder on that Posted Collateral will be released immediately and, to the extent possible, without any further action by either party.”
- (e) Modification to Paragraph 5: The following subparagraph (i) is substituted for subparagraph (i) of Paragraph 5 of this Annex:
- (i) In the case of a dispute involving a Delivery Amount or Return Amount, unless otherwise specified in Paragraph 13, the Valuation Agent will recalculate the Exposure and the Value as of the Recalculation Date by:
- (A) calculating the Exposure for the Rate Cap Agreement by seeking four actual quotations at mid-market from Reference Market-makers for purposes of calculating Market Quotation, and taking the arithmetic average of those obtained; provided that if four quotations are not available for the Rate Cap Agreement, then fewer than four quotations may be used for the Rate Cap Agreement; and if no quotations are available for the Rate Cap Agreement, then the Valuation Agent's original calculations will be used for the Rate Cap Transaction; and
- (B) utilizing the procedures specified in Paragraph 13 for calculating the Value, if disputed, of Posted Credit Support.”
- (f) Modification to Paragraph 7: The following Paragraph 7 is substituted for Paragraph 7 of this Annex:
- “Paragraph 7. Notice of termination. For purposes of Section 10 of this Agreement, a party (X) may give a notice of termination with respect to the other party (Y) in accordance with Section 10 in the following circumstances:
- (i) Y fails (or fails to cause its Custodian) to make, when due, any Transfer of Eligible Collateral, Posted Collateral or the Interest Amount, as applicable, required to be made by it and that failure continues for two Local Business Days after notice of that failure is given to Y;

(ii) Y fails to comply with any restriction or prohibition specified in this Annex with respect to any of the rights specified in Paragraph 6(c) and that failure continues for five Local Business Days after notice of that failure is given to Y; or

(iii) Y fails to comply with or perform any agreement or obligation other than those specified in Paragraphs 7(i) and 7(ii) and that failure continues for 30 days after notice of that failure is given to Y.

For purposes of Section 10, (a) if Y is the Seller, the occurrence of an event described above shall constitute a “Termination Event” and (b) if Y is the Buyer, the occurrence of an event described above shall give rise to the Seller’s right to terminate pursuant to Section 10(b).”

(g) Modifications to Paragraph 8:

(1) The following subparagraph (b) is substituted for the introductory clause of subparagraph (b) of Paragraph 8 of the Annex:

“(b) Pledgor’s Rights and Remedies. If at any time an Early Termination Date has occurred or been designated as the result of an event described in Paragraph 7 with respect to the Secured Party, then:”

(2) The words “Section 2(d)” shall be replaced with “Section 8” in subparagraph (d) of Paragraph 8 of this Annex.

(h) Modifications to Paragraph 9: The following first clause of Paragraph 9 is substituted for the first clause of this Annex:

“Paragraph 9. Representations. The Pledgor represents to the Secured Party (which representations will be deemed to be repeated as of each date on which it Transfers Eligible Collateral) that:”

(i) Modification to Paragraph 11: The words “one or more Confirmations or” are deleted in Paragraph 11(f) of this Annex.

(j) Certain Defined Terms. The following terms have the meanings indicated below:

“**Defaulting Party**” means (a) the Seller if a Termination Event has occurred and is continuing with respect to the Seller and (b) the Buyer if an event has occurred and is continuing under Paragraph 7 hereof with respect to which the Buyer is Y.

“**Default Rate**” means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 1% per annum.

“Event of Default” means a Termination Event as specified in Section 9 of the Agreement.

“Potential Event of Default” means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

(xi) **Additional Amendments for compliance with Variation Margin Rules.**

- (i) **Transfer Timing.** The word “next” on the third line of Paragraph 4(b) is deleted and replaced with the word “same”. The word “second” on the fifth line of Paragraph 4(b) is deleted and replaced with the word “next”.
- (ii) **Dispute Resolution.** Clause (1) and (2) of the opening paragraph of Paragraph 5 of the Annex to the Agreement are amended as follows: “(1) the Disputing Party will notify the other party and the Valuation Agent (if the Valuation Agent is not the other party) not later than the close of business on (X) the date that the demand is received under Paragraph 3 in the case of (I) above, or (Y) the Local Business Day following the date of Transfer in the case of (II) above, (2) subject to Paragraph 4(a), the appropriate party will Transfer the undisputed amount to the other party not later than the close of business on the Local Business Day (X) that the Transfer otherwise would have been due if no dispute had existed in the case of (I) above, or (Y) following the date of Transfer in the case of (II) above.”
- (iii) **Legally Ineligible Credit Support.**

Unless otherwise specified in Paragraph 13, upon delivery of a Legal Ineligibility Notice by a party, each item of Eligible Credit Support (or a specified amount of such item) identified in such notice (i) will cease to be Eligible Credit Support (VM) for purposes of Transfers to such party as the Secured Party hereunder as of the applicable Transfer Ineligibility Date, (ii) will cease to be Eligible Credit Support for the other party as the Pledgor for all purposes hereunder as of the Total Ineligibility Date and (iii) will have a Value of zero on and from the Total Ineligibility Date.

The parties agree that: (a) a Legal Ineligibility Notice may be delivered because the relevant item(s) of Eligible Credit Support never did satisfy the relevant Legal Eligibility Requirements (in which case the applicable Transfer Ineligibility Date and Total Ineligibility Date will be the fifth Local Business Day following the date of delivery of the Legal Ineligibility Notice); (b) Legal Eligibility Requirements may be applied on a portfolio basis (including, without limitation, for the purposes of applying any concentration limits) such that an entire portfolio or group of items may be the subject of a Legal Ineligibility Notice; (c) Legal Eligibility Requirements will include, if relevant, whether or not the

relevant item comprises financial collateral (or equivalent) for the purposes of the Directive 2002/47/EC of the European Parliament and Council of 6th June, 2002 on financial collateral arrangements as implemented in the relevant jurisdiction ; and (d) a Legal Ineligibility Notice may be given in respect of a new sub-category, as identified in such notice in respect of an item, to the extent such a distinction is made by the relevant law, regulatory guideline, policy, manual, standard or statement.

As used herein:

“Legal Ineligibility Notice” means a written notice from the Secured Party to the Pledgor in which the Secured Party (i) represents that the Secured Party has determined that one or more items of Eligible Credit Support (or a specified amount of any such item) either has ceased to satisfy, or as of a specified date will cease to satisfy, collateral eligibility requirements under law applicable to the Secured Party requiring the collection of variation margin (the **“Legal Eligibility Requirements”**), (ii) lists the item(s) of Eligible Credit Support (and, if applicable, the specified amount) that have ceased to satisfy, or as of a specified date will cease to satisfy, the Legal Eligibility Requirements, (iii) describes the reason(s) why such item(s) of Eligible Credit Support (or the specified amount thereof) have ceased to satisfy, or will cease to satisfy, the Legal Eligibility Requirements and (iv) specifies the Total Ineligibility Date and, if different, the Transfer Ineligibility Date.

“Total Ineligibility Date” means the date on which the relevant item of Eligible Credit Support (or a specified amount of such item) has ceased to satisfy, or will cease to satisfy, the Legal Eligibility Requirements applicable to the Secured Party for all purposes hereunder; *provided* that, unless otherwise specified in Paragraph 13, if such date is earlier than the fifth Local Business Day following the date on which the Legal Ineligibility Notice is delivered, the Total Ineligibility Date will be the fifth Local Business Day following the date of such delivery.

“Transfer Ineligibility Date” means the date on which the relevant item of Eligible Credit Support (or a specified amount of such item) has ceased to satisfy, or will cease to satisfy, the Legal Eligibility Requirements for purposes of Transfers to the Secured Party hereunder; *provided* that, unless otherwise specified in Paragraph 13, if such date is earlier than the fifth Local Business Day following the date on which the Legal Ineligibility Notice is delivered, the Transfer Ineligibility Date will be the fifth Local Business Day following the date of such delivery.

(iv) **Valuation Percentage.** If at any time the Valuation Percentage assigned to an item of Eligible Credit Support with respect to a party (as the Pledgor) under this Annex is greater than the maximum permitted valuation percentage (prescribed or implied) for such item of collateral under any law requiring the collection of variation margin applicable to

the other party (as the Secured Party), then the Valuation Percentage with respect to such item of Eligible Credit Support and such party will be such maximum permitted valuation percentage, as notified by the Secured Party to the Pledgor.

C-10



International Swaps and Derivatives Association, Inc.

REGULATORY MARGIN SELF-DISCLOSURE LETTER
published on June 30, 2016
by the International Swaps and Derivatives Association, Inc.

Various jurisdictions are implementing regulatory margin requirements for uncleared derivatives transactions based on the framework published by the Basel Committee on Banking Supervision and the International Organization of Securities Commissions.¹ Regulatory margin requirements based on the BCBS-IOSCO Framework have been proposed or adopted in (i) Canada, (ii) the European Union, (iii) Japan, (iv) Switzerland, and (v) the United States, and it is expected that other jurisdictions will propose and adopt similar requirements. This Self Disclosure Letter is intended to provide market participants with a standard form for providing counterparties with information necessary to determine if and when compliance with one or more of these new regulatory margin regimes will be required. The information provided in this Letter is being provided solely for making such determinations.

Capitalized terms used in this Letter are defined in Appendices I-VI.

¹ See *Margin requirements for non-centrally cleared derivatives* (Mar. 2015) (“**BCBS-IOSCO Framework**”), available at <https://www.bis.org/bcbs/publ/d317.htm>.

TABLE OF CONTENTS

1. GENERAL BIOGRAPHICAL INFORMATION	3
2. CANADA INFORMATION	4
3. EU INFORMATION	7
4. JAPAN INFORMATION	12
5. SWITZERLAND INFORMATION	15
6. UNITED STATES INFORMATION	19

Instructions:

Section 1 of this Self-Disclosure Letter (the “Letter”) requests general information about the market participant on whose behalf this Letter will be delivered (referred to herein as “Principal”). Section 1 is intended to be completed by all users of this Letter.

The remaining sections of this Letter request jurisdiction or regulator-specific information. The sections that should be completed on behalf of Principal when delivering this Letter to another market participant (referred to herein as “Recipient”) will depend on the jurisdiction and regulatory status of both Recipient and Principal.

For example, if this Letter is being delivered to a Recipient that is an “FC” (as defined in Article 2(8) of Regulation (EU) No 648/2012), such Recipient will likely need the information requested in the EU section of this Letter to determine whether and how the Draft EU Margin Requirements apply to the particular relationship between Principal and Recipient. At the same time, if Principal is itself an FC, Recipient will likely need this information for its own purposes, including (if it is regulated in a different jurisdiction) potential application of substituted compliance and other rules.

Thus, when preparing to fill out this Letter for particular Recipients, market participants should consider obtaining instructions from the Recipient ahead of time if it is not clear which jurisdictional sections the Recipient needs completed. Market participants should complete at least those sections of this Letter that are for jurisdictions that they have been informed or otherwise have reason to conclude are jurisdictions in which the Recipient is generally regulated for purposes of uncleared derivatives margin. In addition, market participants that are subject to direct regulation under the uncleared derivatives margin rules of one or more jurisdictions should complete the sections of the Letter that relate to those jurisdictions. Please note that the regulatory margin requirements of more than one jurisdiction may be applicable to a market participant.

If you are unsure of whether any particular section will apply to Principal’s relationship with a Recipient, you should contact the applicable Recipient. Market participants may exchange contact information for this purpose by using Section 1(c).

1. General Biographical Information

Please complete this Section 1 with the biographical information of Principal. Definitions of certain terms used in this Section 1 are set forth in Appendix I to this Letter.

(a) Principal Information

Legal Name:	ATAX TEBS III, LLC
Entity Identifier:	54930055QGQJRIZH9F41
Address:	1004 Farnam Street, Suite 400
	Omaha
Country:	United States
State/Province:	Nebraska
Zip/Postal Code:	68102

(b) Multibranch Entity Information²

Is Principal a Multibranch Entity?

- Yes
- No

(c) Contact Information

This space may be used to provide contact information to a Recipient who may have questions about information provided by Principal in its Letter or about what information to provide in its corresponding Letter to Principal. This contact information is not required and is solely for purposes of providing an address for Recipient to direct questions regarding this Letter or Principal.

Name:	Andy Grier
E-Mail:	agrier@burlingtoncapital.com
Phone:	402-930-3076

² It may be necessary to track branches for purposes of establishing when a pair of counterparties is within the scope of margin rules. See, e.g., Regulation (EU) No. 285/2014 at Article 2(2).

2. Canada Information

If the Canada OSFI Margin Requirements may apply to the relationship between Principal and Recipient (i.e., if either Principal or Recipient is an entity subject to Canada OSFI Margin Requirements), please complete each relevant subsection of this Section 2. Definitions of certain terms used in this Section 2 are set forth in Appendix II to this Letter.

(a) **Canada OSFI Margin Requirements Entity Status**

Please check one box for each of the questions below. By checking a box, Principal is indicating that its entity status for purposes of Canada OSFI Margin Requirements is the status specified next to the box checked.

(i) Domestic FRFI

Is Principal a Domestic FRFI?

- Yes
 No

(ii) Canada Branch FRFI

Does Principal have a Canada Branch FRFI?

- Yes
 No

(iii) Covered Entity

Is Principal a Covered Entity?

- Yes
 No

(b) **Canada Cross-Border Status**

(i) Canadian Branch³

If Principal is a non-Canadian institution and indicated that it is a Multibranch Entity in Section 1(b), please indicate whether Principal will transact in E-22 NCC Derivatives with Recipient through a Canadian branch. If Principal checks the box next to "No Canadian Branch Transactions," it is indicating that it will not enter into E-22 NCC Derivatives with Recipient through one or more branches in Canada. If Principal checks the box next to "Canadian Branch Transactions," it is indicating that it may enter into E-22 NCC Derivatives with Recipient through one or more branches in Canada.

- No Canadian Branch Transactions
 Canadian Branch Transactions

³ This section should only be completed by non-Canadian institutions that have a branch in Canada.

(c) **Canada AANA Information**

If Principal has been identified as a Domestic FRFI in Section 2(a)(i), as having a Canada Branch FRFI in Section 2(a)(ii) or has been identified as a Covered Entity in Section 2(a)(iii), please complete each of the questions below, as applicable.

(i) Canada AANA Group Information

(1) Is Principal a member of a Canada AANA Group?

- Yes
 No

(2) If Principal is a member of a Canada AANA Group, please provide the following information for the ultimate parent entity of such Canada AANA Group:

Legal Name: _____
Entity Identifier: _____
Address: _____
Country: _____ City: _____
Province/State: _____
Postal Code/Zip Code: _____

(ii) 2016 Canada AANA Threshold⁴

Please check one of the boxes below.

- Checking the first box below indicates that Principal's Canada AANA for 2016 is above CAD \$5 trillion.
- Checking the second box below indicates that Principal's Canada AANA for 2016 is not above CAD \$5 trillion.
- Checking the third box below indicates that Principal's Canada AANA information will be separately reported by its Canada Ultimate Parent. By checking the fourth box below, Principal is indicating that its Canada AANA information will be separately reported by a third party other than its Canada Ultimate Parent; if the fourth box is checked, Principal should also provide appropriate contact information regarding who that third party is.

- Above CAD \$5 trillion Canada AANA
 Not above CAD \$5 trillion Canada AANA
 Canada AANA information will be separately reported by Principal's Canada Ultimate Parent
 Canada AANA information will be separately reported by the following person:

Legal Name: _____
Entity Identifier: _____
Address: _____
Country: _____ City: _____
Province/State: _____
Postal Code/Zip Code: _____

⁴ Please note that counterparties may have to exchange AANA information on an annual basis, for which ISDA may publish a separate form, and ISDA Amend will be built to facilitate, subsequent exchanges of AANA information.

(iii) Canada AANA Threshold Estimate

If Principal's Canada AANA is not above CAD \$5 trillion in 2016, please indicate the estimated year (if any) in which Principal expects to cross the relevant Canada AANA threshold by checking the appropriate box below. A person completing this form may also select "Decline to answer" in this section.

This information is not mandatory, is not a representation that Principal will, in fact, cross the relevant threshold in the indicated year, and is provided solely to enable Recipient to plan for future documentation or other changes that may be necessary to comply with regulatory initial margin requirements.

- 2017 (CAD \$3.75 trillion Canada AANA)
- 2018 (CAD \$2.5 trillion Canada AANA)
- 2019 (CAD \$1.25 trillion Canada AANA)
- 2020 (CAD \$12 billion Canada AANA)
- None of the above
- Decline to answer

3. EU Information

If EU margin requirements for OTC derivatives may apply to the relationship between Principal and Recipient (i.e., if either Principal or Recipient is an entity that would be regulated under such margin requirements based on the Draft EU Margin Requirements), please complete each relevant subsection of this Section 3. Definitions of certain terms used in this Section 3 are set forth in Appendix III to this Letter.

(a) EU Entity Status

Please complete each of the questions below, as applicable, to indicate Principal's entity status for purposes of Draft EU Margin Requirements. Checking a box indicates that Principal's status for purposes of Draft EU Margin Requirements is the status specified next to the box checked.

(i) If Principal is an Exempt Entity, please check one or more of the boxes below to indicate what type of Exempt Entity it is.

- Article 1(4)(a) Entity
- Article 1(4)(b) Entity
- Article 1(4)(c) Entity
- Article 1(5)(a) Entity
- Article 1(5)(b) Entity
- Article 1(5)(c) Entity
- Non-Undertaking

(ii) If Principal is not an Exempt Entity, please indicate Principal's entity type by checking one of the boxes below. For a Principal that is a Third Country Entity, this section should be completed by checking the box that would apply to it if it were established in the European Union. Status as a Third Country Entity can be indicated in Section 3(b).

- FC
- NFC+
- NFC-

(b) **EU Cross-Border Status**

If FC or NFC+ has been checked in the EU Entity Status section above, please complete the items in this Section 3(b), as applicable.

(i) **Third Country Entity Status**

Please indicate whether Principal is a Third Country Entity by checking the appropriate box below.

Is Principal a Third Country Entity?

- Yes
 No

(ii) **DSF Guarantees**

If Principal has been identified as a Third Country Entity, please indicate whether Principal's obligations under OTC derivative contracts are covered by a DSF Guarantee by checking the appropriate box below.

Checking the box next to "No DSF Guarantees" indicates that, to Principal's knowledge, Principal's obligations under OTC derivative contracts with Recipient (other than OTC derivative contracts notified to Recipient in writing prior to execution) are not covered by any DSF Guarantees.

Checking the box next to "DSF Guarantees" indicates that Principal's obligations under one or more OTC derivative contracts with Recipient are covered by one or more DSF Guarantees.⁵

- No DSF Guarantees
 DSF Guarantees

⁵ See Article 2 of Regulation (EU) No 285/2014 (indicating that the impact of a guarantee applies on a contract by-contract basis).

(iii) **EU Branches**

If Principal has been identified as a Third Country Entity in Section 3(b)(i) and as a Multibranch Entity in Section 1(b), please indicate whether Principal may transact in OTC derivatives contracts with Recipient through one or more of its branches established in the European Union by checking the appropriate box below.

Checking the box next to “No EU Branch Transactions” indicates that Principal will not enter into OTC derivatives contracts with Recipient through one or more branches established in the European Union.

Checking the box next to “EU Branch Transactions” indicates that Principal may enter into OTC derivatives contracts with Recipient through one or more branches established in the European Union.⁶

- No EU Branch Transactions
 EU Branch Transactions

(c) **EU AANA Information**

If Principal has been identified as a FC or NFC+ in Section 3(a)(ii) (including as a Third Country Entity that would be an FC or NFC+ if established in the European Union), please complete each of the questions below, as applicable.

(i) EU AANA Group Information

(1) Is Principal a member of an EU AANA Group?

- Yes
 No

(2) If Principal is a member of an EU AANA Group, please provide the following information for the EU Ultimate Parent of such EU AANA Group:

Legal Name: _____
Entity Identifier: _____
Address: _____
Country: _____ City: _____
Province/State: _____
Postal Code/Zip Code: _____

⁶ See Regulation (EU) No 285/2014 at Article 2(2).

(ii) 2016 EU AANA Threshold⁷

Please check one of the boxes below.

- *Checking the first box below indicates that Principal's EU AANA for 2016 is above €3 trillion.*
- *Checking the second box below indicates that Principal's EU AANA for 2016 is not above €3 trillion.*
- *Checking the third box below indicates that Principal's EU AANA information will be separately reported by its EU Ultimate Parent.*
- *Checking the fourth box below indicates that Principal's EU AANA information will be separately reported by a third party other than its EU Ultimate Parent; if the fourth box is checked, please also provide appropriate contact information for that third party.*

- Above €3 trillion EU AANA
- Not above €3 trillion EU AANA
- EU AANA information will be separately reported by Principal's EU Ultimate Parent
- EU AANA information will be separately reported by the following person:

Legal Name: _____
Entity Identifier: _____
Address: _____

Country: _____ City: _____
Province/State: _____
Postal Code/Zip Code: _____

⁷ Please note that counterparties may have to exchange AANA information on an annual basis, for which ISDA will publish a separate form, and ISDA Amend will be built to facilitate, subsequent exchanges of AANA information.

(iii) EU AANA Threshold Estimate ⁸

If Principal's EU AANA is not above €3 trillion in 2016, please indicate the estimated year (if any) in which Principal expects to cross the relevant EU AANA threshold by checking the appropriate box below. A person completing this form may also select "Decline to answer" in this section.

This information is not mandatory, is not a representation that Principal will, in fact, cross the relevant threshold in the indicated year, and is provided solely to enable Recipient to plan for future documentation or other changes that may be necessary to comply with regulatory initial margin requirements.

- 2017 (€2.25 trillion EU AANA)
- 2018 (€1.5 trillion EU AANA)
- 2019 (€0.75 trillion EU AANA)
- 2020 (€8 billion EU AANA)
- None of the above
- Decline to answer

⁸ Please note that counterparties may have to exchange AANA information on an annual basis. ISDA will publish a separate form for, and ISDA Amend will be built to facilitate, subsequent exchanges of AANA information

4. Japan Information

If the Japan Margin Requirements may apply to the relationship between Principal and Recipient (i.e., if either Principal or Recipient is an entity regulated under the Japan Margin Requirements), please complete each relevant subsection of this Section 4. Definitions of certain terms used in this Section 4 are set forth in Appendix IV to this Letter.

(a) **Japan Margin Requirements Entity Status – Entities organized in Japan**

Please check one of the boxes below. Checking a box indicates that Principal's status for purposes of Japan Margin Requirements is the status specified next to the box checked.

- Regulated FIBO etc.
- Regulated Trustee⁹
- None of the above¹⁰

(b) **Japan Margin Requirements Entity Status – Entities that are not organized in Japan**

(i) Principal that is a Multibranch Entity

If Principal has been identified as a Multibranch Entity in Section 1(b), please indicate whether Principal may transact in OTC Derivative Transactions with Recipient through its Japan branch by checking the appropriate box below.

Checking the box next to “No Japan Branch Transactions” indicates that Principal will not enter into any OTC Derivative Transactions with Recipient through any of its Japan branches.

Checking the box next to “Some or All Japan Branch Transactions” indicates that Principal may enter into some or all of its OTC Derivative Transactions with Recipient through one or more Japan branches.

- No Japan Branch Transactions: If this box is checked for a Principal, then one of the following boxes regarding the status of Principal's head office and/or branches outside Japan through which it conducts OTC Derivative Transactions should also be checked.

- Regulated FIBO etc. Equivalent at Offshore
- Not a Regulated FIBO etc. Equivalent at Offshore

⁹ If Principal falls within the FIBO etc. and acts as trustee for a trust, please confirm whether Principal falls within the Regulated Trustee (not the Regulated FIBO etc.). This item is for a trust bank acting in its capacity as trustee for a trust. When Principal is a trust bank acting in its proprietary capacity, please confirm whether it falls within the Regulated FIBO etc. (not the Regulated Trustee).

¹⁰ This status includes (a) the case where Principal does not fall within the FIBO etc. and (b) the case where Principal falls within the FIBO etc. but does not fall within either the Regulated FIBO etc. or Regulated Trustee. The same will apply hereinafter.

- Some or All Japan Branch Transactions: *If this box is checked for a Principal, then one of the following boxes regarding (x) the status of Principal's Japan branch through which it conducts OTC Derivative Transactions and (y) the status of Principal's head office and/or branches outside Japan through which it conducts OTC Derivative Transactions, should also be checked.*

(A) Japan Branch

- Regulated FIBO etc.
 Regulated Trustee
 None of the above

(B) Head office and/or branches outside Japan

- Regulated FIBO etc. Equivalent at Offshore
 Not a Regulated FIBO etc. Equivalent at Offshore

(ii) Principal that is not a Multibranch Entity

If Principal is not a Multibranch Entity as identified under Section 1(b), please check one of the following boxes regarding the status of the Principal.

- Regulated FIBO etc. Equivalent at Offshore
 Not a Regulated FIBO etc. Equivalent at Offshore

(c) **Japan AANA Information**

If Principal has been identified as (i) a Regulated FIBO etc. or Regulated Trustee in Section 4(a), (ii) a Regulated FIBO etc. Equivalent at Offshore, Regulated FIBO etc. or Regulated Trustee in Section 4(b)(i), or (iii) a Regulated FIBO etc. Equivalent at Offshore in Section 4(b)(ii), please complete each of the questions below, as applicable.

(i) Japan AANA Group Information

- (1) Is Principal a member of a Japan AANA Group?
- Yes
 No

- (2) If Principal is a member of a Japan AANA Group, please provide the following information for the ultimate parent entity or parent entities of such Japan AANA Group:

Legal Name: _____
Entity Identifier: _____
Address: _____

Country: _____ City: _____
Province/State: _____
Postal Code/Zip Code: _____

(ii) 2016 Japan AANA Threshold

Please check one of the boxes below.

- *Checking the first box below indicates that Principal's Japan AANA for 2016 is above ¥420 trillion.*
 - *Checking the second box below indicates that Principal's Japan AANA for 2016 is not above ¥420 trillion.*
 - *Checking the third box below indicates that Principal's Japan AANA information will be separately reported by its Japan Ultimate Parent(s).*
 - *Checking the fourth box below indicates that Principal's Japan AANA information will be separately reported by a third party other than its Japan Ultimate Parent; if the fourth box is checked, please also provide appropriate contact information for that third party.*
- Above ¥420 trillion Japan AANA
 Not above ¥420 trillion Japan AANA
 Japan AANA information will be separately reported by Principal's Japan Ultimate Parent(s)
 Japan AANA information will be separately reported by the following person:

Legal Name: _____
Entity Identifier: _____
Address: _____

Country: _____ City: _____
Province/State: _____
Postal Code/Zip Code: _____

(iii) Japan AANA Threshold Estimate¹¹

If Principal's Japan AANA is not above ¥420 trillion in 2016, please indicate the estimated year (if any) in which Principal expects to cross the relevant Japan AANA threshold by checking the appropriate box. ¹² A person completing this form may also select "Decline to answer" in this section.

This information is not mandatory, is not a representation that Principal will, in fact, cross the relevant threshold in the indicated year, and is provided solely to enable Recipient to plan for future documentation or other changes that may be necessary to comply with regulatory initial margin requirements.

- 2017 (¥315 trillion Japan AANA)
- 2018 (¥210 trillion Japan AANA)
- 2019 (¥105 trillion Japan AANA)
- 2020 (¥1.1 trillion Japan AANA)
- Not applicable
- Decline to answer

5. Switzerland Information

If the FMIA Margin Requirements may apply to the relationship between Principal and Recipient (i.e., if either Principal or Recipient is an entity regulated under the FMIA Margin Requirements), please complete each relevant subsection of this Section 5. Definitions of certain terms used in this Section 5 are set forth in Appendix V to this Letter.

(a) **FMIA Entity Status**

Please complete each of the questions below, as applicable, to indicate Principal's entity status for purposes of FMIA Margin Requirements.

- (i) *If Principal is a FMIA Exempt Entity, please check one or more of the boxes below to indicate what type of FMIA Exempt Entity it is.*

Principal is fully or partially out of scope of Chapter 1 (Derivatives Trading) of Title 3 (Market Conduct) of FMIA as it is:

- a FMIA Article 93(4)(a) Entity
- a FMIA Article 93(4)(b) Entity
- a FMIA Article 94(1)(a) Entity
- a FMIA Article 94(1)(b) Entity
- a FMIA Article 94(1)(c) Entity
- a FMIA Article 94(2) Entity
- a FMIA Non-Undertaking Entity

¹¹ Please note that counterparties may have to exchange AANA information on an annual basis, for which ISDA may publish a separate form, and ISDA Amend will be built to facilitate, subsequent exchanges of AANA information.

¹² Under Article 123, Paragraph 11, Items 1(ha), 2(ro) and 4(ha) of the Cabinet Office Ordinance on Financial Instrument Businesses etc., Principal's Japan AANA must be calculated based on an aggregate month-end average notional amount during the previous period (see the definition of Japan AANA). Accordingly, the timing of the confirmation in terms of whether Principal's Japan AANA reaches such threshold is when such period for calculating the aggregate month-end average notional changes in accordance with a change of the Reference Year.

(ii) If Principal is not a FMIA Exempt Entity, please indicate Principal's entity type by checking one of the boxes below. For a Principal that is a FMIA Third-Country Entity, this section should be completed and the box that would apply to it if it had its registered seat in Switzerland should be checked. Status as a FMIA Third-Country Entity can be indicated in Section 5(b).

- FC+
- FC-
- NFC+
- NFC-

(b) **FMIA Cross-Border Status**

If FC+, FC- or NFC+ has been checked in Section 5(a) above, please complete this Section 5(b). Please indicate whether Principal is a FMIA Third-Country Entity by checking the appropriate box below.

Is Principal a FMIA Third-Country Entity?¹³

- Yes
- No

(c) **FMIA AANA Information**

If Principal has been identified as a FC+, FC- or NFC+ in Section 5(a)(ii) above (including as a FMIA Third-Country Entity that would be an FC+, FC- or NFC+ if it had its registered seat in Switzerland), please complete each of the questions below, as applicable.

(i) FMIA AANA Group Information

(1) Is Principal a member of a FMIA AANA Group?

- Yes
- No

(2) If Principal is a member of a FMIA AANA Group, please provide the following information for the FMIA Ultimate Parent of such FMIA AANA Group:

Legal Name: _____
Entity Identifier: _____
Address: _____

Country: _____ City: _____
Province/State: _____
Postal Code/Zip Code: _____

¹³ Note that a Swiss branch of a non-Swiss Entity may be subjected to the FMIA if it is not adequately regulated and supervised in its home country, in such case it would need to check No.

(ii) 2016 FMIA AANA Threshold¹⁴

Please check one of the boxes below.

- *Checking the first box below indicates that Principal's FMIA AANA for 2016 is above CHF 3 trillion.*
- *Checking the second box below indicates that Principal's FMIA AANA for 2016 is not above CHF 3 trillion.*
- *Checking the third box below indicates that Principal's FMIA AANA information will be separately reported by its FMIA Ultimate Parent.*
- *Checking the fourth box below indicates that Principal's FMIA AANA information will be separately reported by a third party other than its FMIA Ultimate Parent; if the fourth box is checked, please also provide appropriate contact information for that third party.*

- Above CHF 3 trillion FMIA AANA
- Not above CHF 3 trillion FMIA AANA
- FMIA AANA information will be separately reported by Principal's FMIA Ultimate Parent
- FMIA AANA information will be separately reported by the following person:

Legal Name: _____
Entity Identifier: _____
Address: _____

Country: _____ City: _____
Province/State: _____
Postal Code/Zip Code: _____

¹⁴ With respect to the FMIA AANA, this section is based on Article 131 (5) FMIO that may pursuant to para. 6 thereof be amended to reflect amendments in the implementation dates in line with international standards. Please note that counterparties may have to exchange AANA information on an annual basis, for which ISDA may publish a separate form, and ISDA Amend will be built to facilitate, subsequent exchanges of AANA information.

(iii) FMIA AANA Threshold Estimate¹⁵

If Principal's FMIA AANA is not above CHF 3 trillion in 2016, please indicate the estimated year (if any) in which Principal expects to cross the relevant FMIA AANA threshold by checking the appropriate box below. A person completing this form may also select "Decline to answer" in this section.

This information is not mandatory, is not a representation that Principal will, in fact, cross the relevant threshold in the indicated year, and is provided solely to enable Recipient to plan for future documentation or other changes that may be necessary to comply with regulatory initial margin requirements.

- 2017 (CHF 2.25 trillion FMIA AANA)
- 2018 (CHF 1.5 trillion FMIA AANA)
- 2019 (CHF 0.75 trillion FMIA AANA)
- 2020 (CHF 8 billion FMIA AANA)
- None of the above
- Decline to answer

¹⁵ With respect to the FMIA AANA, this section is based on Article 131 (5) FMIO that may pursuant to para. 6 thereof be amended to reflect amendments in the implementation dates in line with international standards.

6. United States Information

Please note that depending on their other activities, Swap Dealers, Security-Based Swap Dealers, Major Swap Participants and Major Security-Based Swap Participants in the United States may be subject to the margin rules of the CFTC, the SEC, or a Prudential Regulator. Definitions of certain terms used in this Section 6 are set forth in Appendix VI to this Letter.

(a) CFTC

If the CFTC Margin Requirements may apply to the relationship between Principal and Recipient (i.e., if either Principal or Recipient is an Swap Dealer or Major Swap Participant regulated under the CFTC Margin Requirements), please complete each relevant subsection of this Section 6(a).

(i) CFTC Entity Status¹⁶

Please check one of the boxes below. Checking a box indicates that Principal's status for purposes of CFTC Margin Requirements is the status specified next to the box checked.

- Swap Dealer for which there is not a Prudential Regulator
- Major Swap Participant for which there is not a Prudential Regulator
- Swap Dealer or Major Swap Participant for which there is a Prudential Regulator¹⁷
- CFTC Financial End User
- None of the above

¹⁶ See CFTC Reg. 23.151.

¹⁷ The term "Swap Entity" is not used here because, unlike the Prudential Regulators, the CFTC rules do not inquire as to whether a counterparty of an SD/MSP is an SBSB or MSBSP. However, note that SBSBs and MSBSPs are included in the definition of CFTC Financial End User.

(ii) CFTC Cross-Border Status

(A) CFTC Cross-Border Status – General¹⁸

If any box other than “None of the above” has been checked in Section 6(a)(i), please indicate Principal’s status for purposes of jurisdictional rules under CFTC Margin Requirements by checking the appropriate box below. Checking a box indicates that Principal’s status is the status specified next to the box checked. A person completing this question should check at least one box. If Principal fits under more than one category, please check each applicable box.

- CFTC US Person
- CFTC Foreign Consolidated Subsidiary
- None of the above

(B) CFTC Cross-Border Status – US Branches¹⁹

If “None of the above” has been checked in Section 6(a)(ii)(A) and Principal has been identified as a Multibranch Entity in Section 1(b), please indicate whether Principal may conduct Uncleared Swap transactions with Recipient by or through a US branch by checking the appropriate box below.

Checking the box next to “No US Branch Transactions” indicates that Principal will not conduct Uncleared Swap transactions with Recipient by or through one or more branches in the United States.

Checking the box next to “Some or All US Branch Transactions” indicates that Principal may conduct Uncleared Swap transactions with Recipient by or through one or more branches in the United States.

- No US Branch Transactions
- Some or All US Branch Transactions

¹⁸ See CFTC Reg. 23.160(a).

¹⁹ See CFTC Reg. 23.160(b)(2)(ii) and 81 Fed. Reg. at 34832 (“[T]he Commission believes that a non-U.S. CSE should be subject to the Commission’s margin requirements when conducting swap activities from within the United States by or through a U.S. branch.”).

(C) CFTC Cross-Border Status – US Guarantees²⁰

If “None of the above” was checked under Section 6(a)(ii)(A), please indicate whether Principal’s obligations in respect of Uncleared Swaps with Recipient are guaranteed by a CFTC US Person by checking the appropriate box below.

Checking the box next to “No CFTC US Guarantees” indicates that, to Principal’s knowledge, none of Principal’s obligations in Uncleared Swaps with Recipient (other than Uncleared Swaps notified to Recipient in writing prior to execution) receive a CFTC Guarantee from a CFTC US Person.

Checking the box next to “CFTC US Guarantees” indicates that one or more of Principal’s obligations in Uncleared Swaps with Recipient receive a CFTC Guarantee from a CFTC US Person.

- No CFTC US Guarantees
- CFTC US Guarantees

(b) **Prudential Regulators**

If the PR Margin Requirements may apply to the relationship between Principal and Recipient (i.e., if either Principal or Recipient is an Swap Entity regulated under the PR Margin Requirements), please complete each relevant subsection of this Section 6(b).

(i) PR Entity Status²¹

Please indicate Principal’s entity status for purposes of PR Margin Requirements by checking the appropriate box below. Checking a box indicates that Principal’s status is the status specified next to the box checked.

- Swap Dealer or Security-Based Swap Dealer for which there is a Prudential Regulator
- Major Swap Participant or Major Security-Based Swap Participant for which there is a Prudential Regulator
- Swap Entity for which there is not a Prudential Regulator
- PR Financial End User
- None of the above

20 See CFTC Reg. 23.160(b).

21 See PR Reg. __.2.

(ii) PR Cross-Border Status²²

(1) PR Cross-Border Status – General

If any box other than “None of the above” has been checked in Section 6(a)(i), please indicate Principal’s status for purposes of jurisdictional rules under PR Margin Requirements by checking the appropriate box below. Checking a box indicates that Principal’s status is the status specified next to the box checked.

- PR US Person²³
- PR Foreign Consolidated Subsidiary
- None of the above

(2) PR Cross-Border Status – PR US Branches & Agencies

If “None of the above” has been checked in Section 6(b)(ii)(1) and Principal has been identified as a Multibranch Entity in Section 1(b), please indicate whether Principal may book Uncleared Swaps or Uncleared Security-Based Swaps with Recipient to a PR US Branch or otherwise establish a PR US Branch as counterparty to such transactions²⁴ by checking the appropriate box below.

Checking the box next to “No PR US Branch Transactions” indicates that Principal will not book its Uncleared Swaps or Uncleared Security-Based Swaps contracts with Recipient to one or more PR US Branches or otherwise establish a PR US Branch as counterparty to such transactions.

Checking the box next to “Some or All PR US Branch Transactions” indicates that Principal may book some or all of its Uncleared Swaps or Uncleared Security-Based Swaps contracts with Recipient to one or more PR US Branches or otherwise establish a PR US Branch as counterparty to such transactions.

- No PR US Branch Transactions
- Some or All PR US Branch Transactions

22 See PR Reg. 9(b).

23 **Important note for Multibranch Entities:** For the purposes of this form, the defined term “PR US Person” does not include branches and agencies organized or licensed under US law, even though PR Reg. 9(b)(1) treats a US branch or agency of non-US banks as “an entity organized under the laws of the United States or any State.” A bank that is not organized in the United States or a PR Foreign Consolidated Subsidiary should check the “None of the above” box in response to this question, and use Section 6(b)(ii)(2) to advise Recipient as to whether it will book transactions to a US branch or agency.

24 The US prudential regulators indicated that they would “generally consider the entity to which the swap is booked as the counterparty” for purposes of section 9 of the PR Margin Requirements. See 80 Fed. Reg. at 74883 & n. 183.

(3) PR Cross-Border Status – US Guarantees

If “None of the above” has been checked in Section 6(b)(ii)(1) please indicate whether Principal’s obligations in respect of Uncleared Swaps or Uncleared Security-Based Swaps with Recipient may be guaranteed by a PR US Person, PR US Branch or PR Foreign Consolidated Subsidiary by checking the appropriate box below.

Checking the box next to “No PR US Guarantees” indicates that, to Principal’s knowledge, none of Principal’s Uncleared Swaps and Uncleared Security-Based Swaps with Recipient (other than Uncleared Swaps and Uncleared Security-Based Swaps notified to Recipient in writing prior to execution) are guaranteed by a PR US Person, PR US Branch or PR Foreign Consolidated Subsidiary.

Checking the box next to “PR US Guarantees” indicates that one or more of Principal’s Uncleared Swaps and Uncleared Security-Based Swaps with Recipient may be guaranteed by a PR US Person, PR US Branch or PR Foreign Consolidated Subsidiary.

- No PR US Guarantees
- PR US Guarantees

(c) **Swaps Hedging Exemption²⁵**

If Principal is eligible for, and may want to take advantage of, a Swaps Hedging Exemption from margin requirements, please complete each relevant subsection of this Section 6(c).²⁶ If Principal is not eligible for, or does not intend to use, a Swaps Hedging Exemption you may skip this section.

(i) Hedging Exemption Status

Please check one or more of the boxes below, if applicable. Checking a box indicates that Principal is eligible, subject to satisfying any applicable transaction-specific requirements, to rely on the specified Swaps Hedging Exemption from the applicable US Margin Requirements. Persons checking these boxes should note that: (i) checking a box does not constitute an election by Principal to use such exemption in connection with any particular Uncleared Swap and (ii) Recipient may require additional information in order to rely upon the exemption for any particular Uncleared Swap. Skipping this section does not preclude a Principal that is eligible for a Swaps Hedging Exemption from electing such Swaps Hedging Exemption at a later date in respect of any Swap.

- CFTC Non-Financial Entity Exemption
- CFTC Small Bank Exemption
- CFTC Captive Finance Company Exemption
- CFTC Exempt Cooperative Exemption
- CFTC Treasury Affiliate Exemption²⁷

²⁵ See PR Reg. 1.1(d) and CFTC Reg. 23.150(b).

²⁶ This section is substantially similar to provisions in the March 2013 ISDA DF Protocol. However, unlike certain of the provisions therein, this section is not specific to swaps that are subject to a mandatory clearing determination under CEA § 2(h). See Part IV of Schedule 2 to the March 2013 DF Supplement.

²⁷ Note that Section 705 of the Consolidated Appropriations Act, 2016, Pub. L. 114-113, made amendments to CEA § 2(h)(7)(D) and Exchange Act § 3C(g)(4).

(ii) Swaps Hedging Exemption Elections

If any box has been checked in Section 6(c)(i), please indicate below whether Principal will rely on a Swaps Hedging Exemption from margin requirements by checking the appropriate box below.

Checking the box next to “All Transactions” indicates that, unless it otherwise notifies Recipient in writing prior to the execution of the relevant Swaps that will not be entered into in reliance on a Swaps Hedging Exemption indicated in Section 6(c)(i) above, Principal will enter into all of its Uncleared Swaps with Recipient in reliance on a Swaps Hedging Exemption indicated in Section 6(c)(i) above and that it will comply with the terms of the relevant exemption, including but not limited to, any applicable requirement that such transaction is entered into in order to “hedge or mitigate commercial risk.”²⁸

Checking the box next to “Not All Transactions” indicates that Principal may not enter into all Uncleared Swaps with Recipient in reliance on a Swaps Hedging Exemption and that if it does rely on a Swaps Hedging Exemption for a particular transaction, it will comply with the terms of the relevant exemption, including but not limited to any requirement that such transaction is entered into in order to “hedge or mitigate commercial risk.”

- All Transactions
- Not All Transactions

(iii) Swaps Hedging Exemption Reporting²⁹

If any box has been checked in Section 6(c)(i), please indicate if Principal will satisfy the Swaps Hedging Exemption Reporting Requirement by making an annual filing or require Recipient to satisfy such reporting requirement by checking the appropriate box below.

Checking the box next to “Annual Filing by Principal” indicates that: (i) unless Principal otherwise notifies Recipient in writing prior to the execution of the relevant Uncleared Swap, as applicable, Principal will satisfy the Swaps Hedging Exemption Reporting Requirement by making an annual filing and (ii) all information reported in connection with Principal’s satisfaction of the Swaps Hedging Exemption Reporting Requirement is true, accurate and complete in every material respect.

Checking the box next to “Trade Filing by Recipient” indicates that Principal intends to cause Recipient to satisfy the Swaps Hedging Exemption Reporting Requirement.

- Annual Filing by Principal
- Trade Filing by Recipient

²⁸ See CEA § 2(h)(7)(A)(ii) and CFTC Reg. 50.50(c).

²⁹ See PR Reg. .1(d) and CFTC Reg. 23.150(b).

(iv) Swaps Hedging Exemption Information

If the box next to “Trade Filing by Recipient” in Section 6(c)(iii) has been checked, the following subsections may be completed to supply information required for such filings.

(1) Financial Obligations³⁰

Please indicate how Principal generally meets its financial obligations associated with entering into Uncleared Swaps by checking one or more boxes below, as appropriate.

- A written credit support agreement
- Pledged or secured assets (including posting or receiving margin pursuant to a credit support arrangement or otherwise)
- A written third party guarantee
- Its available financial resources
- Means other than those described in any of the foregoing options

(2) SEC Issuer/Filer

Please check one of the boxes below. Checking the box next to “SEC Issuer/Filer” indicates that Principal is an issuer of securities registered under Section 12 of the Exchange Act or is required to file reports under Section 15(d) of the Exchange Act.³¹ Checking the box next to “Not an SEC Issuer/Filer” indicates that Principal is not an issuer of securities registered under Section 12 of the Exchange Act and is not required to file reports under Section 15(d) of the Exchange Act.

- SEC Issuer/Filer
- Not an SEC Issuer/Filer

³⁰ See CFTC Reg. 50.50(b)(iii)(C).

³¹ See CFTC Reg. 50.50(b)(iii)(D). The CFTC has interpreted the meaning of “issuer of securities” in this context in the same manner as the SEC did in its proposal for implementing the end-user exception to mandatory clearing of security-based swaps, and so the phrase has been interpreted to cover entities that are “controlled” by issuers of securities. See 77 Fed. Reg. 42560, 42570 (July 19, 2012) (citing 75 Fed. Reg. 79992, 79996 & n. 34 (Dec. 21, 2010)) (“[A] counterparty invoking the end-user clearing exception is considered by the [SEC] to be an issuer of securities registered under Exchange Act Section 12 or required to file reports pursuant to Exchange Act Section 15(d) if it is controlled by a person that is an issuer of securities registered under Exchange Act Section 12 or required to file reports pursuant to Exchange Act Section 15(d).”).

(3) SEC Central Index Key Number³²

If “SEC Issuer/Filer” has been checked in Section 6(c)(iv)(2), please provide Principal’s SEC Central Index Key number here:

(4) Board Approval³³

If “SEC Issuer/Filer” has been checked in Section 6(c)(iv)(2), please indicate whether an appropriate committee of Principal’s board of directors (or equivalent body) reviewed and approved the decision to enter into Uncleared Swaps that are exempt from the Clearing Requirements by checking the appropriate box below.

Checking the box next to “Board Approved” confirms that an appropriate committee of Principal’s board of directors (or equivalent body) has reviewed and approved the decision to enter into Uncleared Swaps that are exempt from the Clearing Requirements.

Checking the box next to “No Board Approval Confirmation” indicates that Principal does not confirm at this time that an appropriate committee of Principal’s board of directors (or equivalent body) has reviewed and approved the decision to enter into Uncleared Swaps that are exempt from the Clearing Requirements.

- Board Approved
- No Board Approval

³² See CFTC Reg. 50.50(b)(iii)(D)(1).

³³ See CFTC Reg. 50.50(b)(iii)(D)(2).

(d) **United States AANA Information**

If any box other than "None of the above" has been checked in either Section 6(a)(i) or Section 6(b)(i) of this Letter,³⁴ please complete each relevant subsection of this Section 6(d), as applicable.

(i) **US AANA Group Information**

Please complete each of the questions below, as applicable.

(1) Is Principal a member of a US AANA Group?

- Yes
 No

(2) If Principal is a member of a US AANA Group, provide the following information for the ultimate parent entity of such US AANA Group:

Legal Name:	<u>America First Multifamily Investors, L.P.</u>		
Entity Identifier:	<u>54930029TGND09JQHI13</u>		
Address:	<u>1004 Farnam Street</u>		
Country:	<u>USA</u>	City: <u>Omaha</u>	State: <u>NE</u>
Zip Code:	<u>68102</u>		

³⁴ I.e., if it has been indicated that Principal is a regulated swap entity in the United States, a CFTC Financial End User or PR Financial End User.

(ii) 2016 US AANA Threshold³⁵

Please check one of the boxes below.

- *Checking the first box below indicates that Principal's US AANA for 2016 is above \$3 trillion and that it has Material Swaps Exposure.*³⁶
- *Checking the second box below indicates that Principal's US AANA for 2016 is not above \$3 trillion or that Principal does not have Material Swaps Exposure.*
- *Checking the third box below indicates that Principal's US AANA information will be separately reported by its US Ultimate Parent(s).*
- *Checking the fourth box below indicates that Principal's US AANA information will be separately reported by a third party other than its US Ultimate Parent; if the fourth box is checked, please also provide appropriate contact information for that third party.*

- Above \$3 trillion US AANA and Material Swaps Exposure
- Not above \$3 trillion US AANA or no Material Swaps Exposure
- US AANA information will be separately reported by Principal's US Ultimate Parent
- US AANA information will be separately reported by the following person:

Legal Name: _____
Entity Identifier: _____
Address: _____
Country: _____ City: _____
Province/State: _____
Postal Code/Zip Code: _____

³⁵ See PR Reg. 1(e)(1); CFTC Reg. 23.161(a)(1). Please note that counterparties may have to exchange AANA information on an annual basis, for which ISDA may publish a separate form, and ISDA Amend will be built to facilitate, subsequent exchanges of AANA information.

³⁶ Under the compliance schedule in CFTC Reg. 23.161(a), compliance with minimum margin requirements will be required in the first compliance phase where a covered swap entity and its counterparty exceed the specified US AANA for 2016. Under the rules, compliance with IM requirements is required with respect to a "covered counterparty," which is defined as a "financial end user with material swaps exposure or a swap entity" See CFTC Reg. 23.151. Thus, for transactions with entities other than "swap entities," a covered swap entity would theoretically want to know whether such entity is over the US AANA threshold and whether it has "material swaps exposure" (which has a different measuring period than US AANA). A similar issue arises under PR Reg. 1(e)(1).

(iii) US AANA Threshold Estimate

If Principal's US AANA is not above \$3 trillion in 2016, please indicate the estimated year (if any) in which Principal expects to cross the relevant US AANA threshold by checking the appropriate box below. A person completing this form may also select "Decline to answer" in this section.

This information is not mandatory, is not a representation that Principal will, in fact, cross the relevant threshold in the indicated year, and is provided solely to enable Recipient to plan for future documentation or other changes that may be necessary to comply with regulatory initial margin requirements.

- 2017 (\$2.25 trillion US AANA)³⁷
- 2018 (\$1.5 trillion US AANA)³⁸
- 2019 (\$.75 trillion US AANA)³⁹
- 2020 (Material Swaps Exposure)⁴⁰
- 2021 None of the above
- Decline to answer

37 See PR Reg. 1(e)(3); CFTC Reg. 23.161(a)(3).

38 See PR Reg. 1(e)(4); CFTC Reg. 23.161(a)(4).

39 See PR Reg. 1(e)(5); CFTC Reg. 23.161(a)(5).

40 This would be \$8 billion, but note that the measuring period for "material swaps exposure" is different from US AANA. See PR Reg. 1(e)(6); CFTC Reg. 23.161(a)(6).

The information provided in this Letter is, to the best of Principal's knowledge and belief accurate as of the date of completion of this Regulatory Margin Self-Disclosure Letter. As to information other than answers provided in Sections 3(c)(iii), 6(d)(iii), 4(c)(iii) and 5(c)(iii), Principal agrees to promptly provide updates if any such information changes in any material respect.

[Name of Principal]⁴¹ ATAX TEBS II, LLC

By: /s/ Craig S. Allen

Name: Craig S. Allen

Title: CFO

Date of Completion: June 9, 2017

⁴¹ If this Letter is being delivered by an agent on behalf of one or more Principals, the agent should insert "as agent for [name of Principal][the Principals named on the attached sheet]." If the agent is acting on behalf of more than one Principal, (i) it may list the names of such Principals on a separate sheet and (ii) this Letter should be treated as if it were a separate Letter with respect to each Principal listed on such sheet. Similarly, if this Letter is being delivered by a trustee on behalf of one or more trusts or trust funds, the trustee should insert "as trustee for [name of trust or trust fund] [the [trusts][trust funds] named on the attached sheet]."

Appendix I: Definitions – General Biographical Information

“**Covered Margin Requirements**” means the Canada OSFI Margin Requirements, the Draft EU

Margin Requirements, the CFTC Margin Requirements, the PR Margin Requirements, the SEC Margin Requirements, the Japan Margin Requirements and the FMIA Margin Requirements.

“**Entity Identifier**” means an [LEI/GEI/other acceptable identifier].

“**Letter**” or “**Self-Disclosure Letter**” means this Regulatory Margin Self-Disclosure Letter, as published by the International Swaps and Derivatives Association, Inc. on June 30, 2016.

“**Multibranch Entity**” means a bank or other entity that has local branches, offices or agencies in multiple jurisdictions for purposes of any of the Covered Margin Requirements.

“**Principal**” means the market participant whose information is disclosed in this Letter, as identified in Section 1(a).

“**Recipient**” means the derivatives counterparty of Principal to whom this Letter is or will be delivered.

Appendix II: Definitions – Canada Information

“Canada AANA” means an amount in CAD equal to the aggregate month-end average notional amount of E-22 NCC Derivatives for March, April and May of a given year for a Canada AANA Group, excluding inter-affiliate transactions but, for the avoidance of doubt, including physically settled foreign exchange forward transactions and physically settled foreign exchange swaps.

“Canada AANA Group” means a group of entities for which consolidated financial statements are prepared.⁴²

“Canada Branch FRFF” means any of the following: (i) a Canadian branch of an authorized foreign bank established under the *Bank Act* (Canada); and (ii) a branch of a foreign company conducting insurance business in Canada under the *Insurance Companies Act* (Canada).⁴³

“Canada OSFI Margin Requirements” means Guideline E-22.

“Canada Ultimate Parent” means the person identified in Section 2(c)(i)(2) of this Letter.

“Covered Entity” means an E-22 Financial Entity that belongs to a Canada AANA Group⁴⁴ for which the Canada AANA for 2016 or any year thereafter exceeds CAD \$12 billion. Notwithstanding the foregoing, Covered Entity does not include any entity that is an Excluded Covered Entity.

“Domestic FRFF” means any of the following: (i) a bank organized under the *Bank Act* (Canada); (ii) a bank holding company organized under the *Bank Act* (Canada); (iii) a company organized under the *Trust and Loan Companies Act* (Canada); (iv) an association organized under the *Cooperative Credit Associations Act* (Canada); (v) a company organized under the *Insurance Companies Act* (Canada); and (vi) an insurance holding company organized under the *Insurance Companies Act* (Canada).

“E-22 Derivative” means a financial contract whose value depends on, or is derived from, the value of one or more underlying reference assets. The value can be determined by fluctuations of the underlying asset, which may include stocks, bonds, commodities, currencies, interest rates and market indices. Physically settled commodity transactions are not included in the definition of **“E-22 Derivative”**.

⁴² For purposes of Guideline E-22, a Canada AANA Group can consist of a single entity.

⁴³ While the *Insurance Companies Act* (Canada) does not use the concept of a branch, OSFI refers to a foreign company in respect of its insurance business in Canada as operating on a branch basis. See footnote 6 of Guideline E-22.

⁴⁴ For the purposes of applying the Covered Entity definition to investment funds, OSFI provides in Guideline E22 as follows:

[i] Investment funds that are managed by an investment advisor are considered distinct entities that are treated separately when applying the threshold [*i.e.*, the CAD \$12 billion threshold] as long as the funds are distinct legal entities that are not collateralised by or are otherwise guaranteed or supported by other investment funds or the investment advisor in the event of fund insolvency or bankruptcy.

“**E-22 Financial Entity**” means a legal entity whose main business includes the management of financial assets, lending, factoring, leasing, provision of credit enhancements, securitisation, investments, financial custody, proprietary trading and other financial services activities. This includes (but is not limited to) deposit-taking institutions, insurance companies, pension funds, hedge funds, and asset managers.

“**E-22 NCC Derivative**” means an E-22 Derivative that is not cleared through a central counterparty.

“**Excluded Covered Entity**” means the Bank for International Settlements, central counterparties, Excluded Entities, Exempt Multilateral Development Institutions, public sector entities, multilateral development banks eligible for a zero risk weight under OSFI’s Capital Adequacy Requirements (CAR) Guideline and sovereigns.

“**Excluded Entities**” means (i) treasury affiliates that undertake risk management activities on behalf of affiliates within a corporate group; (ii) any special purpose entity (“**SPE**”) established for the purpose of financing a specific pool or pools of assets or underwriting a specific set of risk exposures, in each case, by incurring indebtedness; *provided* that the indebtedness of the SPE, including obligations owing to the SPE’s swap counterparties, is secured by the specific pool or pools of financed assets; (iii) any SPE established by an investment fund for the purpose of acquiring and holding real estate or other physical assets on behalf of or at the direction of the investment fund; (iv) any SPE established for the purpose of acquiring or investing in real estate; and (v) any collective investment vehicle established for the purpose of investing in real estate or other physical assets.

“**Exempt Multilateral Development Institutions**” means the International Bank for

Reconstruction and Development, the International Finance Corporation, the Asian Development Bank, the African Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, the European Investment Bank, the European Investment Fund, the Nordic Investment Bank, the Caribbean Development Bank, the Islamic Development Bank, the Council for Europe Development Bank and the International Finance Facility for Immunisation.

“**Guideline E-22**” means OSFI Guideline E-22 Margin Requirements for Non-Centrally Cleared Derivatives published by the OSFI in February 2016.

“**OSFI**” means the Office of the Superintendent of Financial Institutions Canada.

“**public sector entities**” means (i) entities directly or wholly owned by a government; (ii) schools boards, hospitals, universities and social service programs that receive regular government financial support and (iii) municipalities.

Appendix III: Definitions – EU Information

Article 1(4)(a) Entity” means a member of the European System of Central Banks and other Member States’ bodies performing similar functions and other European Union public bodies charged with or intervening in the management of public debt.

Article 1(4)(b) Entity” means the Bank for International Settlements.

Article 1(4)(c) Entity” means any central bank or public bodies charged with or intervening in the management of public debt in Japan or the United States of America.

Article 1(5)(a) Entity” means any multilateral development banks, as listed under Section 4.2 of Part 1 of Annex VI to Directive 2006/48/EC.

Article 1(5)(b) Entity” means any public sector entities within the meaning of point (18) of Article 4 of Directive 2006/48/EC where they are owned by central governments and have explicit guarantee arrangements provided by central governments.

Article 1(5)(c) Entity” means the European Financial Stability Facility and the European Stability Mechanism.

CCP” means a legal person that interposes itself between the counterparties to the contracts traded on one or more financial markets, becoming the buyer to every seller and the seller to every buyer.

Draft EU Margin Requirements” means the final draft regulatory technical standards on riskmitigation techniques for OTC derivative contracts not cleared by a CCP under Article 11(15) of EMIR dated March 8, 2016.

DSF Guarantee” means an EU Guarantee provided by an FC to a Third Country Entity that, under Article 2(1) of Regulation (EU) No 285/2014 of the European Parliament and of the Council with regard to regulatory technical standards on direct, substantial and foreseeable effect of contracts within the Union and to prevent the evasion of rules and obligations dated 13 February 2014, causes one or more OTC derivative contracts between the Third Country Entity and a counterparty to have a “direct, substantial and foreseeable effect” within the European Union.

EMIR” means Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012.

EU AANA” means an aggregate month-end average notional amount of non-centrally cleared derivatives, as calculated in accordance with the Draft EU Margin Requirements.

EU AANA Group” means a “group,” as defined in Article 2, paragraph 16 of EMIR.

EU Guarantee” means a “guarantee,” as defined in Article 1 of Regulation (EU) No 285/2014 of the European Parliament and of the Council with regard to regulatory technical standards on direct, substantial and foreseeable effect of contracts within the Union and to prevent the evasion of rules and obligations dated 13 February 2014.

“*EU Ultimate Parent*” means the “parent undertaking,” as such term is defined in Article 2(21) of EMIR.

“*European Union*” or “*Union*” means the economic and political union established in 1993 by the Maastricht Treaty, with the aim of achieving closer economic and political union between member states that are primarily located in Europe.

“*Exempt Entity*” means an Article 1(4)(a) Entity, an Article 1(4)(b) Entity, an Article 1(4)(c) Entity, an Article 1(5)(a) Entity, an Article 1(5)(b) Entity, an Article 1(5)(c) Entity, or a Non-Undertaking.

“*FC*” means “financial counterparty,” within the meaning of Article 2(8) of Regulation (EU) No 648/2012.

“*Member States*” has the meaning given to it in EMIR.

“*NFC*” means an undertaking established in the European Union other than a CCP or an FC.

“*NFC-*” means an NFC that is not an NFC+.

“*NFC+*” means an NFC that meets the conditions referred to in Article 10(1)(b) of EMIR.

“*Non-Undertaking*” means a natural or legal person who/which is not an undertaking for purposes of EMIR.⁴⁵

“*Third Country Entity*” means an entity that is a “third country entity” as that term is used in EMIR.⁴⁶

45 The concept of an “undertaking” is not defined in EMIR. The European Commission, in its EMIR FAQs (available at http://ec.europa.eu/internal_market/financial-markets/docs/derivatives/emir-faqs_en.pdf) has given its interpretation of what constitutes an “undertaking” for EMIR purposes.

46 The term “third country entity” is not defined in EMIR. However, in the context of application of certain obligations, EMIR distinguishes between entities that are established in the EU and entities that are not established in the EU. For the purposes of this question therefore, a “third country entity” means an entity that is not established in the EU (subject to the points below).

The meaning of “established” has also not been defined in this context – existing commentary from European authorities suggests that it refers to the jurisdiction in which an entity is incorporated or otherwise constituted (rather than any physical presence from which it does business, to the extent that this differs from its jurisdiction of incorporation or constitution); for example, an entity which is incorporated outside the EU but has a physical presence in the EU by way of a branch would still be a third country entity. Each entity must determine for itself where it is “established” for these purposes.

Appendix IV: Definitions – Japan Information

Cabinet Office Ordinance on Financial Instrument Businesses etc.” means the Cabinet Office Ordinance on Financial Instrument Businesses etc. (*kin'yuu shouhin torihiki gyou tou ni kansuru naikakufu rei*) (Cabinet Office Ordinance No. 52 of August 6, 2007), as amended.

Commodity Clearing Organization” means a commodity clearing organization (*shouhin torihiki seisan kikan*) as defined in Article 2, Paragraph 18 of the Commodity Derivatives Act. ***Commodity Derivatives Act***” means the Commodity Derivatives Act of Japan (*shouhin sakimono torihiki hou*) (Act No. 239 of August 5, 1950), as amended.

Commodity Transaction Obligation Assumption Business” means the commodity transaction obligation assumption business (*shouhin torihiki saimu hikiuke gyou*) as defined in Article 2, Paragraph 17 of the Commodity Derivatives Act.

Enforcement Ordinance of the FIEA” means the Enforcement Ordinance of the FIEA (*kin'yuu shouhin torihiki hou sekou rei*) (Ordinance No. 321 of September 30, 1965), as amended.

FIBO etc.” means a Financial Instruments Business Operator etc. (*kin'yuu shouhin torihiki gyousha tou*) as defined in Article 34 of the FIEA. ***FIEA***” means the Financial Instruments and Exchange Act of Japan (*kin'yuu shouhin torihiki hou*) (Act No. 25 of April 13, 1948), as amended.

Financial Instruments Clearing Organization” means a financial instruments clearing organization (*kin'yuu shouhin torihiki seisan kikan*) as defined in Article 2, Paragraph 29 of the FIEA.

Financial Instruments Obligation Assumption Business” means the financial instruments obligation assumption business (*kin'yuu shouhin saimu hikiuke gyou*) as defined in Article 2, Paragraph 28 of the FIEA.

Financial Instruments Obligation Assumption Business Operator” means a business operator subject to an assumption of obligations of financial instruments (*kin'yuu shouhin saimu hikiuke gyou taishou gyou sha*) as defined in Article 2, Paragraph 28 of the FIEA.

Foreign Financial Instruments Clearing Organization” means a foreign financial instruments clearing organization (*gaikoku kin'yuu shouhin torihiki seisan kikan*) as defined in Article 2, Paragraph 29 of the FIEA.

Interoperable Clearing Organization, etc.” means an interoperable clearing organization, etc. (*renkei seisan kikan tou*) as defined in Article 156-20-16, Paragraph 1 of the FIEA.

Interoperable Financial Instruments Obligation Assumption Business” means the interoperable financial instruments obligation assumption business (*renkei kin'yuu shouhin saimu hikiuke gyomu*) as defined in Article 156-20-16, Paragraph 1 of the FIEA.

“*Japan AANA*” means (i) in respect of the Regulated FIBO etc., an aggregate month-end average notional amount of Principal and its Japan AANA Group (excluding Principal) from March to May of the year immediately preceding the Reference Year (from March to May of the Reference Year if the Reference Time falls between September and December) of the following transactions (limited to transactions whereby both parties fall within (x) an entity provided in Article 123, Paragraph 11, Item 1(i) or (y) an entity other than the entity provided in Article 123, Paragraph 11, Item 4(i) of the Cabinet Office Ordinance on Financial Instrument Businesses etc. and excluding any transactions entered into by and among its Japan AANA Group):

- (a) Non-cleared OTC Derivative Transactions (except for those cleared by a corporation or other legal entity that is established under a law other than Japanese law and that conducts the same type of business as the Financial Instruments Obligation Assumption Business outside of Japan with respect to the Non-cleared OTC Derivative Transactions entered into by an entity other than the Financial Instruments Obligation Assumption Business Operator);
- (b) OTC Commodity Derivative Transactions (except for those cleared by the Commodity Clearing Organization or a corporation or other legal entity that is established under a law other than Japanese law and that conducts the same type of business as the Commodity Transaction Obligation Assumption Business or the business provided for in Article 170, Paragraph 1 of the Commodity Derivatives Act outside of Japan); and
- (c) foreign exchange forward transactions (*sakimono gaikoku kawase torihiki*),

(ii) in respect of the Regulated FIBO etc. Equivalent at Offshore, an estimated aggregate month-end average notional amount of Principal and its Japan AANA Group (excluding Principal) from March to May of the year immediately preceding the Reference Year (from March to May of the Reference Year if the Reference Time falls between September and December) that are determined in a reasonable manner based on various factors including, but not limited to, certain features of the transactions with respect to the following transactions (limited to transactions whereby both parties fall within (x) an entity provided in Article 123, Paragraph 11, Item 1(i) or (y) an entity other than the entity provided in Article 123, Paragraph 11, Item 4(i) of the Cabinet Office Ordinance on Financial Instrument Businesses etc. and excluding any transactions entered into by and among its Japan AANA Group):

- (a) OTC Derivative Transactions (except for those cleared by (x) a Financial Instruments Clearing Organization (including an Interoperable Clearing Organization, etc. if such Financial Instruments Clearing Organization conducts the Interoperable Financial Instruments Obligation Assumption Business), (y) a Foreign Financial Instruments Clearing Organization or (z) a corporation or other legal entity that is established under a law other than Japanese law and that conducts the same type of business as the Financial Instruments Obligation Assumption Business outside of Japan);

- (b) OTC Commodity Derivative Transactions (except for those cleared by the Commodity Clearing Organization or a corporation or other legal entity that is established under a law other than Japanese law and that conducts the same type of business as the Commodity Transaction Obligation Assumption Business or the business provided for in Article 170, Paragraph 1 of the Commodity Derivatives Act outside of Japan); and
 - (c) foreign exchange forward transactions, and
- (iii) in respect of the Regulated Trustee, an aggregate month-end average notional amount of Principal as trustee for a trust from March to May of the year immediately preceding the Reference Year (from March to May of the Reference Year if the Reference Time falls between September and December) with respect to the following transactions (limited to transactions whereby both parties fall within (x) an entity provided in Article 123, Paragraph 11, Item 1(i) or (y) an entity other than the entity provided in Article 123, Paragraph 11, Item 4(i) of the Cabinet Office Ordinance on Financial Instrument Businesses etc.):
- (a) Non-cleared OTC Derivative Transactions;
 - (b) OTC Commodity Derivative Transactions (except for those cleared by the Commodity Clearing Organization or a corporation or other legal entity that is established under a law other than Japanese law and that conducts the same type of business as the Commodity Transaction Obligation Assumption Business or the business provided for in Article 170, Paragraph 1 of the Commodity Derivatives Act outside of Japan); and
 - (c) foreign exchange forward transactions.

“**Japan AANA Group**” means a group of the Subsidiaries etc. (if any), the Parent Companies etc. (if any) and the Subsidiaries etc. of such Parent Companies etc. (if any).

“**Japan Margin Requirements**” means the margin requirements as provided in Article 40, Item 2 of the FIEA and Article 123, Paragraph 1, Items 21-5 and 21-6 and Paragraphs 7 to 11 of the Cabinet Office Ordinance on Financial Instrument Businesses etc.

“**Japan Ultimate Parent**” means each person identified in Section 4(c)(ii) of this Letter.

“**Non-cleared OTC Derivative Transaction**” means a non-cleared OTC derivative transaction (*hi seisan tentou deribathibu torihiki*) as defined in Article 123, Paragraph 1, Item 21-5 of the Cabinet Office Ordinance on Financial Instrument Businesses etc.

“**OTC Commodity Derivative Transaction**” means an OTC commodity derivative transaction (*tentou shouhin deribathibu torihiki*) as defined in Article 2, Paragraph 14 of the Commodity Derivatives Act.

“**OTC Derivative Transaction**” means an OTC derivative transaction (*tentou deribathibu torihiki*) as defined in Article 2, Paragraph 22 of the FIEA.

“**Parent Companies etc.**” means parent companies etc. (*oya gaisha tou*) as defined in Article 1516, Paragraph 3 of the Enforcement Ordinance of the FIEA.

“**Reference Time**” means the time when a Non-cleared OTC Derivative Transaction is entered into.

“**Reference Year**” means the year into which the Reference Time falls.

“**Regulated FIBO etc.**” means a FIBO etc. which does not fall into any of the categories provided in Article 123, Paragraph 10, Item 4(i) and (ro) of the Cabinet Office Ordinance on Financial Instrument Businesses etc. (excluding a FIBO etc. which falls into the category of the Regulated Trustee).

“**Regulated FIBO etc. Equivalent at Offshore**” means a person (i) who is not a FIBO etc. and

(ii) which satisfies the conditions provided in Article 123, Paragraph 10, Item 1(i) and (ro) of the Cabinet Office Ordinance on Financial Instrument Businesses etc.

“**Regulated Trustee**” means a FIBO etc. which acts as trustee for a trust whose trust assets do not satisfy the condition provided in Article 123, Paragraph 10, Item 2 of the Cabinet Office Ordinance on Financial Instrument Businesses etc. For the avoidance of doubt, Non-cleared OTC Derivative Transactions which belong to such trust will not be exempt from the Japan Margin Requirements.

“**Subsidiaries etc.**” means subsidiaries etc. (*ko gaisha tou*) as defined in Article 15-16, Paragraph 3 of the Enforcement Ordinance of the FIEA.

Appendix V: Definitions – Switzerland Information

“**FC-**” means a “financial counterparty” which is small within the meaning of Article 99 FMIA in conjunction with Article 88 (2) FMIO.

“**FC+**” means a “financial counterparty” within the meaning of Article 93 (2) FMIA which is not an FC-.

“**FMIA**” means the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading of 19 June 2015.

“**FMIA AANA**” means an aggregate month-end average notional amount of non-centrally cleared derivatives, as calculated in accordance with Article 131(4)(a) and (5)(a–d) FMIO respectively.

“**FMIA AANA Group**” means a financial group, an insurance group or any group within the meaning of Article 131(4)(a) and (5)(a–d) FMIO, respectively.

“**FMIA Article 93(4)(a) Entity**” means multilateral development banks.

“**FMIA Article 93(4)(b) Entity**” means organisations, including social security institutions, belonging to the Swiss Confederation, cantons or communes or for which the Swiss Confederation, canton or commune in question is liable and provided that they are not Swiss financial counterparties.

“**FMIA Article 94(1)(a) Entity**” means the Swiss Confederation, cantons and communes.

“**FMIA Article 94(1)(b) Entity**” means the Swiss National Bank.

“**FMIA Article 94(1)(c) Entity**” means the Bank for International Settlements.

“**FMIA Article 94(2) Entity**” means an entity excluded from Chapter 1 (Derivatives Trading) of Title 3 (Market Conduct) of FMIA, by the Federal Council under Article 94(2) of FMIA and accordingly includes an entity falling within the list of public state bodies set out in Article 79 of FMIO, namely: (a) foreign central banks; (b) the European Central Bank; (c) the European Financial Stability Facility; (d) the European Stability Mechanism; (e) official bodies or state departments that are responsible for or involved in administering the national debt; and (f) financial institutions set up by a central government or by the government of a subordinate regional body in order to grant promotional loans on the state’s behalf on a non-competitive, non-profit-oriented basis.

“**FMIA Exempt Entity**” means a FMIA Article 93(4)(a) Entity, a FMIA Article 93(4)(b) Entity, a FMIA Article 94(1)(a) Entity, a FMIA Article 94(1)(b) Entity, a FMIA Article 94(1)(c) Entity, a FMIA Article 94(2) Entity, or a FMIA Non-Undertaking Entity.

“**FMIA Margin Requirements**” means the FMIA margin requirements pursuant to Article 110 through 111 FMIA and Art. 94 and Art. 100 through 107 FMIO.

“**FMIA Ultimate Parent**” means the “parent undertaking” (as such term is defined in Art. 3(1)(a) FMIA).

“**FMIA Non-Undertaking Entity**” means a counterparty that is not an undertaking (Unternehmen/Entreprise) within the meaning of Article 77 FMIO.

“**FMIA Third-Country Entity**” means an entity that is a “third country entity” (*ausländische Gegenpartei/contrepartie étrangère*) as that term is used in FMIA and FMIO.⁴⁷

“**FMIO**” means the Swiss Federal Council Ordinance on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading of 25 November 2015.

“**NFC-**” means a “non-financial counterparty” which is small within the meaning of Article 98 FMIA in conjunction with Article 88 (1) FMIO.

“**NFC+**” means a “non-financial counterparty” within the meaning of Article 93 (3) FMIA which is not an NFC-.

⁴⁷ The term “third country entity” (*ausländische Gegenpartei/contrepartie étrangère*) is not defined in the FMIA/FMIO. However, in the context of application of certain obligations, the FMIA distinguishes between entities that have their registered seat in Switzerland and entities that do not have their registered seat in Switzerland. As a result, if the counterparty has its registered seat in Switzerland it is subject to FMIA and therefore should not be considered as a third country entity from a FMIA perspective. A “FMIA Third Country Entity” means an entity that has no registered seat in Switzerland and is not a Swiss branch of a FMIA third country entity that is exceptionally subjected to the FMIA by the Federal Council due to not being adequately regulated and supervised in the third country entity’s home country.

Appendix VI: Definitions – United States Information

“**Affiliate**” means (i) in the case of the PR Margin Requirements, an “affiliate,” as defined in PR Reg. __.2 and (ii) in the case of the CFTC Margin Requirements, a “margin affiliate,” as defined in CFTC Reg. 23.151.

“**CEA**” means the US Commodity Exchange Act, as amended.

“**CFTC**” means the US Commodity Futures Trading Commission.

“**CFTC Captive Finance Company Exemption**” means the exemption from margin requirements for an entity that qualifies for an exclusion from the definition of “financial entity” in Section CEA § 2(h)(7)(C)(iii).

“**CFTC Exempt Cooperative Exemption**” means the exemption from margin requirements for an entity that qualifies for an exception from clearing under a rule, regulation, or order that the CFTC issued pursuant to its authority under Section 4(c)(1) of the CEA concerning cooperative entities that would otherwise be subject to the requirements of CEA § 2(h)(1)(A).⁴⁸

“**CFTC Financial End User**” means a “financial end user” as defined in CFTC Reg. 23.151.⁴⁹

“**CFTC Foreign Consolidated Subsidiary**” means a “foreign consolidated subsidiary,” as defined in CFTC Reg. 23.160(a)(1).

“**CFTC Guarantee**” means a “guarantee” as defined in CFTC Reg. 23.160(a)(2).⁵⁰

“**CFTC Margin Requirements**” means the margin requirements adopted by the CFTC pursuant to CEA § 4s(e).

“**CFTC Non-Financial Entity Exemption**” means the exemption from margin requirements for an entity that does not meet the general definition of “financial entity” in CEA § 2(h)(7)(C)(i).

“**CFTC Small Bank Exemption**” means the exemption from margin requirements for an entity that qualifies for an exclusion from the definition of “financial entity” in CEA § 2(h)(7)(C)(ii) and CFTC Regulation 50.50(d).

⁴⁸ See CFTC Regulation 50.51.

⁴⁹ This definition, as it existed at the time of publication, is provided at the end of this Letter for ease of reference.

⁵⁰ Solely for ease of reference, as of the date of publication of this Letter, CFTC Reg. 23.160(a)(2) states: Guarantee means an arrangement pursuant to which one party to an uncleared swap has rights of recourse against a guarantor, with respect to its counterparty’s obligations under the uncleared swap. For these purposes, a party to an uncleared swap has rights of recourse against a guarantor if the party has a conditional or unconditional legally enforceable right to receive or otherwise collect, in whole or in part, payments from the guarantor with respect to its counterparty’s obligations under the uncleared swap. In addition, in the case of any arrangement pursuant to which the guarantor has a conditional or unconditional legally enforceable right to receive or otherwise collect, in whole or in part, payments from any other guarantor with respect to the counterparty’s obligations under the uncleared swap, such arrangement will be deemed a guarantee of the counterparty’s obligations under the uncleared swap by the other guarantor.

“**CFTC Treasury Affiliate Exemption**” means the exemption from margin requirements for an entity that satisfies the criteria in CEA § 2(h)(7)(D) and implementing regulations.

“**CFTC US Person**” means a “U.S. person,” as defined in CFTC Reg. 23.160(a)(10).⁵¹

“**Clearing Requirement**” means (i) in the case of a Swap, CEA § 2(h)(1) and (ii) in the case of a Security-Based Swap, Exchange Act § 3C(a)(1).

“**Exchange Act**” means the US Securities Exchange Act of 1934, as amended.

“**Hedging Exempt Swap**” means a Swap or Security-based Swap that is exempt pursuant to PR Reg. .1(d), CFTC Reg. 23.150(b) or Section 15F(e)(4) of the Exchange Act.

“**Major Security-Based Swap Participant**” means a “major security-based swap participant,” as defined in Exchange Act § 3(a)(67) and the rules adopted thereunder.

“**Major Swap Participant**” means a “major swap participant,” as defined in CEA § 1a(33).

“**Material Swaps Exposure**” means “material swaps exposure,” as defined in PR Reg. .2 and CFTC Reg. 23.151.

“**PR Financial End User**” means a “financial end user,” as defined in PR Reg. .2.⁵²

“**PR Foreign Consolidated Subsidiary**” means a Swap Entity that is a Subsidiary of an entity that is organized under the laws of the United States or any US State.

“**PR Margin Requirements**” means the margin requirements adopted by a Prudential Regulator pursuant to CEA § 4s(e) and Exchange Act § 15F(e).

“**PR US Branch**” means a branch or agency organized or licensed under the laws of the United States or any US State.

⁵¹ Solely for ease of reference, as of the date of publication of this Letter, CFTC Reg. 23.160(a)(10) states:

U.S. person means: (i) A natural person who is a resident of the United States; (ii) An estate of a decedent who was a resident of the United States at the time of death; (iii) A corporation, partnership, limited liability company, business or other trust, association, joint-stock company, fund or any form of entity similar to any of the foregoing (other than an entity described in paragraph (a)(10)(iv) or (v) of this section) (a “legal entity”), in each case that is organized or incorporated under the laws of the United States or that has its principal place of business in the United States, including any branch of such legal entity; (iv) A pension plan for the employees, officers or principals of a legal entity described in paragraph (a)(10)(iii) of this section, unless the pension plan is primarily for foreign employees of such entity; (v) A trust governed by the laws of a state or other jurisdiction in the United States, if a court within the United States is able to exercise primary supervision over the administration of the trust; (vi) A legal entity (other than a limited liability company, limited liability partnership or similar entity where all of the owners of the entity have limited liability) that is owned by one or more persons described in paragraphs (a)(10)(i) through (v) of this section and for which such person(s) bears unlimited responsibility for the obligations and liabilities of the legal entity, including any branch of the legal entity; or (vii) An individual account or joint account (discretionary or not) where the beneficial owner (or one of the beneficial owners in the case of a joint account) is a person described in paragraphs (a)(10)(i) through (vi) of this section.

⁵² This definition, as it existed at the time of publication, is provided at the end of this Letter for ease of reference.

“**PR US Person**” means (i) an entity organized under the laws of the United States or any State other than a US branch, office or agency of a non-US bank or (ii) a natural person who is a resident of the United States.⁵³

“**Prudential Regulator**” means a “prudential regulator,” as defined in CEA § 1a(39).

“**SEC**” means the US Securities and Exchange Commission.

“**Security-Based Swap**” means a “security-based swap,” as defined in Exchange Act § 3(a)(68) and the rules adopted thereunder.

“**Security-Based Swap Dealer**” means a “security-based swap dealer,” as defined in Exchange Act § 3(a)(71) and the rules adopted thereunder.

“**Subsidiary**” means a “subsidiary,” as defined in PR Reg. .2.⁵⁴

“**Swap**” means a “swap,” as defined in CEA § 1a(47) and the rules adopted thereunder.

“**Swap Dealer**” means a “swap dealer,” as defined in CEA § 1a(49) and the rules adopted thereunder.

“**Swap Entity**” means a Swap Dealer, a Security-Based Swap Dealer, a Major Swap Participant or a Major Security-Based Swap Participant.

“**Swaps Hedging Exemption**” means the exemptions from the PR Margin Requirements pursuant to PR Reg. .1(d)(1) or from the CFTC Margin Requirements pursuant to CFTC Reg. 23.150(b).

“**Swaps Hedging Exemption Reporting Requirement**” means the reporting requirements of CFTC Reg. 50.50(b).

“**Swaps Hedging Requirement**” means the requirements of CFTC Reg. 50.50(c).

“**Uncleared Swap**” means, (i) in the case of the PR Margin Requirements, a “non-cleared swap,” as defined in PR Reg. .2 and (ii) in the case of the CFTC Margin Requirements, an “uncleared swap,” as defined in CFTC Reg. 23.151.

⁵³ PR Reg. .9(b)(1).

⁵⁴ Solely for ease of reference, as of the date of publication of this Letter, PR Reg. .2 states, in relevant part:

Subsidiary. A company is a subsidiary of another company if: (1) The company is consolidated by company on financial statements the other prepared in accordance with U.S. Generally Accepted Accounting Principles, the International Financial Reporting Standards, or other similar standards; (2) For a company that is not subject to such principles or standards, if consolidation as described in paragraph (1) of this definition would have occurred if such principles or standards had applied; or (3) [The Agency] has determined that the company is a subsidiary of another company, based on [Agency’s] conclusion that either company provides significant support to, or is materially subject to the risks of loss of, the other company.

“Uncleared Security-Based Swap” means, (i) in the case of the PR Margin Requirements, a “non-cleared security-based swap,” as defined in PR Reg. __.2 and (ii) in the case of the CFTC Margin Requirements, an “uncleared security-based swap,” as defined in CFTC Reg. 23.151.

“US AANA” means the average daily aggregate notional amount of Uncleared Swaps, Uncleared Security-Based Swaps, Foreign Exchange Swaps and Foreign Exchange Forwards (other than Hedging Exempt Swaps) for March, April and May of [relevant year], where such amounts are calculated only for business days and transactions between Affiliates are only counted once.

“US AANA Group” means a group of Affiliates.

“US Foreign Exchange Forward” means a “foreign exchange forward,” as defined in CEA § 1a(24).

“US Foreign Exchange Swap” means a “foreign exchange swap,” defined in CEA § 1a(25).

“US Margin Requirements” means the PR Margin Requirements and the CFTC Margin Requirements.

“US Ultimate Parent” means the person identified in Section 6(e)(i)(2) of this Letter.

“CFTC Financial End User”

The definition of “financial end user” in CFTC Regulation 23.150 (as of June 30, 2016) is provided below solely for ease of reference.

Financial end user means—

- (1) A counterparty that is not a swap entity and that is:
 - (i) A bank holding company or a margin affiliate thereof; a savings and loan holding company; a U.S. intermediate holding company established or designated for purposes of compliance with 12 C.F.R. 252.153; or a nonbank financial institution supervised by the Board of Governors of the Federal Reserve System under Title I of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5323);
 - (ii) A depository institution; a foreign bank; a Federal credit union or State credit union as defined in section 2 of the Federal Credit Union Act (12 U.S.C. 1752(1) and (6)); an institution that functions solely in a trust or fiduciary capacity as described in section 2(c)(2)(D) of the Bank Holding Company Act (12 U.S.C. 1841(c)(2)(D)); an industrial loan company, an industrial bank, or other similar institution described in section 2(c)(2)(H) of the Bank Holding Company Act (12 U.S.C. 1841(c)(2)(H));
 - (iii) An entity that is state-licensed or registered as:
 - (A) A credit or lending entity, including a finance company; money lender; installment lender; consumer lender or lending company; mortgage lender, broker, or bank; motor vehicle title pledge lender; payday or deferred deposit lender; premium finance company; commercial finance or lending company; or commercial mortgage company; except entities registered or licensed solely on account of financing the entity’s direct sales of goods or services to customers;
 - (B) A money services business, including a check casher; money transmitter; currency dealer or exchange; or money order or traveler’s check issuer;
 - (iv) A regulated entity as defined in section 1303(20) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4502(20)) or any entity for which the Federal Housing Finance Agency or its successor is the primary federal regulator;
 - (v) Any institution chartered in accordance with the Farm Credit Act of 1971, as amended, 12 U.S.C. 2001 et seq. that is regulated by the Farm Credit Administration;

- (vi) A securities holding company; a broker or dealer; an investment adviser as defined in section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-2(a)); an investment company registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.), a company that has elected to be regulated as a business development company pursuant to section 54(a) of the Investment Company Act of 1940 (15 U.S.C. 80a-53(a)), or a person that is registered with the U.S. Securities and Exchange Commission as a security-based swap dealer or a major security-based swap participant pursuant to the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.).
 - (vii) A private fund as defined in section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80-b-2(a)); an entity that would be an investment company under section 3 of the Investment Company Act of 1940 (15 U.S.C. 80a-3) but for section 3(c)(5)(C); or an entity that is deemed not to be an investment company under section 3 of the Investment Company Act of 1940 pursuant to Investment Company Act Rule 3a-7 (§ 270.3a-7 of this title) of the Securities and Exchange Commission;
 - (viii) A commodity pool, a commodity pool operator, a commodity trading advisor, a floor broker, a floor trader, an introducing broker or a futures commission merchant;
 - (ix) An employee benefit plan as defined in paragraphs (3) and (32) of section 3 of the Employee Retirement Income and Security Act of 1974 (29 U.S.C. 1002);
 - (x) An entity that is organized as an insurance company, primarily engaged in writing insurance or reinsuring risks underwritten by insurance companies, or is subject to supervision as such by a State insurance regulator or foreign insurance regulator;
 - (xi) An entity, person, or arrangement that is, or holds itself out as being, an entity, person, or arrangement that raises money from investors, accepts money from clients, or uses its own money primarily for investing or trading or facilitating the investing or trading in loans, securities, swaps, funds, or other assets; or
 - (xii) An entity that would be a financial end user described in paragraph (1) of this definition or a swap entity if it were organized under the laws of the United States or any State thereof.
- (2) The term “financial end user” does not include any counterparty that is:
- (i) A sovereign entity;
 - (ii) A multilateral development bank;
 - (iii) The Bank for International Settlements;
 - (iv) An entity that is exempt from the definition of financial entity pursuant to section 2(h)(7)(C)(iii) of the Act and implementing regulations;
 - (v) An affiliate that qualifies for the exemption from clearing pursuant to section 2(h)(7)(D) of the Act; or
 - (vi) An eligible treasury affiliate that the Commission exempts from the requirements of §§ 23.150 through 23.161 by rule.

“PR Financial End User”

The definition of “financial end user” in PR Regulation _2 (as of June 30, 2016) is provided below solely for ease of reference.

Financial end user means –

- (1) Any counterparty that is not a swap entity and that is:
 - (i) A bank holding company or an affiliate thereof; a savings and loan holding company; a U.S. intermediate holding company established or designated for purposes of compliance with 12 C.F.R. 252.153; or a nonbank financial institution supervised by the Board of Governors of the Federal Reserve System under Title I of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5323);
 - (ii) A depository institution; a foreign bank; a Federal credit union or State credit union as defined in section 2 of the Federal Credit Union Act (12 U.S.C. 1752(1) & (6)); an institution that functions solely in a trust or fiduciary capacity as described in section 2(c)(2)(D) of the Bank Holding Company Act (12 U.S.C. 1841(c)(2)(D)); an industrial loan company, an industrial bank, or other similar institution described in section 2(c)(2)(H) of the Bank Holding Company Act (12 U.S.C. 1841(c)(2)(H));
 - (iii) An entity that is state-licensed or registered as:
 - (A) A credit or lending entity, including a finance company; money lender; installment lender; consumer lender or lending company; mortgage lender, broker, or bank; motor vehicle title pledge lender; payday or deferred deposit lender; premium finance company; commercial finance or lending company; or commercial mortgage company; except entities registered or licensed solely on account of financing the entity’s direct sales of goods or services to customers;
 - (B) A money services business, including a check casher; money transmitter; currency dealer or exchange; or money order or traveler’s check issuer;
 - (iv) A regulated entity as defined in section 1303(20) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended (12 U.S.C. 4502(20)) or any entity for which the Federal Housing Finance Agency or its successor is the primary federal regulator;
 - (v) Any institution chartered in accordance with the Farm Credit Act of 1971, as amended, 12 U.S.C. 2001 *et seq.*, that is regulated by the Farm Credit Administration;

- (vi) A securities holding company; a broker or dealer; an investment adviser as defined in section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-2(a)); an investment company registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.); or a company that has elected to be regulated as a business development company pursuant to section 54(a) of the Investment Company Act of 1940 (15 U.S.C. 80a-53(a));
 - (vii) A private fund as defined in section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80-b- 2(a)); an entity that would be an investment company under section 3 of the Investment Company Act of 1940 (15 U.S.C. 80a-3) but for section 3(c)(5)(C); or an entity that is deemed not to be an investment company under section 3 of the Investment Company Act of 1940 pursuant to Investment Company Act Rule 3a-7 (17 C.F.R. 270.3a-7) of the U.S. Securities and Exchange Commission;
 - (viii) A commodity pool, a commodity pool operator, or a commodity trading advisor as defined, respectively, in section 1a(10), 1a(11), and 1a(12) of the Commodity Exchange Act of 1936 (7 U.S.C. 1a(10), 1a(11), and 1a(12)); a floor broker, a floor trader, or introducing broker as defined, respectively, in 1a(22), 1a(23) and 1a(31) of the Commodity Exchange Act of 1936 (7 U.S.C. 1a(22), 1a(23), and 1a(31)); or a futures commission merchant as defined in 1a(28) of the Commodity Exchange Act of 1936 (7 U.S.C. 1a(28));
 - (ix) An employee benefit plan as defined in paragraphs (3) and (32) of section 3 of the Employee Retirement Income and Security Act of 1974 (29 U.S.C. 1002);
 - (x) An entity that is organized as an insurance company, primarily engaged in writing insurance or reinsuring risks underwritten by insurance companies, or is subject to supervision as such by a State insurance regulator or foreign insurance regulator;
 - (xi) An entity, person or arrangement that is, or holds itself out as being, an entity, person, or arrangement that raises money from investors, accepts money from clients, or uses its own money primarily for the purpose of investing or trading or facilitating the investing or trading in loans, securities, swaps, funds or other assets for resale or other disposition or otherwise trading in loans, securities, swaps, funds or other assets; or
 - (xii) An entity that would be a financial end user described in paragraph (1) of this definition or a swap entity, if it were organized under the laws of the United States or any State thereof.
- (2) The term “financial end user” does not include any counterparty that is:
- (i) A sovereign entity;
 - (ii) A multilateral development bank;
 - (iii) The Bank for International Settlements;

- (iv) An entity that is exempt from the definition of financial entity pursuant to section 2(h)(7)(C)(iii) of the Commodity Exchange Act of 1936 (7 U.S.C. 2(h)(7)(C)(iii)) and implementing regulations; or
- (v) An affiliate that qualifies for the exemption from clearing pursuant to section 2(h)(7)(D) of the Commodity Exchange Act of 1936 (7 U.S.C. 2(h)(7)(D)) or section 3C(g)(4) of the Securities Exchange Act of 1934 (15 U.S.C. 78c-3(g)(4)) and implementing regulations.

Floating Amounts:	For the avoidance of doubt, on each Floating Rate Payer Payment Date, the Seller will pay to Buyer the difference between the Floating Rate Option and the Cap Rate. If the Floating Rate Option does not exceed the Cap Rate with respect to any Calculation Period, no payment will be made by Seller to Buyer on the related Floating Rate Payer Payment Date.
Floating Rate Payer:	Seller
Cap Rate:	1.50% per annum
Floating Rate Payer Payment Dates:	Fifteenth calendar day of each month from (and including) July 15, 2017, to (and including) the Termination Date, subject to adjustment in accordance with the Following Business Day Convention.
Floating Rate Payer Period End Dates:	Fifteenth calendar day of each month from (and including) July 15, 2017, to (and including) the Termination Date, subject to No Adjustment.
Floating Rate Option:	USD-SIFMA Municipal Swap Index (“SIFMA”); provided, however, if SIFMA exceeds 3.00% per annum as determined on any Reset Date, then SIFMA for such Reset Date shall be 3.00% per annum
Floating Rate Day Count Fraction:	Actual/Actual
Reset Dates:	Effective Date and thereafter Weekly on Thursday.
Weighted Average Method:	Applicable
Business Days:	A day other than (a) a Saturday or a Sunday, (b) any day on which banking institutions located in the city of New York, New York are authorized or required by law to close, (c) a day on which the New York Stock Exchange is closed
Rounding Convention:	The simple arithmetic mean of rates expressed as a percentage rounded to five decimal places.
Calculation Agent:	The Seller

Additional Defined Terms

“*Credit Support Document*” means the Guaranty of the Credit Support Provider, if any, and the Credit Support Annex, each as identified in Exhibit A hereto.

“*Credit Support Provider*” means the Person (if any) identified as such in Part 3 of Exhibit A.

“*Damages*” means an amount determined as provided in Section 11(b).

“*Early Termination Date*” has the meaning given to that term in Section 10(b).

“*Local Business Day*” in relation to a party means a day on which commercial banks in the city indicated in that party’s address for notices hereunder are open for business.

“*Market Quotation*” means an amount determined as provided in Section 12.

“*Person*” means an individual, an estate, a trust, a corporation, a partnership, a limited liability company, or any other organization or entity, whether governmental or private.

“*Reference Market-maker*” has the meaning given to that term in Section 12(a).

“*Standard and Poor’s*” means S&P Global Ratings Inc., and its successors and assigns, if such successors and assigns shall continue to perform the functions of a securities rating agency.

“*Taxes,*” with respect to payments hereunder by the Seller, means any present or future taxes, levies, imposts, duties or charges of any nature whatsoever that are collectible by withholding except for any such tax, levy, impost, duty or charge that would not have been imposed but for the existence of a connection between the Buyer and the jurisdiction where the Tax is imposed.

“*Termination Event*” has the meaning given to that term in Section 9.

Section 2. Payments. On the Payment Date for the Buyer, it shall pay the Fixed Amount and, on each Payment Date for the Seller, it shall pay the Floating Amount for the Calculation Period ending on that Payment Date. The Seller’s obligation to make any payment hereunder shall be subject to the condition precedent that the Buyer has paid the Fixed Amount. If the Buyer fails to pay the Fixed Amount to the Seller as and when due hereunder and does not remedy the failure on or before the third Local Business Day after notice from the Seller, the Seller may, by notice to the Buyer given not later than the fifth Local Business Day after the end of the Buyer’s cure period, declare this Agreement to be terminated, whereupon neither party shall have any further obligation hereunder, except for the Buyer’s obligation to pay interest pursuant to Section 4. Notwithstanding the foregoing, the Buyer shall, upon failure to pay the Fixed Amount, remain liable to the Seller to pay the value of this Agreement, calculated, on the date Seller declares this Agreement terminated, on the basis of Market Quotation, which, for purposes of this Section 2 only, shall be determined pursuant to Section 12, substituting the word “Seller” in each instance when the word “Buyer” is utilized in such section and the quotation referred to in Section 12(b) shall be the amount in Dollars that a Reference Market-Maker would

charge as a Fixed Amount on such date of declaration of termination; provided, however, that if a Market Quotation cannot be determined, the Seller shall reasonably determine in good faith an amount equal to its total losses and costs in connection with this Agreement, including any loss of bargain, cost of funding or, at the election of the Seller but without duplication, loss or cost incurred as a result of its terminating, liquidating, obtaining or reestablishing any hedge or related trading position. The value of this Agreement, if any, shall be the original Fixed Amount less the amount of the Market Quotation determined in the manner described in the previous sentence. If the difference is a negative number, the value of this Agreement shall be zero.

Section 3. Making of Payments. All payments hereunder shall be made to the account of the intended payee specified in Exhibit A, or to such other account in New York City as that party may have last specified by notice to the party required to make the payment. All such payments shall be made in funds settled through the New York Clearing House Interbank Payments System or such other same-day funds as are customary at the time for the settlement in New York City of banking transactions denominated in Dollars.

Section 4. Interest on Overdue Amounts. If any amount due hereunder is not paid when due, interest shall accrue on that amount to the extent permitted by applicable law at a rate per annum equal for each day that amount remains unpaid to the sum of 1% and the rate per annum equal to the cost (without proof or evidence of any actual cost) to the intended payee (as certified by it) if it were to fund or of funding the relevant amount for that day.

Section 5. Supervening Illegality. If it becomes unlawful for either party to make any payment to be made by it hereunder, as a result of the adoption of, or any change in, or change in the interpretation of, any law, regulation or treaty, that party shall give notice to that effect to the other party and shall use reasonable efforts (a) to assign or transfer its rights and obligations under this Agreement, subject to Section 14, to another of its branches, offices or affiliates, or to any leading participant in the interest rate cap market, that may make those payments lawfully and without withholding for or on account of Taxes or (b) to agree with that other party to modify this Agreement or change the method of payment hereunder so that the payment will not be unlawful. If an assignment or agreement is not made as provided herein on or before the tenth Business Day after that notice becomes effective, either party may give notice of termination as provided in Section 10.

Section 6. Taxes.

(a) Except as otherwise required by law, each payment hereunder shall be made without withholding for or on account of Taxes. If a party is required to make any withholding from any payment under this Agreement for or on account of Taxes, it shall:

- (i) make that withholding;
- (ii) make timely payment of the amount withheld to the appropriate governmental authority;
- (iii) forthwith pay the other party such additional amount as may be necessary to ensure that the net amount actually received by it free and clear of

Taxes (including any Taxes on the additional amount) is equal to the amount that it would have received had no Taxes been withheld; and

(iv) on or before the thirtieth day after payment, send the payee the original or a certified copy of an official tax receipt evidencing that payment; provided, however, that if the representation and warranty made by a party in Section 7(c) proves not to have been true when made or, if repeated on each Payment Date, would not then be true, or if a party fails to perform or observe any of its covenants set forth in Section 7 or Section 8, the other party shall be under no obligation to pay any additional amount hereunder to the extent that the withholding would not have been required if the representation and warranty had been true when made, or would have been true if so repeated, or if the failure had not occurred.

(b) If a party would be required to make any withholding for or on account of Taxes and pay any additional amount as provided in Section 6(a) with respect to any payment to be made by it in accordance with Section 2, it shall give notice to that effect to the other party and shall use reasonable efforts

(i) to assign or transfer its rights and obligations under this Agreement, subject to Section 14, to another of its branches, offices or affiliates, or to any leading participant in the interest rate cap market, that may make the payments to be made by it hereunder lawfully and without withholding for or on account of Taxes; or

(ii) to agree with that other party to modify this Agreement or change the method of payment hereunder so that those payments will not be subject to the withholding. If an assignment or agreement is not made as provided herein on or before the tenth day after that notice becomes effective, the party that would be required to make the withholding may give notice of termination as provided in Section 10.

Section 7. Representations and Warranties.

(a) Each of the parties makes the representations and warranties set forth below to the other as of the date hereof:

(i) It is duly organized and validly existing and has the corporate, partnership or other power as a company and the authority to execute and deliver this Agreement and to perform its obligations hereunder;

(ii) It has taken all necessary action to authorize its execution and delivery of this Agreement and the performance of its obligations hereunder;

(iii) All governmental authorizations and actions necessary in connection with its execution and delivery of this Agreement and the performance of its obligations hereunder have been obtained or performed and remain valid and in full force and effect;

(iv) This Agreement has been duly executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with the terms of this Agreement, subject to all applicable bankruptcy, insolvency, moratorium and similar laws affecting creditors' rights generally;

(v) There are no actions, proceedings or claims pending or, to its knowledge, threatened, the adverse determination of which might have a materially adverse effect on its ability to perform its obligations under, or affect the validity or enforceability against it of, this Agreement;

(vi) Each of the documents delivered by it hereunder is, as of the date stated in such document, true, accurate and complete in every material respect or, in the case of financial statements, fairly presents the condition of the Person indicated therein; and

(vii) Its execution, delivery and performance of this Agreement do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets.

(b) The Seller makes the following additional representations and warranties to the Buyer:

(i) No event or condition that constitutes (or that with the giving of notice or the lapse of time or both would constitute) a Termination Event with respect to it has occurred and is continuing or will occur by reason of its entering into or performing its obligations under this Agreement.

(ii) Seller is and shall be the reporting party for the Transaction pursuant to Section 4r(a)(3) of the Commodity Exchange Act, as amended ("CEA"), and shall report the Transaction to a Swap Data Repository (as defined in Section 1a(48) of the CEA, pursuant to any requirements of 17 CFR Part 44, 45 and 46 applicable to the Transaction.

(c) In addition, if an Exhibit B on Tax Representations and Covenants is made a part of this Agreement, each of the Buyer and the Seller makes the representations and warranties set forth therein to the other and covenants as set forth therein with the other with respect to certain matters relating to Taxes.

(d) Buyer represents that it is not a governmental, quasi-governmental, municipal or similar public entity and is not otherwise owned or controlled by any such entity.

Section 8. Documents. At or before the time of execution of this Agreement, each party shall deliver to the other evidence of the truth and accuracy of its representations in subsections (ii) and (iii) of Section 7(a) as well as evidence of the authority, incumbency and specimen signature of each Person authorized to execute and deliver this Agreement or any other document to be delivered under this Agreement on its behalf. In addition, the Seller shall deliver to the Buyer at the times specified in Part 2 of Exhibit A, each of the documents there specified.

Section 9. Termination Events. For purposes of this Agreement, "Termination Event" means each of the events and circumstances listed below:

(a) The Seller fails to pay any amount payable by it hereunder as and when that amount becomes payable and does not remedy that failure on or before the third Local Business Day after notice from the Buyer of the failure;

(b) Any representation or warranty made by the Seller in this Agreement, other than in Section 7(c), or made by any Credit Support Provider in any Credit Support Document (or document related thereto) delivered hereunder proves to have been incorrect, incomplete or misleading in any material respect at the time it was made, or the Seller fails to deliver any document it is required to deliver as provided in Part 2 of Exhibit A and does not remedy that failure on or before the thirtieth day after notice from the Buyer of the failure or, in the case of failure to deliver a Credit Support Document, does not remedy that failure immediately;

(c) The Seller or any Credit Support Provider becomes the subject of any action or proceeding for relief under any bankruptcy or insolvency law or any law affecting creditors' rights that is similar to a bankruptcy or insolvency law or law relating to the composition of debts or seeks or becomes subject to the appointment of a receiver, custodian or similar official for it or any of its property or fails or is unable to pay its debts generally as they fall due;

(d) The Seller or any Credit Support Provider fails to pay any amount payable by it to the Buyer under any other agreement or under any instrument of the Seller or any Credit Support Provider held by the Buyer and does not remedy that failure during any applicable cure period;

(e) (i) There occurs a default, an event of default or another similar condition or event (however described) in respect of the Seller or any Credit Support Provider for the Seller under one or more agreements or instruments relating to Specified Indebtedness in an aggregate amount of not less than the Threshold Amount and as a result such Specified Indebtedness has been or may be declared due and payable before it would otherwise have been due and payable or (ii) there occurs a default by the Seller or any such Credit Support Provider in making one or more payments on the due date thereof in an aggregate amount of not less than the Threshold Amount under any such agreements or instruments or under any Specified Transaction (after giving effect to any applicable notice requirement or grace period) or (iii) the combined amounts of Specified Indebtedness covered by clauses (i) and (ii) at least equal the Threshold Amount.

For this purpose, “Specified Indebtedness,” with respect to any Person, means all obligations of that Person (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money, excluding deposits received in the ordinary course of its banking business; “Specified Transaction” means any rate swap, currency swap, cross-currency swap, commodity-price swap, equity, equity-index, debt-linked or debt-index-linked swap, rate cap, floor or collar, forward rate agreement, forward or spot foreign exchange transaction, interest rate, currency or commodity-price option, any cash-settled option on a security or index or group of securities, any combination of any of the foregoing and any similar transaction; and “Threshold Amount” means an amount equal to the value of two percent (2%) of shareholder’s equity of the Seller (or the equivalent in any other currency or currencies), determined in accordance with generally accepted accounting principles in the Seller’s jurisdiction of incorporation or organization, as at the end of the Seller’s most recently completed fiscal year;

(f) Any Credit Support Provider fails to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Credit Support Document to which it is a party if the failure is not remedied during any applicable cure period; or any Credit Support Document expires or terminates or fails or ceases to be in full force and effect (in either case, other than in accordance with its terms) prior to the satisfaction of all obligations of the Seller under this Agreement; or any Credit Support Provider or any Person purporting to act on its behalf disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, any Credit Support Document to which it is a party;

(g) The Seller or any Credit Support Provider consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity, and the creditworthiness of the resulting, surviving or transferee entity is materially weaker than that of the Seller or such Credit Support Provider (as the case may be) as determined by the Buyer immediately prior to such action; or

Section 10. Early Termination.

(a) At any time while a Termination Event is continuing, the Buyer may, in its absolute discretion, give notice of termination in accordance with this Section. If a party gives notice of supervening illegality, either party may give notice of termination in accordance with this Section in the circumstances described in Section 5. If a party is required to pay any additional amount pursuant to Section 6, it may give notice of termination in accordance with this Section in the circumstances described in Section 6.

(b) At any time while an event under Paragraph 7 of the Credit Support Annex is continuing where the Buyer (or its Custodian) is the party failing to take an action or comply with the provisions specified therein, the Seller may, in its absolute discretion give notice of termination in accordance with this Section. For purposes of calculating the amount due under Sections 11 and 12 hereof in connection with a notice of termination under this Section 10(b), the Market Quotation shall be determined pursuant to Section 12, substituting the word “Seller” in each instance when the word “Buyer” is utilized in such section and the quotation referred to in Section 12(b) shall be

the amount in Dollars that a Reference Market Maker would charge as a Fixed Amount on such date of declaration of termination; provided, however, that if a Market Quotation cannot be determined, the Seller shall reasonably determine in good faith an amount equal to its total losses and costs in connection with this Agreement including any loss of bargain, costs of funding or, at the election of the Seller but without duplication, loss or cost incurred as a result of its terminating, liquidating, obtaining or reestablishing any hedge or related trading position.

- (c) Any notice of termination hereunder
 - (i) shall state the grounds for termination;
 - (ii) shall specify a date that is not before, nor more than 10 days after, the date the notice of early termination is given on which the payments required by Section 11 shall be made as provided therein (the “Early Termination Date”); and
 - (iii) shall declare the obligations of the Seller to make the payments required by Section 2 that are scheduled to be made after the Early Termination Date to be terminated as of that date, and those obligations shall so terminate and be replaced by the parties’ obligations to make the payments specified in Section 11.

Section 11. Payments Upon Early Termination.

- (a) If notice of termination is given pursuant to Section 10, the Seller shall pay the Buyer its Damages.
- (b) The Buyer’s Damages in the event of early termination shall be the Market Quotation, if it can be determined. If it cannot be determined, the Buyer’s Damages shall be an amount in Dollars equal to the sum of the losses (including loss of bargain) that it may incur as a result of the early termination or as a result of the event that served as the ground for early termination.
- (c) Payments to be made in accordance with this Section shall be made on the Early Termination Date. If the Buyer is entitled to be paid any amount in respect of its Damages in accordance with this Section, it shall submit to the Seller a statement in reasonable detail of those Damages.

Section 12. Market Quotation.

- (a) For the purpose of determining the Market Quotation, the Buyer shall select, four leading participants in the interest rate cap market (each a “Reference Market-maker”), in its sole discretion and in good faith, with a view to minimizing the Market Quotation (to the extent required by law); provided, however, that in doing so the Buyer shall be entitled to select market participants that are of the highest credit standing and that otherwise satisfy all the criteria that the Buyer applies generally at the time in deciding whether to enter into an interest rate protection transaction.

(b) The Buyer shall request from each of the Reference Market-makers it has selected a quotation of the amount in Dollars which that Reference Market-maker would charge on the Early Termination Date as a flat amount for entering into an agreement, effective on the Early Termination Date, pursuant to which it would be obligated to make all the payments scheduled to be made by the Seller under Section 2 of this Agreement after the Early Termination Date.

(c) The Market Quotation shall be the arithmetic mean (rounded up, if necessary, to the nearest cent) of the amounts described in Section 12(b) that are quoted to the Buyer by the Reference Market-makers it has selected or, if only one Reference Market-maker will quote such a fee, the Market Quotation Value shall be the amount quoted by that Reference Market-maker.

Section 13. Costs and Expenses.

(a) Each of the parties shall pay, or reimburse the other on demand for, all stamp, registration, documentation or similar taxes or duties, and any penalties or interest that may be due with respect thereto, that may be imposed by any jurisdiction in respect of its execution or delivery of this Agreement. If any such tax or duty is imposed by any jurisdiction as the result of the conduct or status of both parties, each party shall pay one half of the amount of the tax or duty.

(b) The Seller shall pay, or reimburse the Buyer on demand for, all reasonable costs and expenses incurred by the Buyer in connection with enforcement of its rights under this Agreement or as a consequence of a Termination Event, including, without limitation, fees and expenses of legal counsel.

(c) Upon the Buyer's failure to pay the Fixed Amount pursuant to Section 2, if the value of this Agreement is greater than zero as determined in the manner described in Section 2, the Buyer shall pay, or reimburse the Seller on demand for, all reasonable costs and expenses incurred by the Seller in connection with enforcement and protection of its rights under this Agreement including, without limitation, fees and expenses of legal counsel.

Section 14. Nonassignment. Neither party shall assign or otherwise transfer its rights or obligations hereunder or any interest herein to any other Person or any of its other branches or offices without the prior written consent of the other party to this Agreement, unless the assignment or transfer by the Seller is pursuant to Section 5 or Section 6 and provided that:

- (a) the Seller gives the Buyer 10 Business Days' prior written notice of the assignment or transfer;
- (b) the assignee or transferee meets the criteria set forth in Section 5(a) or Section 6(b), as the case may be;
- (c) the credit policies of the Buyer at the time would permit the Buyer to purchase an interest rate cap from the assignee or transferee without credit support;

(d) a Termination Event does not occur as a result of such transfer;

(e) on or prior to the effective date of the transfer, this Agreement (including, without limitation, any Tax covenants (if any) in Exhibit B to this Agreement) and all other related documents shall have been amended to reflect the transfer in a manner reasonably satisfactory to Buyer; and

(f) on or prior to the effective date of the transfer, Seller shall have agreed in writing to indemnify and hold harmless Buyer in a manner reasonably satisfactory to Buyer from and against any adverse tax consequences and any related fees, expenses and other losses resulting from the transfer, subject to the following conditions: (i) notwithstanding Seller's duty to indemnify Buyer, Buyer shall at all times retain sole control and decision-making authority with regard to any tax issues affecting Buyer or related litigation arising from or in connection with said transfer; and (ii) such indemnification shall be made as such expenses are incurred by Buyer and at such time as Buyer is required to pay any such tax liability, provided that Seller shall not be required to make such indemnification until five Business Days after it has received written notice from Buyer of expenses or liabilities for which Buyer seeks reimbursement.

Any purported transfer in violation of this Section shall be void. The parties are acting for purposes of this Agreement through their respective branches or offices specified in Exhibit A.

The Seller shall not withhold its consent to an assignment or transfer proposed by the Buyer, or by any subsequent assignee or transferee of the Buyer, if the Seller would be entitled to make the payments it is required to make pursuant to Section 2 to the proposed assignee or transferee lawfully and without withholding for or on account of Taxes and the proposed assignee or transferee assumes the obligations of the Buyer under the Tax covenants (if any) of the Buyer in Exhibit B to this Agreement to the satisfaction of the Seller.

Section 15. Waivers: Rights Not Exclusive. No failure or delay by a party in exercising any right hereunder shall operate as a waiver of, or impair, any such right. No single or partial exercise of any such right shall preclude any other or further exercise thereof or the exercise of any other right. No waiver of any such right shall be effective unless given in writing. No waiver of any such right shall be deemed a waiver of any other right hereunder. The right to terminate provided for herein is in addition to, and not exclusive of, any other rights, powers, privileges or remedies provided by law.

Section 16. Interpretation. The section headings in this Agreement are for convenience of reference only and shall not affect the meaning or construction of any provision hereof.

Section 17. Notices. All notices in connection with this Agreement shall be given by telex or cable or by notice in writing hand-delivered or sent by facsimile transmission or by airmail, postage prepaid. All such notices shall be sent to the telex or telecopier number or address (as the case may be) specified for the intended recipient in Exhibit A (or to such other

number or address as that recipient may have last specified by notice to the other party). All such notices shall be effective upon receipt, and confirmation by answerback of any notice sent by telex as provided herein shall be sufficient evidence of receipt thereof, and telephone confirmation of receipt of any facsimile transmission in accordance with Exhibit A shall be sufficient evidence of receipt thereof.

Section 18. Amendments. This Agreement may be amended only by an instrument in writing executed by the parties hereto.

Section 19. Survival. The obligations of the parties under Section 6, Section 11 and Section 13 shall survive payment of the obligations of the parties under Section 2 and Section 4 and the termination of their other obligations hereunder.

Section 20. Jurisdiction; Governing Law.

(a) Any action or proceeding relating in any way to this Agreement may be brought and enforced in the courts of the State of New York or of the United States for the Southern District of New York, and each of the parties irrevocably submits to the nonexclusive jurisdiction of each such court in connection with any such action or proceeding.

(b) This Agreement shall be governed by, and construed in accordance with, the law of the State of New York without reference to its choice of law doctrine.

Section 21. Independence of this Agreement. It is the parties' intention that no other agreements or arrangements between them or any of their affiliates affect the transaction provided for herein except as expressly provided herein. Therefore, except as expressly provided herein, the Seller's obligation to make payments to the Buyer hereunder shall not be subject to early termination or to any condition precedent, no such payment obligation shall be netted against any payment due from the Buyer or any third party under any other agreement or instrument, and neither the Seller nor any third party shall have any right to set off any such payment due from the Seller to the Buyer or withhold any such payment, in whole or in part, pending payment of any amount payable by the Buyer or any third party to the Seller or any third party. In addition, the terms set forth in this provision may not be modified except in a written amendment to this Agreement executed by both parties hereto that (i) is expressly identified in capital letters as modifying this provision (identified by its title) and (ii) deals only with such modification.

Section 22. Waiver of Jury Trial. Each of the Buyer and the Seller, respectively, hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Agreement or any Credit Support Document. Each of the Buyer and the Seller (i) certifies that no representative, agent or attorney of the other party or any Credit Support Provider has represented, expressly or otherwise, that such other party would not, in the event of such suit, action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this Agreement and provide for any Credit Support Document, as applicable, by, among other things, the mutual waivers and certifications in this Section.

Section 23. Setoff. The obligation to pay amounts due hereunder shall be absolute and unconditional and shall not be subject to diminution by set-off, recoupment, counterclaim, abatement or otherwise.

Section 24. Counterparts: Integration of Terms. This Agreement may be executed in counterparts, and the counterparts taken together shall be deemed to constitute one and the same agreement. This Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements and prior writings with respect thereto. Delivery of an executed counterpart of a signature page of this Agreement by any electronic means that reproduces an image of the actual executed signature page (including by the email of a scanned Portable Document Format file) shall be of the same legal effect, validity and enforceability as the physical delivery of a manually executed signature thereof. This Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements and prior writings with respect thereto.

Section 25. Contractual Currency. The provision on Contractual Currency set forth in Part 4 of Exhibit A will apply if the Seller or any Credit Support Provider for the Seller is not organized in the U.S. or is acting through any office outside the U.S.

Section 26. Consent to Recording. Each party (i) consents to the monitoring or recording, at any time and from time to time, by the other party of any and all communications between officers or employees of the parties, (ii) waives any further notice of such monitoring or recording, and (iii) agrees to notify (and, if required by law, obtain the consent of) its officers and employees with respect to such monitoring or recording. Any such recording may be submitted in evidence to any court or in any proceeding for the purpose of establishing any matters pertinent to this Agreement.

Section 27. Contractual Recognition of Bail-in

(1) Each party acknowledges and accepts that liabilities arising under this Agreement (other than Excluded Liabilities) may be subject to the exercise of the UK Bail-in Power by the relevant resolution authority and acknowledges and accepts to be bound by any Bail-in Action and the effects thereof (including any variation, modification and/or amendment to the terms of this Agreement as may be necessary to give effect to any such Bail-in Action), which if the Bail-in Termination Amount is payable by Seller to the Buyer may include, without limitation:

- (i) a reduction, in full or in part, of the Bail-in Termination Amount; and/or
- (ii) a conversion of all, or a portion of, the Bail-in Termination Amount into shares or other instruments of ownership, in which case the Buyer acknowledges and accepts that any such shares or other instruments of ownership may be issued to or conferred upon it as a result of the Bail-in Action.

(2) Each party acknowledges and accepts that this provision is exhaustive on the matters described herein to the exclusion of any other agreements, arrangements or understanding between the parties relating to the subject matter of this Agreement and that no further notice shall be required between the parties pursuant to this Agreement in to order to give effect to the matters described herein.

(3) The acknowledgements and acceptances contained in paragraphs (1) and (2) above will not apply if:

(i) the relevant resolution authority determines that the liabilities arising under this Agreement may be subject to the exercise of the UK Bail-in Power pursuant to the law of the third country governing such liabilities or a binding agreement concluded with such third country and in either case the UK Regulations have been amended to reflect such determination; and/or

(ii) the UK Regulations have been repealed or amended in such a way as to remove the requirement for the acknowledgements and acceptances contained in paragraphs (1) and (2).

For purposes of this Section 27:

“Bail-in Action” means the exercise of the UK Bail-in Power by the relevant resolution authority in respect of all transactions (or all transactions relating to one or more netting sets, as applicable) under this Agreement.

“Bail-in Termination Amount” means the early termination amount or early termination amounts (howsoever described), together with any accrued but unpaid interest thereon, in respect of all transactions (or all transactions relating to one or more netting sets, as applicable) under this Agreement (before, for the avoidance of doubt, any such amount is written down or converted by the relevant resolution authority).

“BRRD” means Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms.

“Excluded Liabilities” means liabilities excluded from the scope of the contractual recognition of bail-in requirement pursuant to the UK Regulations.

“UK Bail-in Power” means any write-down or conversion power existing from time to time (including, without limitation, any power to amend or alter the maturity of eligible liabilities of an institution under resolution or amend the amount of interest payable under such eligible liabilities or the date on which interest becomes payable, including by suspending payment for a temporary period) under, and exercised in compliance with, any laws, regulations, rules or requirements (together, the **“UK Regulations”**) in effect in the United Kingdom relating to the transposition of the BRRD as amended from time to time, including but not limited to, the Banking Act 2009 as amended from time to time, and the instruments, rules and standards created thereunder, pursuant to which the obligations of a regulated entity (or other affiliate of a regulated entity) can be reduced (including to zero), cancelled or converted into shares, other securities, or other obligations of such regulated entity or any other person.

A reference to a “**regulated entity**” is to any BRRD Undertaking as such term is defined under the PRA Rulebook promulgated by the United Kingdom Prudential Regulation Authority or to any person falling within IFPRU 11.6, of the FCA Handbook promulgated by the United Kingdom Financial Conduct Authority, both as amended from time to time, which includes, certain credit institutions, investment firms, and certain of their parent or holding companies.

Section 28. Contractual Recognition of UK Stay in Resolution. The terms of the ISDA UK (PRA Rule) Jurisdictional Module and the ISDA Resolution Stay Jurisdictional Modular Protocol (together, the “UK Module”) are incorporated into and form part of this Agreement, and, for purposes thereof: (a) this Agreement shall be deemed a Covered Agreement, (b) Buyer shall be deemed a Module Adhering Party and (c) Seller shall be deemed a Regulated Entity Counterparty with respect to Buyer. In the event of any inconsistencies between this Agreement and the UK Module, the UK Module will prevail.

Section 29. Bankruptcy. Without limiting any other protections under the Bankruptcy Code (Title 11 of the United States Code) (the “Bankruptcy Code”), the Parties hereto intend for:

- (a) This Transaction and the Agreement to be a “swap agreement” as defined in the Bankruptcy Code, and the parties hereto to be entitled to the protections afforded by, among other Sections, Section 560 of the Bankruptcy Code.
- (b) A party's right to liquidate this Transaction and to exercise any other remedies upon the occurrence of any Event of Default or Termination Event under the Agreement or this Transaction to constitute a “contractual right” as described in Section 560 of the Bankruptcy Code.
- (c) Any cash, securities or other property provided as performance assurance, credit support or collateral with respect to this Transaction or the Agreement to constitute “transfers” under a “swap agreement” as defined in the Bankruptcy Code.
- (d) All payments for, under or in connection with this Transaction or the Agreement, all payments for any securities or other assets and the transfer of such securities or other assets to constitute “transfers” under a “swap agreement” as defined in the Bankruptcy Code.

IN WITNESS WHEREOF the parties have caused this Agreement to be duly executed and delivered as of the day and year first written above.

BARCLAYS BANK PLC

DRAFT

By /s/Dawn Beach

Name Dawn Beach

Title Authorized Signatory

ATAX TEBS III, LLC

DRAFT

By /s/Craig S. Allen

Name Craig S. Allen

Title Chief Financial Officer

[Signature Page to nyk10f51641 / nyk10f51839 / 45979626 Rate Cap Agreement]

ANNEX I

to Confirmation, Dated June 28, 2017
between Buyer and Seller

<u>From and Including*</u>	<u>To But Excluding*</u>	<u>Notional Amount (USD)</u>
6/15/2017	7/15/2017	\$ 83,440,614.87
7/15/2017	8/15/2017	\$ 83,368,123.23
8/15/2017	9/15/2017	\$ 83,295,270.78
9/15/2017	10/15/2017	\$ 83,222,055.72
10/15/2017	11/15/2017	\$ 83,148,476.22
11/15/2017	12/15/2017	\$ 83,074,530.48
12/15/2017	1/15/2018	\$ 83,000,216.67
1/15/2018	2/15/2018	\$ 82,925,532.99
2/15/2018	3/15/2018	\$ 82,850,477.58
3/15/2018	4/15/2018	\$ 82,775,048.55
4/15/2018	5/15/2018	\$ 82,699,244.10
5/15/2018	6/15/2018	\$ 82,623,062.34
6/15/2018	7/15/2018	\$ 82,546,501.38
7/15/2018	8/15/2018	\$ 82,469,559.33
8/15/2018	9/15/2018	\$ 82,392,234.30
9/15/2018	10/15/2018	\$ 82,314,524.40
10/15/2018	11/15/2018	\$ 82,236,427.68
11/15/2018	12/15/2018	\$ 82,157,942.25
12/15/2018	1/15/2019	\$ 82,079,066.16
1/15/2019	2/15/2019	\$ 81,999,797.46
2/15/2019	3/15/2019	\$ 81,920,134.20
3/15/2019	4/15/2019	\$ 81,840,074.43
4/15/2019	5/15/2019	\$ 81,759,616.14
5/15/2019	6/15/2019	\$ 81,678,757.38
6/15/2019	7/15/2019	\$ 81,597,496.14
7/15/2019	8/15/2019	\$ 81,515,830.41
8/15/2019	9/15/2019	\$ 81,433,758.21
9/15/2019	10/15/2019	\$ 81,351,277.47
10/15/2019	11/15/2019	\$ 81,268,386.18
11/15/2019	12/15/2019	\$ 81,185,082.30
12/15/2019	1/15/2020	\$ 81,101,363.76
1/15/2020	2/15/2020	\$ 81,017,228.52
2/15/2020	3/15/2020	\$ 80,932,674.51
3/15/2020	4/15/2020	\$ 80,847,699.60
4/15/2020	5/15/2020	\$ 80,762,301.72
5/15/2020	6/15/2020	\$ 80,676,478.77
6/15/2020	7/15/2020	\$ 80,590,228.65
7/15/2020	8/15/2020	\$ 80,503,549.20

* Subject to No Adjustment.

EXHIBIT A

NOTICE ADDRESSES AND OTHER MATTERS

Part 1: Addresses for Notices and Accounts for Payments:

The Seller:

Address: BARCLAYS BANK PLC
745 Seventh Avenue
New York, New York 10019
United States of America
Attention: Head of Derivatives PTS, Americas
By electronic email: IRDConfirmations@barclays.com
With copy to: muni_deriv_middleoffice@barclays.com

Payments to Seller: Bank: Barclays Bank Plc, New York
ABA No.: 026-0025-74
A/C: Barclays Bank Plc London
Favour: Barclays Swaps & Options Group, New York A/C
No.: 050-01922-8

The Buyer:

Address: ATAX TEBS III, LLC
c/o Burlington Capital Group
1004 Farnam Street, Suite 400
Omaha, NE 68102
Attn: Craig Allen
By Electronic email: callen@burlingtoncapital.com

Payments to Buyer (pursuant to Section 3, payments are to be made as will be specified):

Bank Name: Bank of America, N.A.
100 West 33rd Street
NY, NY 10001
ABA#: 026009593
Account Name: America First Multifamily Investors, L.P.
Account Number: 223001503325

Part 2: Documents to be delivered by the Seller to the Buyer contemporaneously with this Rate Cap Agreement:

- (a) Credit Support Document to be delivered by the Seller: Credit Support Annex on standard ISDA form with paragraph 13 in the form attached as Exhibit C hereto.

Document to be delivered by the Buyer to the Seller contemporaneously with this Rate Cap Agreement:

- (a) Evidence of the authority, incumbency and specimen signature of the party executing this Agreement.

Part 3: Credit Support Provider for the Seller: NONE

Part 4: Each reference in this Agreement to Dollars (the “Contractual Currency”) is of the essence. The obligation of each party in respect of any amount due under this Agreement in the Contractual Currency is, notwithstanding any payment in any other currency (whether pursuant to a judgment or otherwise), be discharged only to the extent of the amount in the Contractual Currency that the intended payee may, in accordance with normal banking procedures, purchase with the sum paid in that other currency (after any premium and costs of exchange) on the Business Day in New York City immediately following the day on which that payee receives the payment. If the amount in the Contractual Currency that may be so purchased for any reason falls short of the amount originally due, the party owing that amount shall pay such additional amount, in the Contractual Currency, as is necessary to compensate for the shortfall. Any obligation of that party not discharged by that payment shall, to the fullest extent permitted by applicable law, be due as a separate and independent obligation and, until discharged as provided herein, shall continue in full force and effect.

EXHIBIT B

TAX REPRESENTATIONS AND COVENANTS

A. Tax Representations and Covenants

Representations of each of the Seller and the Buyer

It is not required by any applicable law, as modified by the practice of any relevant governmental authority, to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 4 to be made by it to the other party) under this Agreement. In making this representation, it may rely on (i) the accuracy of any representation made by the other party below in this Exhibit and (ii) the satisfaction of the covenant of that other party contained below in this Exhibit and the accuracy and effectiveness of any document provided by that other party pursuant to any such covenant.

B. Payee Tax Representations

Of the Seller:

- (i) With respect to payments made to Seller which are not effectively connected to the United States, Seller is a non-U.S. branch of a foreign person for United States federal income tax purposes.
- (ii) With respect to payments made to Seller which are effectively connected to the United States, each payment received or to be received by Seller in connection with this Agreement will be effectively connected with its conduct of a trade or business in the United States.

Of the Buyer:

Buyer is a United States person for purposes of the United States Internal Revenue Code of 1986, as amended, and is not acting as an agent or intermediary for a foreign Person.

C. Covenants

Of Each Party:

It will give notice of any failure of a representation set forth in this Exhibit B and made by it under Section 7(c) of this Agreement to be accurate and true promptly upon learning of such failure.

If a party is required at any time to execute any form or document in order for payments to it hereunder to qualify for exemption from withholding for or on account of Taxes or to qualify for such withholding at a reduced rate, that party shall, as soon as practicable after request from the other party, execute the required form or document and deliver it to that other party.

Of the Seller:

None

Of the Buyer:

None

B-2

4814-8780-0582.10

Barclays Reference Number: 35948850B / 35949000B

EXHIBIT C

FORM OF PARAGRAPH 13 OF CREDIT SUPPORT ANNEX

Party A (or Seller): Barclays Bank PLC

Party B (or Buyer): ATAX TEBS III, LLC

Paragraph 13. Elections and Variables

- (a) **Security Interest for “Obligations.”** The term “Obligations” as used in the Annex includes the following additional obligations: Not Applicable.
- (b) **Credit Support Obligations.**
 - (i) **Delivery Amount, Return Amount and Credit Support Amount.**
 - (A) “Delivery Amount” has the meaning specified in Paragraph 3(a), unless otherwise specified here: None Specified
 - (B) “Return Amount” has the meaning specified in Paragraph 3(b), unless otherwise specified here: None Specified
 - (C) “Credit Support Amount” means, for any Valuation Date (i) the Secured Party’s Exposure for that Valuation Date plus (ii) the aggregate of all Independent Amounts applicable to the Pledgor, if any, minus (iii) the Pledgor’s Threshold; provided, however, that (x) in the case where the sum of the Independent Amounts applicable to the Pledgor exceeds zero, the Credit Support Amount will not be less than the sum of all Independent Amounts applicable to the Pledgor and (y) in all other cases, the Credit Support Amount will be deemed to be zero whenever the calculation of Credit Support Amount yields an amount less than zero.
 - (ii) **Eligible Collateral.** Debt obligations of the Federal Home Loan Mortgage Corporation shall not qualify as “Eligible Collateral.” The following items will qualify as “Eligible Collateral” with respect to Party A and Party B:

Remaining Maturity

<i>ICAD Code</i>	<i>Remaining Maturity</i>			
	<i>One (1) year or under</i>	<i>More than one (1) year up to and including five (5) years</i>	<i>More than five (5) years up to and including ten (10) years</i>	<i>More than ten (10) years</i>
<i>US-CASH</i>	<i>100%</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<i>US-TBILL</i>	<i>99%</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<i>US-TNOTE</i>	<i>99%</i>	<i>98%</i>	<i>95%</i>	<i>N/A</i>
<i>US-TBOND</i>	<i>99%</i>	<i>98%</i>	<i>95%</i>	<i>95%</i>

(iii) **Other Eligible Support.** There shall be no “Other Eligible Support” for either Party A or Party B.

(iv) **Thresholds.**

(A) “Independent Amount” for Party A and Party B means zero.

(B) “Threshold” for the Party A and Party B means USD\$0.

(C) “Minimum Transfer Amount” means, with respect to Party A and Party B, USD\$500,000; provided, that if an Event of Default has occurred and is continuing with respect to Pledgor, the Minimum Transfer Amount with respect to Pledgor shall be zero.

(D) *Rounding.* The Delivery Amount and the Return Amount will be rounded up or down respectively to the nearest integral multiple of USD\$10,000.

(c) **Valuation and Timing.**

(i) “Valuation Agent” means, for purposes of Paragraphs 3 and 5, the party making the demand under Paragraph 3, and, for purposes of Paragraph 6(d), the Secured Party receiving or deemed to receive the Distributions or the Interest Amount, as applicable. In addition, the Valuation Agent will be the Secured Party for purposes of calculating Value in connection with substitutions pursuant to Paragraph 4(d).

(ii) “Valuation Date” means each Local Business Day.

(iii) “Valuation Time” means the closing of business in the city of the Valuation Agent on the Local Business Day preceding the Valuation Date or the date of calculation, as applicable, provided that the calculations of Value and Exposure will be made as of approximately the same time on the same date.

(iv) “Notification Time” means by 10:00 a.m., New York time, on a Local Business Day.

(d) **Conditions Precedent and Secured Party’s Rights and Remedies.** Each of the following will be a “Specified Condition”: None.

(e) **Substitution.**

(i) “Substitution Date” has the meaning specified in Paragraph 4(d)(ii) unless otherwise specified here: None

(ii) *Consent.* The Pledgor does not need to obtain the Secured Party’s consent for any substitution pursuant to Paragraph 4(d).

(f) **Dispute Resolution.**

- (i) “Resolution Time” means 12:00 p.m., New York Time, on the fifth Local Business Day following the date on which notice of a dispute is given under Paragraph 5.
- (ii) *Value.* For the purpose of Paragraph 5(i)(C) and 5(ii), the Value of Eligible Collateral other than Cash will be calculated as follows:

the sum of (i) (x) the arithmetic mean of the closing bid prices quoted on the relevant date of three nationally recognized principal market makers (which may include an affiliate of Party A) for such security chosen by the Valuation Agent or (y) if no quotations are available from such principal market makers on the relevant date, the arithmetic mean of the closing bid prices on the next preceding date, multiplied by the appropriate Valuation Percentage set forth in subsection (b) of this Paragraph 13, plus (ii) the accrued interest on such security (except to the extent Transferred to a party pursuant to any applicable provision of this Agreement or included in the applicable price referred to in (i) of this clause) as of such date.
- (iii) *Alternative.* Not Applicable.

(g) **Holding and Using Posted Collateral.**

- (i) *Eligibility to Hold Posted Collateral; Custodians.* Secured Party will be entitled to hold Posted Collateral through itself or its Custodian pursuant to Paragraph 6(b), provided that the following conditions applicable to it are satisfied:
 - (1) *The Custodian:* The Custodian is a bank or trust company designated by the Secured Party and having total assets of at least USD\$10,000,000,000.
- (ii) *Use of Posted Collateral.* The provision of Paragraph 6(c) will apply.

(h) **Distributions and Interest Amount.**

- (i) *Interest Rate.* The Interest Rate will be the rate per annum equal to the overnight Federal Funds Rate for each day cash is held by the Secured Party as reported in Federal Reserve Publication H.15-519.
- (ii) *Transfer of Interest Amount.* The Transfer of the Interest Amount will be made on the last Local Business Day of each calendar month and on any Local Business Day that Posted Collateral in the form of Cash is Transferred to the Pledgor pursuant to Paragraph 3(b).
- (iii) *Alternative to Interest Amount.* Not Applicable.

(i) **Additional Representation(s).** Not Applicable.

- (j) **“Other Eligible Support and Other Posted Support.”**
- (i) “Value” with respect to Other Eligible Support and Other Posted Support means: Not Applicable.
- (ii) “Transfer” with respect to Other Eligible Support and Other Posted Support means: Not Applicable.
- (k) **Demands and Notices.** All demands, specifications and notices made by one party to this Annex will be made pursuant to the Notices Section of this Agreement, unless otherwise specified here:
- Party A: None Specified
- Party B: None Specified
- (l) **Address for Transfers.** None Specified
- (m) **Other Provisions.**
- (i) (ii) **FIRREA.** Party A, if an FDIC-insured depository institution, represents that (i) this Annex has been executed and delivered by a duly appointed or elected and authorized officer of Party A of the level of vice president or higher and (ii) Party A has taken all necessary action to authorize the execution, delivery and performance of this Annex.
- (iii) **Posted Collateral.** The definition of Posted Collateral shall also include any and all accounts in which Cash Collateral is held.
- (iv) **Additions to Paragraph 3.** The following subparagraph (c) is hereby added to Paragraph 3 of this Annex:
- (c) **No Offset.** On any Valuation Date, if (i) each party is required to make a Transfer under Paragraph 3(a) and (ii) each party is required to make a Transfer under Paragraph 3(b), then the amounts of those obligations will not offset each other.
- (v) **Fees of Custodian.** Notwithstanding any other provision contained in this Annex, Pledgor shall pay all fees and charges of the Custodian related to the holding and maintenance of the Posted Collateral.

- (vi) **Exposure.** The definition of the term “Exposure” contained in Paragraph 12 of this Annex is deleted in its entirety and the following language is substituted therefor: “Exposure” means for any Valuation Date or other date for which Exposure is calculated and, subject to Paragraph 5 in the case of a dispute, the amount, if any that would be payable to Party B pursuant to Section 11 of this Agreement as if this Agreement were being terminated as of the relevant Valuation Time; provided, however, that Market Quotation will be determined by the Valuation Agent using its estimates at mid-market of the amounts that would be paid pursuant to Section 11.
- (vii) **Master Agreement.** For purposes of this Annex, the term "Agreement" shall not refer to a Master Agreement and Schedule as indicated above in the introductory paragraph, but shall mean the Rate Cap Agreement between Party A and Party B dated as of the date hereof.
- (viii) **Notice Regarding Client Money Rules.** Party A hereby notifies Party B that Barclays Bank PLC, as a CRD credit institution (as such term is defined in the rules of the UK Financial Conduct Authority or any successor thereto (“the FCA”)), holds Party B’s money as banker and not as trustee. Accordingly, Party B’s money will not be held in accordance with the rules within the Client Asset Sourcebook of the FCA (the “Client Money Rules”) and will not be subject to the statutory trust provided for under the Client Money Rules. In particular, Seller shall not segregate Party B’s money from Party A’s money and Party A shall not be liable to account of Party B for any profits made by Party A’s use as banker of such funds. Upon failure of Party A, the client money distribution rules within the rules of the FCA (the “Client Money Distribution Rules”) will not apply to these sums and so Party B will not be entitled to share in any distribution under the Client Money Distribution Rules.
- (ix) **ISDA 2014 Collateral Agreement Negative Interest Protocol (the Protocol).** The parties agree that, solely for the purposes of this Agreement (which shall be deemed to be a **Protocol Covered Collateral Agreement** for the purposes of the Protocol), they shall be deemed to be **Adhering Parties** to the Protocol, the **Implementation Date** shall be the date of this Agreement and the representations and undertakings set out at Clause 3(a)(vi) (with respect to any Third Party Credit Support Document only), Clause 3(c) and Clause 3(d) of the Protocol shall be disregarded.
- (x) **Form of Annex.** The parties hereto agree that the text of the body of this Annex (paragraphs 1 through 12) shall be deemed to be the printed form of the 1994 ISDA Credit Support Annex (Bilateral Form — ISDA Agreements subject to New York Law only version) as published and copyrighted by the International Swaps and Derivatives Association, Inc., incorporated herein by reference, subject to the following revisions:
- (a) Modification to Introductory Paragraph: The following paragraph is substituted for the introductory paragraph of the Annex:

“This Annex supplements, forms part of, and is subject to, the above-referenced Rate Cap Agreement (the “Agreement”), and is a Credit Support Document under the Agreement with respect to each party.

(b) Modifications to Paragraph 1:

(1) The word “Schedule” shall be replaced with “Agreement” in subparagraph (a) of the Annex.

(c) Modification to Paragraph 2: The following Paragraph 2 is substituted for Paragraph 2 of this Annex:

“Paragraph 2. Security Interest. The Pledgor hereby pledges to the Secured Party, as security for its Obligations, and grants to the Secured Party a first priority continuing security interest in, lien on and right of Set-off against all Posted Collateral Transferred to or received by the Secured Party hereunder. Upon the Transfer by the Secured Party to the Pledgor of Posted Collateral, the security interest and lien granted hereunder on that Posted Collateral will be released immediately and, to the extent possible, without any further action by either party.”

(e) Modification to Paragraph 5: The following subparagraph (i) is substituted for subparagraph (i) of Paragraph 5 of this Annex:

(i) In the case of a dispute involving a Delivery Amount or Return Amount, unless otherwise specified in Paragraph 13, the Valuation Agent will recalculate the Exposure and the Value as of the Recalculation Date by:

(A) calculating the Exposure for the Rate Cap Agreement by seeking four actual quotations at mid-market from Reference Market-makers for purposes of calculating Market Quotation, and taking the arithmetic average of those obtained; provided that if four quotations are not available for the Rate Cap Agreement, then fewer than four quotations may be used for the Rate Cap Agreement; and if no quotations are available for the Rate Cap Agreement, then the Valuation Agent's original calculations will be used for the Rate Cap Transaction; and

(B) utilizing the procedures specified in Paragraph 13 for calculating the Value, if disputed, of Posted Credit Support.”

(f) Modification to Paragraph 7: The following Paragraph 7 is substituted for Paragraph 7 of this Annex:

“Paragraph 7. Notice of termination. For purposes of Section 10 of this Agreement, a party (X) may give a notice of termination with respect to the other party (Y) in accordance with Section 10 in the following circumstances:

(i) Y fails (or fails to cause its Custodian) to make, when due, any Transfer of Eligible Collateral, Posted Collateral or the Interest Amount, as applicable, required to be made by it and that failure continues for two Local Business Days after notice of that failure is given to Y;

(ii) Y fails to comply with any restriction or prohibition specified in this Annex with respect to any of the rights specified in Paragraph 6(c) and that failure continues for five Local Business Days after notice of that failure is given to Y; or

(iii) Y fails to comply with or perform any agreement or obligation other than those specified in Paragraphs 7(i) and 7(ii) and that failure continues for 30 days after notice of that failure is given to Y.

For purposes of Section 10, (a) if Y is the Seller, the occurrence of an event described above shall constitute a “Termination Event” and (b) if Y is the Buyer, the occurrence of an event described above shall give rise to the Seller’s right to terminate pursuant to Section 10(b).”

(g) Modifications to Paragraph 8:

(1) The following subparagraph (b) is substituted for the introductory clause of subparagraph (b) of Paragraph 8 of the Annex:

“(b) Pledgor’s Rights and Remedies. If at any time an Early Termination Date has occurred or been designated as the result of an event described in Paragraph 7 with respect to the Secured Party, then:”

(2) The words “Section 2(d)” shall be replaced with “Section 8” in subparagraph (d) of Paragraph 8 of this Annex.

(h) Modifications to Paragraph 9: The following first clause of Paragraph 9 is substituted for the first clause of this Annex:

“Paragraph 9. Representations. The Pledgor represents to the Secured Party (which representations will be deemed to be repeated as of each date on which it Transfers Eligible Collateral) that:”

(i) Modification to Paragraph 11: The words “one or more Confirmations or” are deleted in Paragraph 11(f) of this Annex.

(j) Certain Defined Terms. The following terms have the meanings indicated below:

“Defaulting Party” means (a) the Seller if a Termination Event has occurred and is continuing with respect to the Seller and (b) the Buyer if an event has occurred and is continuing under Paragraph 7 hereof with respect to which the Buyer is Y.

“Default Rate” means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 1% per annum.

“Event of Default” means a Termination Event as specified in Section 9 of the Agreement.

“Potential Event of Default” means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

(xi) **Additional Amendments for compliance with Variation Margin Rules.**

(i) **Transfer Timing.** The word “next” on the third line of Paragraph 4(b) is deleted and replaced with the word “same”. The word “second” on the fifth line of Paragraph 4(b) is deleted and replaced with the word “next”.

(ii) **Dispute Resolution.** Clause (1) and (2) of the opening paragraph of Paragraph 5 of the Annex to the Agreement are amended as follows: “(1) the Disputing Party will notify the other party and the Valuation Agent (if the Valuation Agent is not the other party) not later than the close of business on (X) the date that the demand is received under Paragraph 3 in the case of (I) above, or (Y) the Local Business Day following the date of Transfer in the case of (II) above, (2) subject to Paragraph 4(a), the appropriate party will Transfer the undisputed amount to the other party not later than the close of business on the Local Business Day (X) that the Transfer otherwise would have been due if no dispute had existed in the case of (I) above, or (Y) following the date of Transfer in the case of (II) above.”

(iii) **Legally Ineligible Credit Support.**

Unless otherwise specified in Paragraph 13, upon delivery of a Legal Ineligibility Notice by a party, each item of Eligible Credit Support (or a specified amount of such item) identified in such notice (i) will cease to be

Eligible Credit Support (VM) for purposes of Transfers to such party as the Secured Party hereunder as of the applicable Transfer Ineligibility Date, (ii) will cease to be Eligible Credit Support for the other party as the Pledgor for all purposes hereunder as of the Total Ineligibility Date and (iii) will have a Value of zero on and from the Total Ineligibility Date.

The parties agree that: (a) a Legal Ineligibility Notice may be delivered because the relevant item(s) of Eligible Credit Support never did satisfy the relevant Legal Eligibility Requirements (in which case the applicable Transfer Ineligibility Date and Total Ineligibility Date will be the fifth Local Business Day following the date of delivery of the Legal Ineligibility Notice); (b) Legal Eligibility Requirements may be applied on a portfolio basis (including, without limitation, for the purposes of applying any concentration limits) such that an entire portfolio or group of items may be the subject of a Legal Ineligibility Notice; (c) Legal Eligibility Requirements will include, if relevant, whether or not the relevant item comprises financial collateral (or equivalent) for the purposes of the Directive 2002/47/EC of the European Parliament and Council of 6th June, 2002 on financial collateral arrangements as implemented in the relevant jurisdiction ; and (d) a Legal Ineligibility Notice may be given in respect of a new sub-category, as identified in such notice in respect of an item, to the extent such a distinction is made by the relevant law, regulatory guideline, policy, manual, standard or statement.

As used herein:

“Legal Ineligibility Notice” means a written notice from the Secured Party to the Pledgor in which the Secured Party (i) represents that the Secured Party has determined that one or more items of Eligible Credit Support (or a specified amount of any such item) either has ceased to satisfy, or as of a specified date will cease to satisfy, collateral eligibility requirements under law applicable to the Secured Party requiring the collection of variation margin (the **“Legal Eligibility Requirements”**), (ii) lists the item(s) of Eligible Credit Support (and, if applicable, the specified amount) that have ceased to satisfy, or as of a specified date will cease to satisfy, the Legal Eligibility Requirements, (iii) describes the reason(s) why such item(s) of Eligible Credit Support (or the specified amount thereof) have ceased to satisfy, or will cease to satisfy, the Legal Eligibility Requirements and (iv) specifies the Total Ineligibility Date and, if different, the Transfer Ineligibility Date.

“Total Ineligibility Date” means the date on which the relevant item of Eligible Credit Support (or a specified amount of such item) has ceased to satisfy, or will cease to satisfy, the Legal Eligibility Requirements applicable to the Secured Party for all purposes hereunder; *provided* that, unless otherwise specified in Paragraph 13, if such date is earlier than the

fifth Local Business Day following the date on which the Legal Ineligibility Notice is delivered, the Total Ineligibility Date will be the fifth Local Business Day following the date of such delivery.

“Transfer Ineligibility Date” means the date on which the relevant item of Eligible Credit Support (or a specified amount of such item) has ceased to satisfy, or will cease to satisfy, the Legal Eligibility Requirements for purposes of Transfers to the Secured Party hereunder; *provided* that, unless otherwise specified in Paragraph 13, if such date is earlier than the fifth Local Business Day following the date on which the Legal Ineligibility Notice is delivered, the Transfer Ineligibility Date will be the fifth Local Business Day following the date of such delivery.

(iv) **Valuation Percentage.** If at any time the Valuation Percentage assigned to an item of Eligible Credit Support with respect to a party (as the Pledgor) under this Annex is greater than the maximum permitted valuation percentage (prescribed or implied) for such item of collateral under any law requiring the collection of variation margin applicable to the other party (as the Secured Party), then the Valuation Percentage with respect to such item of Eligible Credit Support and such party will be such maximum permitted valuation percentage, as notified by the Secured Party to the Pledgor.

Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Chad L. Daffer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of America First Multifamily Investors, L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods represented in this report;
4. As the registrant's sole certifying officer, I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusion about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. As the registrant's sole certifying officer, I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2017

By /s/ Chad L. Daffer
Chad L. Daffer
Chief Executive Officer

America First Multifamily Investors, L.P.

Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Craig S. Allen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of America First Multifamily Investors, L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods represented in this report;
4. As the registrant's sole certifying officer, I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusion about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. As the registrant's sole certifying officer, I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2017

By /s/ Craig S. Allen
Craig S. Allen
Chief Financial Officer

America First Multifamily Investors, L.P.

Certification of CEO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Chad L. Daffer, Chief Executive Officer of America First Multifamily Investors, L.P., certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1) The Quarterly Report on Form 10-Q of the Partnership for the quarter ended June 30, 2017 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: August 7, 2017

/s/ Chad L. Daffer
Chad L. Daffer
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to America First Multifamily Investors, L.P. and will be retained by America First Multifamily Investors, L.P. and furnished to the Securities and Exchange Commission or its staff upon request.

Certification of CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Craig S. Allen, Chief Financial Officer of the general partner of the General Partner of America First Multifamily Investors, L.P., certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1) The Quarterly Report on Form 10-Q of the Partnership for the quarter ended June 30, 2017(the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: August 7, 2017

/s/ Craig S. Allen

Craig S. Allen

Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to America First Multifamily Investors, L.P. and will be retained by America First Multifamily Investors, L.P. and furnished to the Securities and Exchange Commission or its staff upon request.