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May 27, 2021

NOTICE TO JOINT LEGISLATIVE COMMITTEE ON LOCAL GOVERNMENT OF PROPOSED LOCAL GOVERNMENT FINANCING

Joint Legislative Committee on Local Government
North Carolina General Assembly
16 West Jones Street
Raleigh, North Carolina 27601
Attention Committee Chairs; Committee Assistant

Fiscal Research Division
North Carolina General Assembly
300 North Salisbury Street, Suite 619
Raleigh, North Carolina 27603-5925
Attention: Interim Director

$27,900,000
Housing Authority of the City of Durham
Multifamily Housing Revenue Bonds (Trails at Twin Lakes Apartment Homes)

Ladies and Gentlemen:

We are bond counsel for the Housing Authority of the City of Durham (the "Authority") in connection with the proposed issuance of its Multifamily Housing Revenue Bonds (the "Bonds") in an aggregate principal amount not to exceed $27,900,000. The proceeds of the Bonds will be loaned to Village Capital Corporation, an Indiana corporation (the "Borrower"), for the purpose of providing all or part of the funds with which to pay the cost of the acquisition, construction and equipping of a low and moderate income multifamily housing development (the "Project") to be known as Trails at Twin Lakes Apartment Homes. The Project will consist of approximately 168 units in seven residential buildings and will be located in the City of Durham, North Carolina.

The Bonds will be issued under the North Carolina Housing Authorities Law, Article 1 of Chapter 157 of the North Carolina General Statutes, as amended (the "Act"). The proceeds of the Bonds will be loaned to the Borrower under a loan agreement with the Authority, pursuant to which the Borrower will promise to pay amounts sufficient to pay principal, premium, if any, and interest on the Bonds when due. The Borrower's obligations will be secured by a deed of trust on the Project. The Borrower and the Authority will file restrictive covenants requiring that the Project be operated as a "qualified residential rental facility," under the Internal Revenue Code of 1986, as amended, and as a facility that provides housing for persons of low or moderate income under the Act for the longer of the term of the Bonds or 15 years. The Borrower will be solely responsible for repaying the Bonds, and the Authority will have no financial liability whatsoever for their repayment. The Bonds do not represent or constitute a debt or pledge of the faith and credit of the Authority, the City of Durham, the State of North Carolina, or any political subdivision thereof. Principal of and premium (if any) and interest on the Bonds are payable solely from the revenues received from the Borrower.

This notice is provided pursuant to N.C. Gen. Stat. §120-157.2(a). The Authority expects that the North Carolina Local Government Commission (the "Commission") will consider the Authority's proposal to issue the Bonds for approval at the Commission's meeting scheduled for August 3, 2021. We are delivering this notice on behalf of the Authority and the Borrower in accordance with directions provided by the Commission in Memorandum No. 2012-02 dated July 25, 2011.

Very truly yours,

Kristen M. Kirby, Esq.
Bond Counsel

cc: Sharon Edmundson, Secretary
Local Government Commission
NC Department of State Treasurer
3200 Atlantic Avenue
Raleigh, NC 27604