

March 31, 2020

**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

**\$16,500,000**  
**Housing Authority of the City of Raleigh**  
**Multifamily Housing Revenue Bonds**  
**(Walnut Trace Apartments), Series 2020**

Ladies and Gentlemen:

We are bond counsel for the Housing Authority of the City of Raleigh, North Carolina (the "Authority") in connection with the proposed issuance of its Multifamily Housing Revenue Bonds (Walnut Trace Apartments), Series 2020 (the "Bonds") in an aggregate principal amount not to exceed \$16,500,000. The proceeds of the Bonds will be loaned to Walnut Trace, LLC, a North Carolina limited liability company, or an affiliated or related entity (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 multifamily residential rental facility to be known as Walnut Trace Apartments, consisting of approximately 180 units and located in Raleigh, North Carolina (the "Project").

The Bonds will be issued under Article 1 of Chapter 157 of the North Carolina General Statutes (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 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

March 31, 2020

Page 2

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 Raleigh, Wake County, the State of North Carolina, or any political subdivision thereof. Principal of and premium (if any) and interest on the Bonds shall be 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 June 2, 2020. 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,

A handwritten signature in dark ink, appearing to read "Kristen Kirby", is positioned above the printed name.

Kristen M. Kirby, Esq.  
Bond Counsel

cc: Greg C. Gaskins, Secretary  
Local Government Commission  
NC Department of State Treasurer  
3200 Atlantic Avenue  
Raleigh, NC 27604