

January 26, 2024

**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

\$28,000,000

**Housing Authority of the City of Asheville
Multifamily Note (Lakeshore Villas)**

Ladies and Gentlemen:

We are bond counsel for the Housing Authority of the City of Asheville (the “Authority”) in connection with the proposed issuance of its multifamily housing revenue note (the “Multifamily Note”) to be issued in one or more series in an aggregate principal amount not to exceed \$28,000,000. The proceeds of the Multifamily Note will be loaned to Mountain Housing Opportunities, Inc., a North Carolina nonprofit corporation, 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 120-unit affordable housing complex to be known as Lakeshore Villas and located in Arden, Buncombe County, North Carolina (the “Project”).

The Multifamily Note 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 Multifamily Note 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 Multifamily Note when due. The Borrower and the Authority will file restrictive covenants requiring that the Project be operated as a “qualified residential rental project” 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 Multifamily Note or 15 years. The Borrower will be solely responsible for repaying the Multifamily Note, and the Authority will have no financial liability whatsoever for their

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repayment. The Multifamily Note does not represent or constitute a debt or pledge of the faith and credit of the Authority, the City of Asheville, the State of North Carolina, or any political subdivision thereof. Principal of and premium (if any) and interest on the Multifamily Note 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 Multifamily Note for approval at the Commission's meeting scheduled for April 2, 2024. 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 blue ink, appearing to read "Kristen Kirby".

Kristen M. Kirby, Esq.
Bond Counsel

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