**RHODE ISLAND HOUSING AND MORTGAGE FINANCE
CORPORATION
RULES AND REGULATIONS OF THE CORPORATION
APPLICABLE TO THE RENTAL HOUSING CAPITAL IMPROVEMENT
PROGRAM**

SECTION 1: PROGRAM PURPOSES

1.1   Program Purposes and Objectives.   Rhode Island Housing and
Mortgage Finance Corporation ("Rhode Island Housing"), hereby promulgates
Rules and Regulations (the "Regulations") applicable to the Rental Housing
Capital Improvement Program ("RHCIP"). The primary purpose of the RHCIP
is to fund necessary capital improvement work in Rhode Island Housing financed
developments including but not limited to: Housing Tax Credit ("HTC")
developments and HOME Program funded rental developments.

SECTION 2: CONSTRUCTION OF RULES AND REGULATIONS

2.1 Definitions. As used in these Regulations:

2.2.1   "Act" means the Rhode Island Housing and Mortgage Finance
Corporation Act more particularly set forth in Chapter 55 of Title 42 of the
Rhode Island General Laws of 1956 as amended.

2.2.2   "Board of Commissioners" or "Board" means the Board of
Commissioners of Rhode Island Housing.

2.2.3   "Rhode Island Housing" means Rhode Island
Housing and Mortgage Finance Corporation, a public corporation organized and
existing under the Act.

2.2.4   "Development" means a site or an entire building, or two or more
buildings, together with the site or sites on which the building or buildings are
located, that are under common ownership and management, and were financed
through Rhode Island Housing.

SECTION 3:   ALLOCATION OF FUNDS

3.1   Eligible Properties.   Eligibility for RHCIP funds is limited to
properties financed and/or funded through Rhode Island Housing. Funds will
be made available both for critical maintenance items as well as aesthetic

improvements that can improve the quality of life for residents. Owners must be in good standing with Rhode Island Housing in order to apply for funds.

3.2   Application Requirements: Applications will be accepted on a rolling basis. Management agents/owners will be eligible to apply to RHCIP only when a plan has been formulated and approved by Rhode Island Housing. The application must include: general information about the property and the owner, a description of the proposed scope of work, identification and evidence of other funding where applicable, and terms of the assistance required.

3.3   Application Awards: Rhode Island Housing will make the determination of how much funding, if any, the development shall receive. Funds will be allocated based on the needs of the development, soundness of the rehabilitation plan, the availability of other sources to fund the necessary work and the severity of the disrepair, among other factors.

SECTION 4. PROGRAM ADMINISTRATION

4.1   Scope of Work.   Rhode Island Housing staff will work with the owner to determine that the scope of work outlined in the application phase is comprehensive and addresses all necessary work. Staff may require a Capital Needs Assessment to be conducted.

4.2   Contracting.   The owner may be required to bid out the scope of work to a minimum of three qualified bidders.

4.3 Funding Terms.   Funds will be available in the form of a loan, either amortizing or deferred. Exceptions may be made depending on the ability of the development to support additional debt.

4.3 Release of Funds.   Funds will be distributed to contractors as work is completed and approved by Rhode Island Housing staff or a third party.

SECTION 5. MISCELLANEOUS

5.1 Monitoring.   To ensure compliance with these Rules and Regulations, Rhode Island Housing will conduct site visits and inspections and may require reports and information to document compliance with these Rules and Regulations.

5.2 Modification of Proposals.   In awarding funds to eligible applicants, Rhode Island Housing reserves the right to modify, amend, or reduce funding or the scope of activities as proposed in the application.

5.3 Additional Requirements. Rhode Island Housing reserves the right to supplement any of the foregoing guidelines and requirements from time to time by Program Bulletin.