
INDENTURE OF TRUST

Between

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,
As Issuer

and

U.S. BANK, NATIONAL ASSOCIATION,
As Trustee

Dated as of January 1, 2019

Securing

[\$12,500,000]
Texas Department of Housing and Community Affairs
Multifamily Tax-Exempt Bonds
(M-TEMS) (Park Yellowstone) Series 2019 (FN)

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INDENTURE OF TRUST

This INDENTURE OF TRUST, made and entered into as of January 1, 2019, by and between the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (together with its successors and assigns, the “Issuer”), a public and official agency of the State of Texas, and U.S. BANK, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, including such entity’s successors or any other corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at any time serving as successor trustee hereunder (the “Trustee”);

W I T N E S S E T H:

WHEREAS, by virtue of the authority of the laws of the State of Texas (the “State”), and particularly the provisions of Chapter 2306, Texas Government Code, as amended (the “Act”), the Issuer is authorized to make loans to finance the cost of a “development” (as defined in the Act) and to issue bonds, notes or other evidences of indebtedness from time to time for such purposes; and

WHEREAS, in order to provide the funds necessary for the acquisition, construction, rehabilitation and equipping of the Project (as hereinafter defined, along with any other capitalized term used but not defined in the Recitals or Granting Clauses of this Indenture, in Section 1.01), the Issuer has, pursuant to the Act, authorized the issuance of its Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN) (the “Bonds”), in the principal amount of \$[12,500,000]; and

WHEREAS, simultaneously with the issuance and sale of the Bonds, the Issuer has determined to issue and sell its \$[2,880,000] Multifamily Housing Revenue Bonds (Park Yellowstone) Series 2019 (the “Short Term Bonds”) issued under and pursuant to a Trust Indenture dated as of January 1, 2019 (together, with any amendments or supplements thereto, the “Short Term Indenture”) by and between the Issuer and U.S. Bank, National Association, as the Short Term trustee (together with any successor or successors in the trust, the “Short Term Trustee”) and to use the proceeds thereof to make a loan to the Borrower (as hereinafter defined) to provide additional funds necessary for the acquisition, rehabilitation and equipping of the Project; and

WHEREAS, pursuant to the Financing Agreement dated as of the date hereof (the “Financing Agreement”) among the Issuer, YELLOWSTONE BOULEVARD LLC (the “Borrower”), KEYBANK REAL ESTATE CAPITAL (the “Lender”) and the Trustee, the Issuer will use the proceeds of the Bonds to make a loan to the Borrower (the “Bond Loan”), evidenced by a promissory note (the “Bond Loan Note”), to finance the acquisition, rehabilitation and equipping of the Project; and

WHEREAS, to assist in the financing of the Project, the Borrower will cause the Eligible Funds to be periodically delivered to the Trustee for deposit into the Collateral Fund as security for the Bonds prior to the applicable MBS Delivery Date (as hereinafter defined); and

WHEREAS, pursuant to the Financing Agreement, the Borrower has agreed, among other things, to (a) make payments on the Bond Loan Note, (b) make payments on the Mortgage Note (as

hereinafter defined) and (c) pay all required fees associated with the Bonds and the Mortgage Loan (as hereinafter defined); and

WHEREAS, to assist in financing the Project, at the direction of the Borrower, amounts on deposit in the Collateral Fund and, to the extent amounts in the Collateral Funds are insufficient, amounts in the Bond Proceeds Fund, will be used on the applicable MBS Delivery Date (as hereinafter defined) to acquire the applicable MBS, which will be backed by the applicable Mortgage Loan from the Lender to the Borrower as evidenced by the applicable Mortgage Note; and

WHEREAS, the MBS is to be held in trust by the Trustee and pledged under the terms of this Indenture to secure payment of the Bonds;

WHEREAS, the Issuer has authorized the execution of this Indenture in order to secure the payment of the principal of, premium, if any, and interest on the Bonds and the observance of the covenants and conditions herein contained; and

WHEREAS, the Issuer has determined that all things necessary to make the Bonds, when executed by the Issuer and authenticated by the Trustee and issued as provided in this Indenture, the valid, binding and legal obligations of the Issuer according to the import thereof, and to constitute this Indenture a valid assignment and pledge of the MBS Revenues and other amounts pledged to the payment of the principal of, premium, if any, and interest on the Bonds and a valid and binding agreement for the uses and purposes herein set forth, have been duly taken, and the creation, execution and delivery of this Indenture and the creation, execution and delivery of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:

The Issuer, in order to secure the payment of the principal of, the premium, if any, and the interest on all Bonds at any time issued and outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the purchase and acceptance of the Bonds by the owners thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, does hereby grant, bargain, sell, warrant, convey, confirm, assign, transfer in trust, grant a security interest in, pledge and set over unto the Trustee, the property of the Issuer, real and personal, hereinafter described, for the benefit of the holders of the Bonds, subject only to the provisions hereof permitting the application thereof for or to the purposes and on the terms and conditions set forth herein (said property being herein sometimes referred to as the "Trust Estate"):

GRANTING CLAUSES

I.

All right, title and interest of the Issuer in and to amounts on deposit in the Bond Proceeds Fund to be funded at closing in an amount equal to the principal amount of the Bonds;

II.

All Eligible Funds on deposit in the Collateral Fund and the Revenue Fund;

III

The Immediate MBS and the Forward MBS, each if issued by Fannie Mae and acquired by the Trustee, and all respective MBS Revenues;

IV.

All right, title and interest of the Issuer now owned or hereafter acquired in, to and under the Financing Agreement (except Reserved Rights, as hereinafter defined) and the Regulatory Agreement; and

V.

All other property which by the express provisions of this Indenture is required to be subject to the lien hereof, and any additional property that, from time to time, by delivery or by writing of any kind, may be subjected to the lien hereof, by the Issuer or by anyone on its behalf, and the Trustee is hereby authorized to receive the same at any time as additional security hereunder; provided, however, that the Trust Estate shall not include amounts on deposit in the Rebate Fund;

TO HAVE AND TO HOLD all and singular with all privileges and appurtenances hereby given, granted, bargained, sold, conveyed, assigned, pledged, mortgaged and transferred or agreed or intended so to be, whether now owned or hereafter acquired, including any and all additional property that by virtue of any provision hereof or of any indenture supplemental hereto shall hereafter become subject to this Indenture and to the trusts hereby created, unto the Trustee and its successors in trust and assigns forever;

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of the registered owners from time to time of any of the Bonds authenticated and delivered under this Indenture and issued by the Issuer and Outstanding, without preference, priority or distinction as to lien, or otherwise of any one Bond over any other Bond by reason of priority in the issue, sale or negotiation thereof, or of any other cause, and for the benefit of Fannie Mae as herein provided;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of, premium, if any, and interest on the Bonds due or to become due thereon, at the times and in the manner mentioned in the Bonds according to the true intent and meaning thereof, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay, cause to be paid or make provision for payment to the Trustee of all sums of money due or to become due in accordance with the terms and provisions hereof, then upon such final payment this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture shall remain in full force and effect;

AND IT IS HEREBY COVENANTED that all of the Bonds shall be issued, authenticated and delivered, and that the Trust Estate shall be held by the Trustee, subject to the further covenants, conditions, uses and trusts hereinafter set forth, and the Issuer agrees and covenants with the Trustee and with the registered owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Indenture and of any indenture supplemental hereto, have the following meanings:

“Act” has the meaning given to such term in the Preamble hereto.

“Actual/360” means a computation of interest accrual on the basis of a three hundred sixty (360) day year and the actual number of calendar days during the applicable month, calculated by multiplying the unpaid principal balance of the Bonds by the Pass-Through Rate, dividing the product by three hundred sixty (360), and multiplying the quotient obtained by the actual number of days elapsed in the applicable month.

“Attesting Officer” means such officer or official of the Issuer who in accordance with the Resolution, the laws of the State, the bylaws or other governing documents of the Issuer or practice or custom, regularly certifies official acts and records of the Issuer, and includes any assistant or deputy officer to the principal officer or officers exercising such responsibilities.

“Authorized Borrower Representative” means any person who, at any time and from time to time, is designated as the Borrower’s authorized representative by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by or on behalf of any authorized general partner of the Borrower if the Borrower is a general or limited partnership, by any authorized managing member of the Borrower if the Borrower is a limited liability company, or by any authorized officer of the Borrower if the Borrower is a corporation, which certificate may designate an alternate or alternates. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Borrower Representative is an Authorized Borrower Representative until such time as the Borrower files with it (with a copy to the Issuer) a written certificate revoking such person’s authority to act in such capacity. The initial Authorized Borrower Representative is _____.

“Authorized Denomination” means \$1,000 or any integral multiple of \$1.00 in excess thereof.

“Authorized Officer” means (a) with respect to the Issuer, the Chair or Vice Chair of the Board, the Executive Director or Acting Director of the Issuer, the Director of Administration of the Issuer, the Director of Bond Finance and Chief Investment Officer of the Issuer, the Director of Texas Homeownership of the Issuer, and the Secretary or Assistant Secretary to the Board, and (b) with respect to the Trustee, any Vice President or Assistant Vice President of the Trustee having regular responsibility for corporate trust matters.

“Bankruptcy Code” means the Federal Bankruptcy Code, Title 11 of the United States Code.

“Beneficial Owner” means the purchaser of a beneficial interest in the Bonds.

“Bond” or “Bonds” means the Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN) in the principal amount of \$[12,500,000] authorized under and secured by this Indenture and issued pursuant to this Indenture.

“Bond Counsel” means an attorney at law or a firm of attorneys of recognized expertise in the field of federal income tax matters relating to municipal securities selected by the Issuer and acceptable to the Trustee.

“Bond Dated Date” means January 1, 2019.

“Bond Loan” means the loan of the proceeds of the Bonds from the Issuer to the Borrower.

“Bond Loan Note” means the promissory note dated the Closing Date from the Borrower to the Issuer and assigned by the Issuer to the Trustee on the Closing Date, in substantially the form attached as an exhibit to the Financing Agreement, together with any amendments, supplements or modifications thereto.

“Bond Maturity Date” means _____, 20__, subject to final payment of principal with respect to the MBS on _____ 25, 20__, or the following Business Day if such day is not a Business Day, which will be passed through to the Bondholders on the Final Payment Date.

“Bond Proceeds Fund” means the Fund of that name established by Section 5.02 hereof.

“Bond Purchase Agreement” means the Bond Purchase Agreement, dated _____, 20__, among the Underwriter, the Issuer and the Borrower.

“Bondholder” or “holder” or “owner” of any Bond or any similar term shall mean the person in whose name any Bond is registered.

“Book Entry Bonds” means the Bonds for which a Depository or its Nominee is the Bondholder.

“Borrower” has the meaning given to such term in the Preamble hereto.

“Business Day” means, with respect to the MBS and the Bonds, any day other than a Saturday or Sunday, a day when the fiscal agent or paying agent for the MBS is closed, a day when the Federal Reserve Bank of New York is closed, or a day when the Federal Reserve Bank is closed in a district where a bond account is located if the related withdrawal is being made from that bond account, and, with respect to the Bonds, any such day that is also a day on which the Trustee is open for business.

“Cash Flow Projection” shall mean cashflow projections prepared by an independent firm of certified public accountants, a financial advisory firm, a law firm or other independent third party qualified and experienced in the preparation of cash flow projections for structured finance

transactions similar to the Bonds, establishing that (a) the amounts on deposit with the Trustee in the Bond Proceeds Fund, the Collateral Fund and Revenue Fund, and (b) any additional Eligible Funds delivered to the Trustee by or on behalf of the Borrower are sufficient to pay (i) amounts due and payable on the Bonds on each Payment Date and (ii) the MBS Purchase Price on the MBS Delivery Date. The cost and expense of such obtaining such Cash Flow Projections shall be the sole responsibility of the Borrower.

“Closing Date” means [_____].

“Code” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“Collateral Fund” means the Fund created and so designated in Section 5.02 hereof.

“Completion Certificate” means the certificate attached as Exhibit __ to the Financing Agreement.

“Completion Date” means the date the Project is substantially completed and available and suitable for use as multifamily housing, as set forth in the Completion Certificate.

“Comptroller” means the Comptroller of Public Accounts of the State of Texas.

“Costs of Issuance” has the meaning set forth for such term in the Tax Exemption Agreement.

“Costs of Issuance Deposit” means the amount deposited on the Closing Date into the Costs of Issuance Fund.

“Costs of Issuance Fund” means the Fund created and so designated in Section 5.02 hereof.

“Depository” means, initially, DTC and any replacement securities depository appointed under this Indenture.

“DTC” means The Depository Trust Company, New York, New York.

“Electronic Means” means a facsimile transmission, Portable Document Format (PDF) or any other electronic means of communication approved in writing by Fannie Mae.

“Eligible Funds” means:

(a) the proceeds of the Bonds or any other amounts received by the Trustee from the Underwriter of the Bonds;

(b) the proceeds of the Mortgage Loan and the Equity Bridge Loan;

- (c) moneys drawn on a letter of credit;
- (d) any amounts received by the Trustee representing advances to the Borrower (or an affiliate) of funds from other third parties representing loans or grants of money earmarked for the Project;
- (e) any other amounts for which the Trustee has received an Opinion of Counsel to the effect that the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code (or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court) or be avoidable as preferential payments under Section 547 or 550 of the Bankruptcy Code should the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;
- (f) any payments held by the Trustee for a continuous period of 123 days, provided that no act of bankruptcy with respect to the Borrower has occurred during such period; and
- (g) investment income derived from the investment of the money described in (a) through (f) above.

“Equity Bridge Lender” means PNC Real Estate.

“Equity Bridge Loan” means an equity bridge loan from the Equity Bridge Lender to the Borrower in connection with the Project.

“Event of Default” means any occurrence or event specified in Section 8.01 hereof.

“Extension Deposit” means the deposit of Eligible Funds described in Sections 3.04 and 5.04(b) hereof.

“Fannie Mae” means Fannie Mae, a corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C., § 1716 et seq., and its successors.

“Fannie Mae Certificate” means a guaranteed mortgage pass-through Fannie Mae mortgage backed security issued by Fannie Mae in book-entry form, recorded in the name of the Trustee or its nominee, guaranteed as to timely payment of principal of and interest by Fannie Mae, and backed by the Mortgage Loan.

“Fannie Mae Forward Commitment” means the Fannie Mae Forward Commitment, dated as of _____, 20__, entered into between the Lender and Fannie Mae, as the same may be amended from time to time.

“Favorable Opinion of Bond Counsel” means, with respect to any action, or omission of an action, the taking or omission of which requires such an opinion, an unqualified written opinion of Bond Counsel to the effect that such action or omission does not adversely affect the excludability from gross income for federal income tax purposes of interest payable on the Bonds under existing law (subject to the inclusion of any exceptions contained in the opinion delivered upon the original

issuance of the Bonds or such other customary exceptions that are acceptable to the recipient(s) thereof).

“Final Payment Date” means _____, 20__, or the following Business Day if such date is not a Business Day.

“Financing Agreement” has the meaning given to such term in the Preamble hereto.

“Financing Documents” means the Financing Agreement, the Regulatory Agreement, the Tax Exemption Agreement, this Indenture, the Bond Loan Note and the Bond Purchase Agreement.

“Forward MBS” shall mean the Fannie Mae Certificate identified in Section 4.01 hereof, if and when delivered, that is pledged to the Trustee pursuant to this Indenture.

“Forward MBS Delivery Date” means the date on which the Trustee receives the Forward MBS backed by the Forward Mortgage Loan, which shall occur not later than the Forward MBS Delivery Date Deadline.

“Forward MBS Delivery Date Deadline” means [_____, 20__], as such date may be extended pursuant to Section 3.04 hereof.

“Forward MBS Purchase Price” means (i) an amount equal to (A) the principal amount outstanding on the Bonds as of the Forward MBS Delivery Date less (B) the principal amount outstanding on the Immediate MBS as of the Forward MBS Delivery Date, plus (ii) accrued interest on the Forward MBS from the Forward MBS Dated Date to the Forward MBS Delivery Date at the Pass-Through Rate.

“Forward Mortgage” means the instrument securing the Forward Mortgage Loan.

“Forward Mortgage Loan” means the interest-bearing loan for multifamily housing relating to the Bonds which is evidenced by the Forward Mortgage Note and secured by the Forward Mortgage and the Forward Multifamily Loan and Security Agreement.

“Forward Mortgage Note” means the Multifamily Note dated _____ from the Borrower payable to the order of the Issuer and assigned to the [Lender] evidencing the Borrower’s obligation to repay the Forward Mortgage Loan.

“Forward Multifamily Loan and Security Agreement” means the Forward Multifamily Loan and Security Agreement executed by the Borrower and dated January 1, 2019, as the same may be supplemented, amended or modified from time to time.

“Fund” or “Account” means a fund or account created by or pursuant to this Indenture.

“Government Obligations” means direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury), and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by the United States of America.

“Highest Rating Category” has the meaning, with respect to a Permitted Investment, given in this definition. If the Bonds are rated by a Rating Agency, the term “Highest Rating Category” means, with respect to a Permitted Investment, that the Permitted Investment is rated by each Rating Agency in the highest rating given by that Rating Agency for that general category of security. If at any time the Bonds are not rated (and, consequently, there is no Rating Agency), then the term “Highest Rating Category” means, with respect to a Permitted Investment, that the Permitted Investment is rated by S&P or Moody’s in the highest rating given by that rating agency for that general category of security. By way of example, the Highest Rating Category for tax-exempt municipal debt established by S&P is “A-1+” for debt with a term of one year or less and “AAA” for a term greater than one year, with corresponding ratings by Moody’s of “MIG-1” (for fixed rate) or “VMIG-1” (for variable rate) for one year or less and “Aaa” for greater than one year. If at any time (i) the Bonds are not rated, (ii) both S&P and Moody’s rate a Permitted Investment and (iii) one of those ratings is below the Highest Rating Category, then such Permitted Investment will, nevertheless, be deemed to be rated in the Highest Rating Category if the lower rating is no more than one rating category below the highest rating category of that rating agency. For example, a Permitted Investment rated “AAA” by S&P and “Aa3” by Moody’s is rated in the Highest Rating Category. If, however, the lower rating is more than one full rating category below the Highest Rating Category of that Rating Agency, then the Permitted Investment will be deemed to be rated below the Highest Rating Category. For example, a Permitted Investment rated “AAA” by S&P and “A1” by Moody’s is not rated in the Highest Rating Category.

“Immediate MBS” shall mean the Fannie Mae Certificate identified in Section 4.01 hereof, if and when delivered, that is pledged by the Issuer to the Trustee pursuant to this Indenture.

“Immediate MBS Delivery Date” means the date on which the Trustee receives the Immediate MBS backed by the Immediate Mortgage Loan, which shall occur not later than the Immediate MBS Delivery Date Deadline.

“Immediate MBS Delivery Date Deadline” means [_____, 20__], as such date may be extended pursuant to Section 3.04 hereof.

“Immediate MBS Purchase Price” means the principal amount outstanding on the Mortgage Loan as of the Immediate MBS Delivery Date plus accrued interest on the Immediate MBS from the Immediate MBS Dated Date to the Immediate MBS Delivery Date at the Pass-Through Rate.

“Immediate Mortgage” means the instrument securing the Immediate Mortgage Loan.

“Immediate Mortgage Loan” means the interest-bearing loan for multifamily housing relating to the Bonds which is evidenced by the Immediate Mortgage Note and secured by the Immediate Mortgage and the Immediate Multifamily Loan and Security Agreement.

“Immediate Mortgage Note” means the Multifamily Note dated the Closing Date from the Borrower payable to the order of the Issuer and assigned to the Lender evidencing the Borrower’s obligation to repay the Immediate Mortgage Loan.

“Immediate Multifamily Loan and Security Agreement” means the Immediate Multifamily Loan and Security Agreement executed by the Borrower and dated January 1, 2019, as the same may be supplemented, amended or modified from time to time.

“Indenture” means this Indenture of Trust as it may from time to time be amended, modified or supplemented by Supplemental Indentures.

“Initial Bond” means the initial Bond registered by the Comptroller and subsequently canceled and replaced by a definitive Bond pursuant to this Indenture.

“Investor Member” means PNC Real Estate Tax Credit Capital Institutional Fund 53 LLC, a Delaware limited liability company, as nominee, and its successors and/or assigns.

“Issuer” has the meaning given to such term in the Preamble hereto.

“Issuer Administration Fee” means the fee payable annually in advance to the Issuer on each January 1, in the amount of .10% per annum of the expected principal amount of the applicable Mortgage Loan at the inception of each payment period based on the original balance of the applicable Mortgage Loan and projected amortization thereof. On the Closing Date, the Borrower will pay the Issuer Administration Fee in advance to the Issuer for the period from the Closing Date to December 31, 2020. The Trustee will remit to the Issuer (upon receipt of an invoice from the Issuer), payable solely from funds provided by the Borrower, all payments of the Issuer Administration Fee due on or after January 1, 2021. A schedule of the Issuer Administration Fee is attached to this Indenture as Exhibit C.

“Issuer Compliance Fee” means the fee payable annually in advance to the Issuer on each January 1, in the amount of \$25 per Low-Income Unit in the Project. The first annual Issuer Compliance Fee shall be paid on the Closing Date. The Trustee will remit to the Issuer (upon receipt of an invoice from the Issuer), solely from funds provided by the Borrower, all payments of the Issuer Compliance Fee due on or after January 1, 2022. The Issuer Compliance Fee is for bond compliance only, and an additional fee may be charged for tax credit compliance.

“Issuer Fees” means, collectively, the Issuer Administration Fee and the Issuer Compliance Fee. The Issuer Fees shall be payable by the Borrower, and not from funds pledged to the benefit of the Trust Estate.

“Lender” has the meaning given to such term in the Preamble hereto.

“Lender Commitment” means the commitment from the Lender to the Borrower, dated _____, 20__.

“Mandatory Redemption Date” means any date on which the Bonds are subject to mandatory redemption pursuant to Section 3.01 hereof, as such date may be extended pursuant to Section 3.04 hereof.

“MBS” shall mean, individually or collectively as context may dictate, the Immediate MBS and the Forward MBS.

“MBS Dated Date” means the 1st day of the month in which an MBS is delivered.

“MBS Delivery Date” means, individually or collectively as context dictates, the Immediate MBS Delivery Date and the Forward MBS Delivery Date.

“MBS Delivery Date Deadline” means, individually or collectively as context dictates, the Immediate MBS Delivery Date Deadline and the Forward MBS Delivery Date Deadline.

“MBS Factor” means the applicable factor posted by Fannie Mae on the MBS from time to time as the Mortgage Loan amortizes.

“MBS Purchase Price” means, individually or collectively as context dictates, the Immediate MBS Purchase Price or the Forward MBS Purchase Price.

“MBS Revenues” means all payments made under and pursuant to the MBS.

“Mortgage” means, individually or collectively as context may dictate, the Immediate Mortgage and the Forward Mortgage.

“Mortgage Loan” means, individually or collectively as context may dictate, the Immediate Mortgage Loan and the Forward Mortgage Loan.

“Mortgage Loan Amortization Schedule” means each amortization schedule for the applicable Mortgage Loan delivered to the Trustee on the Closing Date, as subsequently modified by the Lender on the Forward MBS Delivery Date.

“Mortgage Loan Documents” means, collectively, the Mortgage Note, the Mortgage, the Multifamily Loan and Security Agreement and all other documents, agreements and instruments evidencing, securing or otherwise relating to the Mortgage Loan, as each such document, agreement or instrument may be amended, supplemented or restated from time to time. For avoidance of doubt, neither the Financing Agreement nor the Regulatory Agreement is a Mortgage Loan Document and neither document is secured by the Mortgage.

“Mortgage Note” means, individually or collectively as context may dictate, the Immediate Mortgage Note and the Forward Mortgage Note.

“Multifamily Loan and Security Agreement” means, individually or collectively as context may dictate, the Immediate Multifamily Loan and Security Agreement and the Forward Multifamily Loan and Security Agreement.

“Negative Arbitrage Account” means the Negative Arbitrage Account of the Revenue Fund created pursuant to Section 5.02 hereof.

“Negative Arbitrage Deposit” means Eligible Funds to be deposited on the Closing Date into the Negative Arbitrage Account and as otherwise set forth in Section 5.03 hereof.

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant hereto.

“Officer’s Certificate” means a certificate signed by an Authorized Officer or, if such certificate pertains to official action taken by the Issuer or official records of the Issuer, by an Attesting Officer.

“Opinion of Counsel,” “Counsel’s Opinion,” or “Opinion” means a written opinion, including opinions supplemental thereto, signed by an attorney or firm of attorneys (which may be counsel for the Issuer, the Borrower or Fannie Mae) acceptable to the Trustee.

“Outstanding” means, when used with respect to the Bonds and as of any date, all Bonds theretofore authenticated and delivered under this Indenture except:

- (a) any Bond cancelled by the Trustee or delivered to the Trustee for cancellation;
- (b) any Bond for the payment or redemption of which either (i) moneys equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, or (ii) specified types of Permitted Investments or moneys in the amounts, of the maturities and otherwise as described and required under the provisions of Sections 3.01 and 3.03, shall have theretofore been deposited with the Trustee in trust (whether upon or prior to maturity or the redemption date of such Bond) and, except in the case of a Bond to be paid at maturity, as to which a redemption notice shall have been given or provided for in accordance with Section 3.02, and
- (c) any Bond in lieu of or in exchange for which another Bond shall have been authenticated and delivered pursuant to this Indenture.

“Participant” means a member of, or a participant in, the Depository.

“Pass-Through Rate” means _____% per annum.

“Payment Date” means (i) the 26th day of the month following the month in which the Closing Date occurs and the 26th day of each month thereafter, or the next succeeding Business Day if such 26th day is not a Business Day, until and including the 26th day of the month in which the Immediate MBS Delivery Date occurs and (ii) commencing on the first day of the month immediately following the month in which the Immediate MBS Delivery Date occurs, the Business Day immediately after the date of receipt by the Trustee of a payment received on the MBS. The payment of interest on a Payment Date shall relate to the interest accrued during the preceding calendar month. There shall be no further accrual of interest from the Bond Maturity Date to the Final Payment Date.

“Payment Schedule” means the schedule of principal and interest payments with respect to the Bonds, the form of which is attached as Exhibit D hereto.

“Permitted Investments” means any of the following investments which at the time are legal investments for moneys of the Issuer which are then proposed to be invested therein and each of which investments must mature or be guaranteed to be able to be tendered at a price of par at such time or times as to enable timely disbursements to be made from the fund in which such investment is held or allocated in accordance with the terms of this Indenture:

(a) Government Obligations; and

(b) to the extent permitted herein, shares or units in any money market mutual fund rated “AAAm” by S&P (or if S&P is not the Rating Agency or a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security) (including mutual funds of the Trustee or its affiliates or for which the Trustee or an affiliate thereof serves as investment advisor or provides other services to such mutual fund and receives reasonable compensation therefor) registered under the Investment Company Act of 1940, as amended, whose investment portfolio consist solely of direct obligations of the government of the United States of America.

“Placed in Service Date” means the date the Project is placed in service for purposes of Section 42 of the Code.

“Project” means the multifamily rental housing development, known as Park Yellowstone, located in Houston, Texas, on the site described in the Mortgage.

“Project Costs” means the following costs of the Project:

(a) Costs incurred directly or indirectly for or in connection with the acquisition (including the acquisition of a fee simple interest), construction, rehabilitation, improvement and equipping of the Project, including costs incurred in respect of the Project for preliminary planning and studies; architectural, legal, engineering, accounting, consulting, supervisory and other services; labor, services and materials; and recording of documents and title work and insurance.

(b) Premiums attributable to any surety bonds and insurance required to be taken out and maintained during the construction period with respect to the Project.

(c) Taxes, assessments and other governmental charges in respect of the Project that may become due and payable during the construction period.

(d) Costs incurred directly or indirectly in seeking to enforce any remedy against any contractor or subcontractor in respect of any actual or claimed default under any contract relating to the Project.

(e) Subject to the limitations set forth in the Tax Exemption Agreement, Costs of Issuance, including, financial, legal, accounting, cash flow verification, printing and engraving fees, charges and expenses, and all other such fees, charges and expenses incurred in connection with the authorization, sale, issuance and delivery of the Bonds, including, without limitation, the fees and expenses of the Trustee properly incurred under the Indenture that may become due and payable during the construction period.

(f) Any other costs, expenses, fees and charges properly chargeable to the cost of acquisition, construction, rehabilitation, improvement and equipping of the Project.

(g) Payment of interest on the Bonds during the construction period.

“Rating Agency” means S&P or any other nationally recognized securities rating agency rating the Bonds, or such rating agency’s successors or assigns.

“Rebate Amount” has the meaning set forth for such term in the Tax Exemption Agreement.

“Rebate Analyst” means a certified public accountant, financial analyst or attorney, or any firm of the foregoing, or a financial institution (which may include the Trustee) experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code and retained by the Borrower to make the computations and give the directions required pursuant to the Tax Exemption Agreement. Initially, the Rebate Analyst will be Tiber Hudson LLC.

“Rebate Fund” means the Fund created and so designated in Section 5.02 hereof.

“Record Date” means the close of business on the last day of the calendar month prior to the calendar month in which a payment occurs.

“Redemption Price” means the amount required to be delivered to pay principal of, interest on, and redemption premium, if any, in connection with a redemption of the Bonds in accordance with the provisions of Article III hereof.

“Register” means the registration books of the Issuer maintained by the Trustee as provided in this Indenture on which registration and transfer of the Bonds is to be recorded.

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Regulatory Agreement” means the Regulatory and Land Use Restriction Agreement relating to the Project, dated as of January 1, 2019, by and among the Issuer, the Trustee and the Borrower, as it may be amended, supplemented or restated from time to time.

“Representation Letter” has the meaning given to such term in Section 2.11 hereof.

“Reserved Rights” of the Issuer means (a) all of the Issuer’s right, title and interest in and to all reimbursement, costs, expenses and indemnification; (b) the right of the Issuer to amounts payable to it pursuant to Section 4.02 of the Financing Agreement, including the Issuer’s Fees; (c) all rights of the Issuer to receive any Rebate Amount (as defined in the Tax Exemption Agreement) required to be rebated to the United States of America under the Code in connection with the Bonds, as described in the Tax Exemption Agreement; (d) all rights of the Issuer to receive notices, reports or other information, and to make determinations and grant approvals or consent hereunder and under the Financing Agreement, the Regulatory Agreement and the Tax Exemption Agreement; (e) all rights of the Issuer of access to the Project and documents related thereto and to specifically enforce the representations, warranties, covenants and agreements of the Borrower set forth in the Financing Agreement, in the Tax Exemption Agreement and in the Regulatory Agreement; (f) any and all rights, remedies and limitations of liability of the Issuer set forth in this Indenture, the Financing Agreement, the Regulatory Agreement, the Tax Exemption Agreement, the Mortgage, or the Subordinate Mortgage, as applicable, regarding (1) the negotiability, registration and transfer of the Bonds, (2) the loss or destruction of the Bonds, (3) the limited liability of the Issuer as provided

in the Act, this Indenture, the Financing Agreement, the Regulatory Agreement, the Tax Exemption Agreement, the Mortgage, the Subordinate Mortgage or the Mortgage Note, (4) no liability of the Issuer to third parties, and (5) no warranties of suitability or merchantability by the Issuer; (g) all rights of the Issuer in connection with any amendment to or modification of this Indenture, the Financing Agreement, the Regulatory Agreement, the Tax Exemption Agreement, the Mortgage, Subordinate Mortgage and the Mortgage Note; (h) any and all limitations of the Issuer's liability and the Issuer's disclaimers of warranties set forth in this Indenture, the Regulatory Agreement, the Tax Exemption Agreement or the Financing Agreement, and the Issuer's right to inspect and audit the books, records and permits of the Borrower and the Project; and (i) any and all rights under the Financing Agreement and the Regulatory Agreement required for the Issuer to enforce or to comply with Section 2306.186 of the Texas Government Code.

“Resolution” means the resolution of the Issuer adopted on November 8, 2018, authorizing the issuance and sale of the Bonds.

“Revenue Fund” means the Fund created and so designated in Section 5.02 hereof.

“S&P” means S&P Global Ratings, and its successors and assigns, or if it is dissolved or no longer assigns credit ratings, then any other nationally recognized statistical rating agency, designated by the Issuer, that assigns credit ratings.

“Short Term Bonds” has the meaning given to such term in the Preamble hereto.

“Short Term Indenture” means the Trust Indenture, dated as of January 1, 2019, between the Issuer and the Short Term Trustee, with respect to the Short Term Bonds, as amended or supplemented from time to time.

“Short Term Loan Agreement” means the Loan Agreement, dated as of January 1, 2019, between the Issuer and the Borrower, with respect to the Short Term Bonds, as amended or supplemented from time to time

“Short Term Trustee” means U.S. Bank, National Association, a national banking association, organized and existing under the laws of the United States and authorized to conduct business in the State, with a corporate trust office in _____ and its successor or successors in the trust created by the Short Term Indenture.

“State” has the meaning given to such term in the Preamble hereto.

“Substitute Depository” means a securities depository appointed as successor to DTC hereunder.

“Supplemental Indenture” means any indenture hereafter duly authorized and entered into between the Issuer and the Trustee amending or supplementing this Indenture in accordance with the provisions hereof.

“Tax Exemption Agreement” means that certain Tax Exemption Certificate and Agreement of even date herewith among the Issuer, the Trustee and the Borrower, as in effect on the Closing Date and as it may thereafter be amended or supplemented or restated in accordance with its terms..

“Trust Estate” means all the property, rights, moneys, securities and other amounts pledged and assigned to the Trustee pursuant to the Granting Clauses hereof.

“Trustee” has the meaning given to such term in the Preamble hereto.

“Trustee Fee” means [_____].

“Underwriter” means Stifel, Nicolaus & Company, Incorporated.

Section 1.02. Rules of Construction.

(a) The singular form of any word used herein, including the terms defined in Section 1.01, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include the correlative words of other genders.

(b) All references herein to “Articles,” “Sections” and other subdivisions hereof are to the corresponding Articles, Sections or subdivisions of this Indenture as originally executed; and the words “herein,” “hereof,” “hereunder,” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

(c) The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not limit or otherwise affect the meaning, construction or effect of this Indenture or describe the scope or intent of any provisions hereof.

(d) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time.

(e) Every “request,” “order,” “demand,” “application,” “appointment,” “notice,” “statement,” “certificate,” “consent” or similar action hereunder by any party shall, unless the form thereof is specifically provided, be in writing signed by a duly authorized representative of such party with a duly authorized signature.

(f) The parties hereto acknowledge that each such party and their respective counsel have participated in the drafting and revision of this Indenture and the Financing Agreement. Accordingly, the parties agree that any rule of construction which disfavors the drafting party shall not apply in the interpretation of this Indenture or the Financing Agreement or any amendment or supplement or exhibit hereto or thereto.

(g) Whenever Fannie Mae is required to give its consent or approval to any matter, whether stated as “consent,” “written consent,” “prior written consent,” “approval,” “written approval,” “prior written approval” or otherwise, the giving of such consent or approval by Fannie Mae shall be in its sole and complete discretion.

(h) Whenever Fannie Mae shall have any right or option to exercise any discretion, to determine any matter, to accept any presentation or to approve or consent to any matter, such exercise, determination, acceptance, approval or consent shall, without exception, be in Fannie Mae's sole and absolute discretion.

ARTICLE II

THE BONDS

Section 2.01. Authorization of Bonds. Bonds of the Issuer, to be entitled Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN) are hereby authorized to be issued in an aggregate principal amount of \$[12,500,000] and shall be issued subject to the terms, conditions and limitations established in this Indenture as hereinafter provided. The Bonds may be executed by or on behalf of the Issuer, authenticated by the Trustee and delivered or caused to be delivered by the Trustee to the original purchasers thereof upon compliance with the requirements set forth in this Indenture.

Section 2.02. Terms of Bonds.

(a) The Bonds shall be dated as of the Bond Dated Date and shall bear interest from the Closing Date at the Pass-Through Rate, payable on each Payment Date, and shall mature (subject to prior redemption as herein set forth) on the Bond Maturity Date. Interest shall be calculated on the basis of a year of Actual/360. Except as provided in Section 3.01(b) and (c) hereof, the payment of interest on a Payment Date shall relate to the interest accrued during the preceding calendar month. There shall be no further accrual of interest on the Bonds during the period from the Bond Maturity Date to the Final Payment Date. Notwithstanding anything herein to the contrary, (i) prior to the Forward MBS Delivery Date, the principal, interest and premium, if any, payable on the Bonds will be equal to and for the same periods as interest, principal and premium, if any, received pursuant to the Payment Schedule attached as Exhibit D hereto, and, to the extent payments received by the Trustee with respect to the Immediate MBS are insufficient to make payments on the Bonds as set forth in the Payment Schedule, the Trustee shall use funds on deposit in the Negative Arbitrage Account of the Revenue Fund to make such payments, and (ii) on and after the Forward MBS Delivery Date, the principal, interest and premium, if any, payable on the Bonds will be equal to and for the same periods as interest, principal and premium, if any, received on the MBS, and will be paid one Business Day following receipt by the Trustee of payment pursuant to the MBS.

(b) The Bonds shall be issued as registered bonds without coupons in Authorized Denominations. The Bonds shall be lettered "R" and shall be numbered separately from "1" consecutively upwards except for the Initial Bond which shall be numbered I-1. The Bonds shall be issued initially as Book Entry Bonds.

(c) The Initial Bond, which shall be numbered I-1 and payable to the Underwriter and registered by the Comptroller, shall be identical to the form of Bond attached as Exhibit A, except that the second-to-last paragraph of the Initial Bond shall read as follows:

“This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Indenture unless the Comptroller’s Registration Certificate hereon has been executed by an authorized representative of the Texas Comptroller of Public Accounts by manual signature.”

In lieu of the authentication certificate of the Trustee, the Initial Bond shall contain the following certificate:

**“REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS**

OFFICE OF THE COMPTROLLER	§	
OF PUBLIC ACCOUNTS	§	REGISTER NO. _____
THE STATE OF TEXAS	§	

I HEREBY CERTIFY that this Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and duly registered by the Texas Comptroller of Public Accounts.

Witness my signature and seal of office this _____.

Comptroller of Public Accounts of the
State of Texas

(SEAL)”

The provisions of Exhibit A may be rearranged or re-ordered for purposes of the Initial Bond.

(d) Payment of the principal of and interest or premium, if any, on any Bond shall be made to the person appearing on the Register as the registered owner thereof on the applicable Record Date, on each Payment Date. The principal of and the interest on the Bonds shall be payable in coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts of the United States of America. Unless the Bonds are Book Entry Bonds, the principal of the Bonds shall be payable to the registered owners thereof upon presentation (except in connection with a redemption of Bonds pursuant to Section 3.01(b) and (c) hereof) at the designated corporate trust office of the Trustee or its successors. Unless the Bonds are Book Entry Bonds, payments of interest on the Bonds and redemption of the Bonds pursuant to Section 3.01(b) and (c) hereof shall be paid by check or draft mailed to the registered owner thereof at such owner’s address as it appears on the registration books maintained by the Trustee on the applicable Record Date or at such other address as is furnished to the Trustee in writing by such owner. The Trustee shall cause CUSIP number identification with appropriate dollar

amounts for each CUSIP number to accompany all payments of interest, principal or Redemption Price made to such owners, whether such payment is made by check or wire transfer. All payments of principal of and interest on Book Entry Bonds shall be made and given at the times and in the manner set out in the Representation Letter, as more fully specified in Sections 2.10 and 2.11 hereof.

(e) The Bonds shall be subject to redemption prior to maturity as provided in Article III.

(f) The date of authentication of each Bond shall be the date such Bond is registered.

Section 2.03. Execution; Limited Obligation. The Bonds shall be signed by, or bear the facsimile or manual signature of, an Authorized Officer of the Issuer, with the corporate seal or a facsimile of the corporate seal of the Issuer imprinted on the Bonds, and, other than the Initial Bond, attested to by the manual or facsimile signature of the Trustee. In case any one or more of the officers of the Issuer who shall have signed or sealed any of the Bonds or whose signature appears on any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been actually authenticated or delivered or caused to be delivered by the Trustee or issued by the Issuer, such Bonds may, nevertheless, be authenticated and issued and, upon such authentication, delivery and issue, shall be as binding upon the Issuer as if the persons who signed or sealed such Bonds or whose signatures appear on any of the Bonds had not ceased to hold such offices until such delivery. Any Bond may be signed or sealed on behalf of the Issuer by such persons as at the actual time of execution of the Bonds shall be duly authorized or hold the proper office in the Issuer, although at the date of issuance and delivery of the Bonds such persons may not have been so authorized or have held such office.

THE BONDS, TOGETHER WITH INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY, ARE NOT GENERAL OBLIGATIONS OF THE ISSUER, BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER SECURED BY THE TRUST ESTATE, ARE AND WILL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE (EXCEPT TO THE EXTENT PAID OUT OF MONEYS ATTRIBUTABLE TO PROCEEDS OF THE BONDS OR THE INCOME FROM THE TEMPORARY INVESTMENT THEREOF), AND ARE AND WILL ALWAYS BE A VALID CLAIM OF THE OWNER THEREOF ONLY AGAINST THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE, WHICH REVENUES AND INCOME MAY BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL INSTALLMENTS OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THIS INDENTURE AND IN THE FINANCING AGREEMENT. THE BONDS AND THE OBLIGATION TO PAY INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, DO NOT NOW AND WILL NEVER CONSTITUTE A DEBT OR AN OBLIGATION OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF WILL BE LIABLE THEREFOR. **THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF**

THE FAITH, CREDIT, OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT OR ANY OTHER FEDERAL GOVERNMENTAL AGENCY AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES. The foregoing statement of limitation shall appear on the face of each Bond.

Section 2.04. Authentication. The Bonds, other than the Initial Bond, shall each bear thereon a certificate of authentication, substantially in the form set forth in Exhibit A hereto, and executed by the Trustee. Only Bonds which bear thereon registration by the Comptroller or such executed certificate of authentication shall be entitled to any right or benefit under the Indenture, and no Bond, other than the Initial Bond, shall be valid for any purpose under this Indenture until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of authentication upon any Bond shall be conclusive evidence that the Bond so authenticated has been duly issued under this Indenture and that the holder thereof is entitled to the benefits of this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer or signatory of the Trustee, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds issued hereunder. The certificate of authentication on all Bonds delivered by the Trustee hereunder shall be dated the date of its authentication.

Section 2.05. Form of Bonds. The form of the Bonds issued pursuant to this Indenture shall be in substantially the form set forth in Exhibit A hereto, with such variations, omissions or insertions as are permitted by this Indenture.

Section 2.06. Delivery of Bonds. After the execution and delivery of this Indenture, the Issuer shall execute and deliver to the Trustee, and the Trustee shall authenticate, the Bonds and deliver them to the original purchaser or purchasers thereof as directed by the Issuer.

Prior to the delivery by the Trustee of any of the Bonds, there shall be filed with the Trustee:

- (a) a copy of the Resolution duly certified by an Authorized Officer;
- (b) executed counterparts of this Indenture, the Financing Agreement, the Regulatory Agreement, and the Tax Exemption Agreement, and the original, fully executed Bond Loan Note;
- (c) an opinion of Bond Counsel or counsel to the Issuer stating that the Issuer has duly adopted the Resolution and has duly executed and delivered this Indenture and that this Indenture and the Bonds each constitute a valid and binding limited obligation of the Issuer, subject to any applicable bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors;
- (d) an opinion of Bond Counsel to the effect that, except as to any exceptions therein, the interest on the Bonds is excludable from gross income for federal income tax purposes under existing laws;

(e) a request and authorization to the Trustee by the Issuer and signed by an Authorized Officer to authenticate and deliver the Bonds to or at the direction of the purchasers thereof upon payment to the Trustee, but for the account of the Issuer, of a sum specified in such request and authorization, plus accrued interest thereon, if any, to the date of delivery. The proceeds of such payment shall be paid over to the Trustee and deposited in the various Funds and Accounts pursuant to, and as specified in, Article V hereof; and

(f) evidence from the Rating Agency that the Bonds have been rated the Highest Rating Category by the Rating Agency.

Upon receipt of these documents, the Trustee shall authenticate and deliver the Bonds to or upon the order of the purchaser thereof but only upon payment to the Trustee of the purchase price of the Bonds, together with accrued interest thereon, if any.

Section 2.07. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Issuer, at the expense of the owner of such Bond shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and delivered to, or upon the order of, the Issuer. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence shall be satisfactory to it and indemnity satisfactory to the Trustee shall be given, the Issuer, at the expense of the owner of such Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Bond authenticated and delivered under this Section and of the expenses which may be incurred by the Issuer and the Trustee in the premises. Any Bond authenticated and delivered under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Issuer whether or not the Bond so alleged to be lost, destroyed or stolen shall be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture. If any such Bond shall have matured, or is about to mature, instead of issuing a new Bond the Trustee may pay the same without surrender thereof upon receipt of the aforementioned indemnity.

Section 2.08. Registration, Transfer and Exchange of Bonds; Persons Treated as Owners. The Issuer shall cause books for the registration, transfer and exchange of the Bonds as provided in this Indenture to be kept by the Trustee, which is hereby constituted and appointed the bond registrar with respect to the Bonds (the "Bond Registrar"). At reasonable times and under reasonable regulations established by the Trustee, said books may be inspected and copied by the Issuer or by owners (or a designated representative thereof) of a majority in aggregate principal amount of the Bonds then Outstanding.

The registration of each Bond is transferable by the registered owner thereof in person or by its attorney duly authorized in writing at the designated corporate trust office of the Trustee. Upon surrender for registration of transfer of any Bond at such office, the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond of the same maturity or maturities and Authorized Denomination for the same aggregate principal amount. Bonds to be exchanged

shall be surrendered at said designated corporate trust office of the Trustee, and the Trustee shall authenticate and deliver in exchange therefor a Bond of equal aggregate principal amount of the same maturity and Authorized Denomination.

All Bonds presented for registration of transfer, exchange or payment (if so required by the Issuer or the Trustee) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee, duly executed by the registered owner or by its duly authorized attorney.

The Issuer, the Bond Registrar and the Trustee shall not be required (i) to issue, register the transfer of or exchange any Bonds during a period beginning at the Trustee's opening of business on the applicable Record Date and ending at the Trustee's close of business on the applicable Payment Date; or (ii) to register the transfer of or exchange any Bond selected, called or being called for redemption as provided herein. No charge shall be made to any Bondholder for the privilege of registration of transfer as herein provided, but any Bondholder requesting any such registration of transfer shall pay any tax or governmental charge required to be paid therefor.

New Bonds delivered upon any registration of transfer or exchange shall be valid obligations of the Issuer, evidencing the same debt as the Bonds surrendered, shall be secured by this Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

The person in whose name any Bond is registered shall be deemed the owner thereof by the Issuer and the Trustee, and any notice to the contrary shall not be binding upon the Issuer or the Trustee. Notwithstanding anything herein to the contrary, to the extent the Bonds are Book Entry Bonds, the provisions of Section 2.10 shall govern the exchange and registration of Bonds.

Section 2.09. Cancellation of Bonds. Whenever any Outstanding Bond shall be delivered to the Trustee for cancellation pursuant to this Indenture, upon payment of the principal amount and interest represented thereby, for replacement pursuant to Section 2.07 or for transfer or exchange pursuant to Section 2.15, such Bond shall be canceled and disposed of by the Trustee in accordance with its customary practices and applicable record retention requirements and, upon written request of the Issuer, counterparts of a certificate evidencing such cancellation and disposition shall be furnished by the Trustee to the Issuer.

Section 2.10. Book-Entry System; Limited Obligation. The Bonds shall be initially issued in the form of a separate single fully registered Bond (which may be typewritten) **[for each maturity of the Bonds]**. Upon initial execution, authentication and delivery, the ownership of each such global Bond shall be registered in the Register in the name of the Nominee as nominee of the Depository. Except as provided in Section 2.12, all of the Outstanding Bonds shall be registered in the Register kept by the Trustee in the name of the Nominee and the Bonds may be transferred, in whole but not in part, only to the Depository, to a Substitute Depository or to another nominee of the Depository or of a Substitute Depository. Each global Bond shall bear a legend substantially to the following effect: "UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE INDENTURE OF TRUST) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER

NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.”

With respect to Bonds registered in the Register in the name of the Nominee, the Issuer and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds a beneficial interest in the Bonds. Without limiting the immediately preceding sentence, the Issuer and the Trustee shall have no responsibility or obligation with respect to (a) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any beneficial ownership interest in the Bonds, (b) the delivery to any Participant, Beneficial Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any redemption notice with respect to the Bonds, including any redemption notice following a failure to purchase the MBS, (c) the selection by the Depository and the Participants of the beneficial interests in the Bonds to be redeemed in part in accordance the operational arrangements of DTC as set forth in Section 3.02(b) hereof, or (d) the payment to any Participant, Beneficial Owner or any other person, other than the Depository, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The Issuer and the Trustee may treat and consider the person in whose name each Bond is registered in the Register as the holder and absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on such Bond, for the purpose of giving redemption notices pursuant to Section 3.02 and other notices with respect to such Bond, and for all other purposes whatsoever, including, without limitation, registering transfers with respect to the Bonds.

The Trustee shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Bondholders, as shown in the Register kept by the Trustee, or their respective attorneys duly authorized in writing, and all such payments shall be valid hereunder with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Bondholder, as shown in the Register, shall receive a Bond evidencing the obligation to make payments of principal of, premium, if any, and interest pursuant to this Indenture. Upon delivery by the Depository to the Trustee and the Issuer of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Indenture shall refer to such new nominee of the Depository.

The Issuer and the Trustee will recognize the Depository or its nominee as the Bondholder of Book Entry Bonds for all purposes, including receipt of payments, notices and voting, provided the Trustee may recognize votes by or on behalf of Beneficial Owners as if such votes were made by the Bondholders of a related portion of the Bonds when such votes are received in compliance with an omnibus proxy of the Depository or otherwise pursuant to the rules of the Depository or the provisions of the Representation Letter or other comparable evidence delivered to the Trustee by the Bondholders.

SO LONG AS A BOOK ENTRY SYSTEM OF EVIDENCE OF TRANSFER OR OWNERSHIP OF ALL THE BONDS IS MAINTAINED IN ACCORDANCE HEREWITH, THE

PROVISIONS OF THIS INDENTURE RELATING TO THE DELIVERY OF PHYSICAL BONDS SHALL BE DEEMED TO GIVE FULL EFFECT TO SUCH BOOK ENTRY SYSTEM AND ALL DELIVERIES OF ANY SUCH BONDS SHALL BE MADE PURSUANT TO THE DELIVERY ORDER PROCEDURES OF DTC, AS IN EFFECT FROM TIME TO TIME.

Section 2.11. Representation Letter. In order to qualify the Bonds for the Depository's book-entry system, if necessary, any Authorized Officer is hereby authorized to execute, countersign and deliver on behalf of the Issuer to such Depository a letter from the Issuer in substantially the Depository's standard form representing such matters as shall be necessary to so qualify the Bonds (the "Representation Letter"). The Representation Letter includes such letter as it may be amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor. The execution by the Issuer and delivery of the Representation Letter shall not in any way limit the provisions of Section 2.10 or in any other way impose upon the Issuer any obligation whatsoever with respect to persons having beneficial interests in the Bonds other than the registered owners, as shown in the Register kept by the Trustee. In the written acceptance by the Trustee of the Representation Letter, the Trustee shall agree, and hereby agrees, to take all actions necessary for all representations of the Issuer in the Representation Letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of the Representation Letter, any Authorized Officer is hereby authorized to take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

The terms and provisions of the Representation Letter shall govern in the event of any inconsistency between the provisions of this Indenture and the Representation Letter. The Representation Letter may be amended without Bondholder consent.

Section 2.12. Transfers Outside Book-Entry System. If at any time the Depository notifies the Issuer and the Trustee that it is unwilling or unable to continue as Depository with respect to the Bonds or if at any time the Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a Substitute Depository is not appointed by the Issuer within 90 days after the Issuer and the Trustee receive notice or become aware of such condition, as the case may be, the provisions of Section 2.10 shall no longer be applicable and the Issuer shall execute and the Trustee shall authorize and deliver bonds representing the Bonds as provided below. Bonds issued in exchange for global certificates pursuant to this Section shall be registered in such names and delivered in such authorized denominations as the Depository, pursuant to instructions from the Participants or otherwise, shall instruct the Issuer and the Trustee. The Trustee shall deliver such certificates representing the Bonds to the persons in whose names such Bonds are so registered.

Section 2.13. Payments and Notices to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

Section 2.14. Initial Depository and Nominee. The initial Depository under this Indenture shall be DTC. The initial Nominee shall be Cede & Co., as nominee of DTC.

Section 2.15. Optional Exchange for MBS or Mandatory Redemption of Bonds.

After the earlier of (i) the Conversion Date, as defined in the Fannie Mae Forward Commitment, or (ii) [the Forward MBS Delivery Date Deadline] Beneficial Owner of Bonds may file with the Trustee a written request, in the form attached hereto as “Exhibit B – FORM OF NOTICE OF REQUEST TO EXCHANGE” (the “Request Notice”), to exchange Bonds for a like principal amount of the MBS, provided, that (i) the principal amount of Bonds and MBS exchanged will be no less than \$500,000, (ii) the MBS will be, when delivered pursuant to any Exchange (as defined in the second paragraph of this Section 2.16), in a face amount equal to \$1.00 or a multiple of \$1.00 in excess thereof, and (iii) the Project is complete and placed in service by the Borrower as evidenced by a **Certificate of Occupancy** in the form attached hereto as Exhibit [] for the Project delivered by the Borrower to the Trustee accompanied by a letter from the Borrower confirming that the Project is placed in service for purposes of Section 42 of the Code. The Request Notice must be delivered to the Trustee at least ten (10) Business Days prior to the Exchange Date (as defined in the Request Notice).

Upon receipt of a Request Notice, the Trustee shall promptly provide a copy to the Issuer and the Lender. The Issuer shall then have up to six (6) Business Days, in its sole discretion, to provide written direction to the Trustee to either (i) deliver to the Beneficial Owner its proportional interest in the MBS based upon such Beneficial Owner’s proportional interest in the Bond (the “Exchange”) or (ii) redeem the Beneficial Owner’s Bonds under Section 3.01(f) hereof for an amount equal to the Cash Value (as defined in this section) as of the Exchange Date (as defined in the Request Notice). The Issuer shall have no obligation to exercise either option, and failure by the Issuer to exercise either option is not an Event of Default; provided, however, that any failure of the Issuer to provide written direction to the Trustee within the six (6) Business Day period set forth above shall be deemed a direction to deliver the proportionate interest in the MBS in lieu of redeeming the Bonds. The Trustee shall notify such Beneficial Owner of the Issuer’s direction within four (4) Business Days of receipt or a deemed direction from the Issuer. Upon receipt of the Bonds in the principal amount set forth in the Request Notice from the requesting Beneficial Owner and compliance with the requirements of this Section, the Trustee will promptly cancel the Bonds being exchanged or redeemed. Any Bonds so exchanged or redeemed will not be reissued.

Cash Value = original face amount of the MBS x Related Factor x (1 + Redemption Premium (R) + (Initial Offering Premium (I) x Related Factor)) – an amount equal to the principal to be received by such Beneficial Owner on the next Payment Date (if the date of redemption occurs between the Record Date and such Payment Date)

Where R = 5% if the exchange occurs during the first five years from the Closing Date;

= 4% during the sixth year;

= 3% during the seventh year;

= 2% during the eighth year;

= 1% during the ninth year; and

= 0% thereafter

and I = initial offering price of the Bonds - 100%

In the event that the Issuer elects to deliver the Beneficial Owner's proportional interest in the MBS in lieu of redeeming the Bonds, after validating the exchange request, the Trustee shall transfer and deliver to such requesting Beneficial Owner the Trustee's beneficial ownership interest in the Beneficial Owner's proportional interest in the MBS promptly following (i) delivery to the Trustee (via DTC withdrawal or Deposit/Withdrawal At Custodian ("DWAC")) of the Bonds being exchanged and (ii) payment by the requesting Beneficial Owner of the Trustee's exchange fee (\$1,000 as of the date of this Indenture) and the Issuer's Exchange Fee (\$1,000 as of the date of the Indenture). Such MBS will be (1) in book-entry form and (2) transferred in accordance with (a) the operational arrangements of DTC or any successor Substitute Depository and (b) current market practices, including the applicable provisions of the SIFMA's *Uniform Practices for the Clearance and Settlement of Mortgage Backed Security and Other Related Securities*. If the Exchange Date is subsequent to a Record Date and prior to a corresponding Payment Date for the Bonds, the Trustee shall wire the applicable principal and interest payments on the exchanged Bonds to the Beneficial Owner using the wire transfer instructions set forth on the Request Notice.

In the event that the Issuer elects to redeem Bonds in lieu of an Exchange, the Trustee shall transfer a like principal amount of its interest in the MBS to or upon the order of the Issuer in exchange for an amount equal to the Cash Value plus accrued interest to the date of redemption (less any interest to be received by the Beneficial Owner on the next Payment Date if the redemption occurs between the Record Date and such Payment Date) and apply the proceeds of such transfer to the payment of the Redemption Price of the Bonds on the Payment Date by wiring such amount to the Beneficial Owner at its wire transfer instructions set forth on the Request Notice. The Issuer reserves the right to sell all or a portion of its interest in the MBS in order to pay the Cash Value.

None of Fannie Mae, the Trustee or the Issuer shall have any liability to the Beneficial Owner arising from (i) any Exchange or redemption of Bonds effected hereby or (ii) any of the costs or expenses thereof. Interest on such MBS is not excludable from gross income for federal income tax purposes. Bondholders should consult their own tax advisors concerning that and other tax consequences of any Exchange.

ARTICLE III

REDEMPTION OF BONDS

Section 3.01. Terms of Redemption. The Bonds shall be subject to redemption prior to the stated maturity thereof only as set forth in this Section.

(a) Mandatory Redemption prior to Immediate MBS Delivery Date. The Bonds are subject to mandatory redemption in part on any Payment Date prior to the first day of the

first month following the Immediate MBS Delivery Date in an amount equal to the amount due on the first day of the month in which such Payment Date occurs as shown in the Mortgage Loan Amortization Schedule, payable with respect to principal first, from money on deposit in the Bond Proceeds Fund and second, from money on deposit in the Collateral Fund, and with respect to interest, from money on deposit in the Revenue Fund.

(b) Mandatory Redemption upon Failure to Purchase the Immediate MBS. The Bonds are subject to mandatory redemption in whole, five (5) Business Days after the Immediate MBS Delivery Date Deadline (as such date may be extended pursuant to Section 3.04) at a Redemption Price equal to 100% of the Outstanding principal amount thereof, plus interest accrued but unpaid from the first day of the month in which the last Payment Date occurred to such redemption date, if the Immediate MBS Delivery Date has not occurred on or prior to the Immediate MBS Delivery Date Deadline, as such date may be extended, payable with respect to principal first, from money on deposit in the Bond Proceeds Fund and second, from money on deposit in the Collateral Fund, and with respect to premium, if any, and interest, from money on deposit in the Revenue Fund.

(c) Mandatory Redemption upon Failure to Purchase the Forward MBS. The Bonds are subject to mandatory redemption in part, five (5) Business Days after the Forward MBS Delivery Date Deadline (as such date may be extended pursuant to Section 3.04) at a Redemption Price equal to the principal amount of the Forward MBS, plus interest accrued but unpaid (with respect to the portion of the Bonds to be redeemed) from the first day of the month in which the last Payment Date occurred to such redemption date, if the Forward MBS Delivery Date has not occurred on or prior to the Forward MBS Delivery Date Deadline, as such date may be extended, payable with respect to principal first, from money on deposit in the Bond Proceeds Fund and second, from money on deposit in the Collateral Fund, and with respect to premium, if any, and interest, from money on deposit in the Revenue Fund.

(d) Mandatory Redemption on the Forward MBS Delivery Date. The Bonds are subject to mandatory redemption in part on the Forward MBS Delivery Date at a Redemption Price equal to (i) the difference between (x) the combined principal amount of the Forward MBS purchased on the Forward MBS Delivery Date and the Immediate MBS and (y) the aggregate principal amount of the Bonds Outstanding as of the first day of the month in which the Forward MBS Delivery Date occurred, plus (ii) interest accrued but unpaid on such difference from the first day of the month in which the last Payment Date occurred to the Forward MBS Delivery Date; payable with respect to principal first, from money on deposit in the Bond Proceeds Fund and second, from money on deposit in the Collateral Fund, and with respect to interest and premium, if any, from money on deposit in the Revenue Fund.

(e) Mandatory Redemption Following the Immediate MBS Delivery Date. Following the Immediate MBS Delivery Date, the Bonds are subject to mandatory redemption in part in an amount equal to and one Business Day after the date on which, each principal payment or prepayment is received pursuant to the MBS at a Redemption Price equal to 100% of the principal amount received pursuant to the MBS, plus interest and premium, if any, received pursuant to the MBS.

(f) Mandatory Redemption in Lieu of Exchange. The Bonds are subject to mandatory redemption in part in the event the Issuer elects pursuant to Section 2.15 hereof to redeem a Beneficial Owner's Bonds for an amount equal to the Cash Value in lieu of delivering to the Beneficial Owner of the Bonds its proportional interest in the MBS based upon its proportional interest in the Bonds. Any such redemption shall be made in the amounts, from the sources and in accordance with the provisions of this Indenture. The Cash Value (as defined in Section 2.15 above) shall be calculated by the Issuer or by a financial advisor selected by the Issuer, and shall be verified by an independent verification agent in writing confirming the mathematical accuracy of the calculations.

Section 3.02. Notice of Redemption.

(a) Anytime the Bonds are subject to redemption in whole or in part pursuant to Section 3.01, the Trustee, in accordance with the provisions of this Indenture, shall use its best efforts to give at least five (5) Business Days' notice, in the name of the Issuer, of the redemption of the Bonds, which notice shall specify the following: (i) the maturity and principal amounts of the Bonds to be redeemed; (ii) the CUSIP number, if any, of the Bonds to be redeemed; (iii) the date of such notice; (iv) the issuance date for such Bonds; (v) the interest rate on the Bonds to be redeemed; (vi) the redemption date; (vii) any conditions to the occurrence of the redemption; (viii) the place or places where amounts due upon such redemption will be payable; (ix) the Redemption Price; (x) the Trustee's name and address with a contact person and a phone number; and (xi) that on the redemption date, the Redemption Price shall be paid. Neither the giving of such notice by the Trustee nor the receipt of such notice by the Bondholders shall be a condition precedent to the effectiveness of any such redemption. Notwithstanding anything herein to the contrary, no notice of redemption shall be required with respect to redemptions pursuant to Sections 3.01(a) or (e).

(b) The Bonds to be redeemed in part pursuant to Section 3.01 will be selected in accordance with the operational arrangements of DTC or any successor Substitute Depository, and any partial prepayments pursuant thereto shall be made in accordance with the "Pro Rata Pass-Through Distributions of Principal" procedures of DTC or comparable procedures of any successor Substitute Depository.

(c) In the event that the MBS has not been purchased by, and delivered to, the Trustee ten (10) Business Days prior to the MBS Delivery Date Deadline (as such date may be extended hereunder), the Trustee shall provide, ten (10) Business Days prior to the MBS Delivery Date Deadline, to the Borrower, the Lender, the Issuer and the Underwriter written notice of such non-purchase.

Notwithstanding this Section 3.02, no prior notice shall be a prerequisite to the effectiveness of any redemption under Section 3.01 which redemption shall occur and be effective irrespective of whether the Trustee fulfills its obligation to provide the notice with respect to Section 3.01 required by this Section 3.02.

Section 3.03. Payment of Redemption Price. With respect to any redemption pursuant to Section 3.01, whether or not notice has been given in the manner provided in Section 3.02 (or not required to be given as a result of a redemption pursuant to Section 3.01), and all

conditions to the redemption contained in such notice, if applicable, having been met, the Bonds so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price specified in Section 3.01, as applicable, and upon presentation and surrender thereof at the offices specified in such notice, together with, in the case of Bonds presented by other than the registered owner, a written instrument of transfer duly executed by the registered owner or its duly authorized attorney; provided, however, that so long as the Bonds are registered in the name of the Depository, payment for such redeemed Bonds shall be made in accordance with the Representation Letter of the Issuer. If, on the redemption date, moneys for the redemption of all of the Bonds or the Bonds to be redeemed, together with all accrued interest on such Bonds, which shall equal all interest accrued on the MBS, if delivered, to the redemption date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, interest on the Bonds so called for redemption shall cease to accrue.

Section 3.04. Extension of MBS Delivery Date Deadline. At any time prior to the date on which notice of redemption pursuant to Section 3.02 must be given pursuant to Sections 3.01(b) or (c), as applicable, the Borrower may extend an MBS Delivery Date Deadline by (i) providing to the Trustee, the Lender, the Rating Agency, the Issuer and the Underwriter written notice of any extension of the applicable MBS Delivery Date Deadline, (ii) depositing Eligible Funds for the credit of the Negative Arbitrage Account of the Revenue Fund in an amount, taking into account amounts already on deposit therein, sufficient to pay interest due on the Bonds to the date that is five (5) Business Days after the applicable extended MBS Delivery Date Deadline (the “Extension Deposit”), (iii) delivering to the Trustee and the Rating Agency a Cash Flow Projection establishing the sufficiency of the Extension Deposit, and (iv) delivering to the Trustee confirmation by the Rating Agency of the then-current rating on the Bonds. Extension Deposits may continue to be made by or on behalf of the Borrower until the applicable MBS Delivery Date occurs or the Borrower declines to make an Extension Deposit resulting in the mandatory redemption pursuant to Sections 3.01(b) or (c) hereof, as applicable; provided, however, neither MBS Delivery Date Deadline may be extended to a date that is later than the fourth anniversary of the Bond Dated Date unless prior to any extension beyond such date there shall be filed with the Trustee and the Issuer an Favorable Opinion of Bond Counsel. The cost of such opinion shall be the sole responsibility of the Borrower.

Section 3.05. Cancellation. All Bonds which have been redeemed, paid or retired or received by the Trustee for exchange shall not be reissued but shall be canceled and held by the Trustee in accordance with Section 2.09 hereof.

ARTICLE IV

DELIVERY OF MBS

Section 4.01. Delivery of MBS. Each MBS shall be registered in the name of the Trustee or its designee. The obligation of the Trustee to purchase the applicable MBS on the applicable MBS Delivery Date shall be subject to receipt by the Trustee of written notification from the Lender upon which the Trustee may rely and act without further investigation certifying that the applicable MBS duly executed by Fannie Mae is available for purchase by the Trustee at the applicable MBS Purchase Price, and meets the following requirements:

(i) the sum of the principal amounts of the Immediate MBS and Forward MBS will equal from time to time the then-current principal amount of the Bonds, except for principal payments received which have not been remitted to owners of the Bonds;

(ii) the applicable MBS bears interest at the Pass-Through Rate payable on the 25th day of each month, commencing on the 25th day of the month following the month in which the Trustee purchases the applicable MBS, or if any such 25th day is not a Business Day, the next succeeding Business Day, and have a final maturity date, which is the same as the Bond Maturity Date;

(iii) the applicable MBS provides that timely payment of principal (whether on any scheduled Payment Date or prior thereto upon any mandatory prepayment of the Mortgage Note or upon any optional prepayment of the Mortgage Note or upon declaration of acceleration following a default thereunder and interest on the applicable MBS) is guaranteed to the record owner of the applicable MBS, regardless of whether corresponding payments of principal and interest on the Mortgage Loan are paid when due; and

(iv) the applicable MBS shall be acquired by the Trustee on behalf of the Issuer, shall be held at all times by the Trustee in trust for the benefit of the Bond owners and shall be held only in book-entry form through the United States Federal Reserve Bank book-entry system, pursuant to which the applicable MBS shall have been registered on the records of the Federal Reserve Bank in the name of the Trustee.

The Trustee shall receive confirmation in writing that the Depository is holding the applicable MBS on behalf of, and has identified the applicable MBS on its records as belonging to, the Trustee. Upon purchase of the applicable MBS on the applicable MBS Delivery Date, the Trustee shall post a notification to this effect on the Electronic Municipal Market Access website of the Municipal Securities Rulemaking Board.

ARTICLE V

TRUST ESTATE AND FUNDS

Section 5.01. Pledge of Trust Estate. The pledge and assignment of and the security interest granted in the Trust Estate pursuant to the Granting Clauses hereof for the payment of the principal of, premium, if any, and interest on the Bonds, in accordance with their terms and provisions, and for the payment of all other amounts due hereunder, shall attach, be perfected and be valid and binding from and after the time of the delivery of the Bonds by the Trustee or by any person authorized by the Trustee to deliver the Bonds. The Trust Estate so pledged and then or thereafter received by the Trustee shall immediately be subject to the lien of such pledge and security interest without any physical delivery thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof.

Section 5.02. Establishment of Funds. The Trustee shall establish, maintain and hold in trust the following funds, each of which shall be maintained by the Trustee as a separate and distinct fund or account, and each of which shall be disbursed and applied only as herein authorized:

- (a) Revenue Fund, including therein a Negative Arbitrage Account;
- (b) Rebate Fund;
- (c) Costs of Issuance Fund;
- (d) Bond Proceeds Fund; and
- (e) Collateral Fund.

Section 5.03. Initial Deposits. On the Closing Date, the Trustee shall make the following deposits:

- (a) \$[_____], representing accrued interest on the Bonds from the Bond Dated Date to the Closing Date, shall be deposited into the Revenue Fund;
- (b) \$[_____], representing the Costs of Issuance Deposit, shall be deposited into the Costs of Issuance Fund;
- (c) \$[_____], representing the principal amount of the Bonds, shall be deposited into the Bond Proceeds Fund to be used as set forth in this Article V; [and]
- (d) \$[_____], representing the Negative Arbitrage Deposit, shall be deposited into the Negative Arbitrage Account of the Revenue Fund; and
- (e) [\$[_____]], representing an initial deposit of Eligible Funds, shall be deposited into the Collateral Fund.]

Section 5.04. Revenue Fund.

(a) Prior to the MBS Delivery Date, the Trustee shall disburse from the Revenue Fund (and, to the extent amounts in the Revenue Fund, other than amounts in the Negative Arbitrage Account therein, are insufficient for such purposes, from the Negative Arbitrage Account therein), on each Payment Date an amount equal to the amount of principal and interest due on the Bonds pursuant to the Mortgage Loan Amortization Schedule.

(b) Following the Closing Date, the Trustee shall immediately deposit any Extension Deposit received into the Negative Arbitrage Account of the Revenue Fund.

(c) On the MBS Delivery Date, the Trustee shall remit from the Revenue Fund (and, to the extent amounts in the Revenue Fund, other than amounts in the Negative Arbitrage Account therein, are insufficient for such purposes, from the Negative Arbitrage Account therein) to the Lender accrued and unpaid interest on the MBS at the Pass-Through Rate from the first calendar day of the month in which the MBS was delivered.

(d) On the first Business Day following the Payment Date in the first full month following the MBS Delivery Date, the Trustee shall return any amounts then on deposit in the Negative Arbitrage Account of the Revenue Fund to the Borrower and shall immediately close such subaccounts.

(e) Following the MBS Delivery Date, all MBS Revenues shall be deposited by the Trustee, promptly upon receipt thereof, to the Revenue Fund.

(f) On the first Business Day following receipt of any MBS Revenues and the deposit thereof into the Revenue Fund pursuant to subsection (e) above, the Trustee shall pay to the Bond owners all amounts so received from money on deposit in the Revenue Fund. All payments of principal and interest shall be paid to Bond owners in proportion to the principal amount of Bonds owned by each Bond owner as set forth on the records of the Trustee at the close of business on the applicable Record Date.

(g) If the Trustee does not receive a scheduled payment on the MBS by 5:00 p.m. Eastern Time on the 25th day of any month (or the next succeeding Business Day if such day of the month is not a Business Day), the Trustee shall immediately notify Fannie Mae and immediately demand payment under the terms of the guaranty thereof.

Section 5.05. Rebate Fund. The Rebate Fund shall not be subject to the lien or encumbrance of this Indenture, but shall be held in trust for the benefit of the United States of America, and shall be subject to the claim of no other person, including that of the Trustee and Bondholders. The money deposited in the Rebate Fund, together with all investments thereof and income from investments therefrom, shall be held in trust and applied solely as provided in the Tax Exemption Agreement. The Trustee shall make deposits to and disbursements from the Rebate Fund, as well as investments of the amounts therein, in accordance with the Tax Exemption Agreement. Notwithstanding the foregoing, the Trustee with respect to the Rebate Fund is afforded all the rights, protections and immunities otherwise accorded to it under this Indenture.

Section 5.06. Costs of Issuance Fund. On or before the Closing Date, the Borrower shall deliver to the Trustee the Costs of Issuance Deposit, from amounts other than Bond proceeds, to be deposited to the Costs of Issuance Fund to pay Costs of Issuance incurred in connection with the issuance of Bonds. The Trustee shall use amounts in the Costs of Issuance Fund on the Closing Date or as soon as practicable thereafter in accordance with written instructions to be given to the Trustee by the Borrower, upon delivery to the Trustee of appropriate invoices for such expenses. Any unexpended amounts attributable to deposits made by the Borrower remaining on deposit in the Costs of Issuance Fund three months after the Closing Date shall be returned to the Borrower and the Costs of Issuance Fund shall be closed.

Section 5.07. Bond Proceeds Fund. Upon (a) deposit of Eligible Funds in the Collateral Fund, if any, as provided in Section 5.08 hereof, (b) delivery of a corresponding requisition executed by an Authorized Borrower Representative (and approved by the Lender) in the form of Exhibit A attached to the Financing Agreement and (c) subject to the provisions of this Section 5.07, the Trustee shall disburse Bond proceeds in an amount equal to such corresponding deposit made into the Collateral Fund to fund Project Costs, pursuant to such requisition. Prior to making any such disbursement from the Bond Proceeds Fund, the Trustee shall confirm that the aggregate principal

amount that will be held in both (a) the Collateral Fund and (b) the Bond Proceeds Fund, after the requested disbursement, will at least equal the then Outstanding principal amount of the Bonds and, notwithstanding anything to the contrary, the Trustee shall not disburse money from the Bond Proceeds Fund (other than to pay amounts due on the Bonds pursuant to Section 3.01), unless and until Eligible Funds in an amount equal to or greater than the requested disbursement amount have been deposited in the Collateral Fund. To the extent money on deposit in the Bond Proceeds Fund is invested in Permitted Investments that have not yet matured, the Trustee is hereby authorized to make the following sale and exchange, which sale and exchange shall occur prior to the disbursement of amounts on deposit in the Bond Proceeds Fund to pay Project Costs without the need to sell or terminate such Permitted Investments prior to their stated maturity date: (i) sell all or a portion of the Permitted Investments in the Bond Proceeds Fund, in the amount specified in the request for disbursement, to the Collateral Fund for a price of par and (ii) transfer a like amount of available funds from the Collateral Fund to the Bond Proceeds Fund representing Bond proceeds as the purchase price thereof.

[NOTE: They will need to invest in SLGS if open markets would result in positive arbitrage or the price of open markets is higher than SLGS]

Upon the satisfaction of the provisions set forth in this Section, the Trustee shall be irrevocably and unconditionally obligated to disburse Bond proceeds from the Bond Proceeds Fund equal to either the amount deposited to the Collateral Fund, as set forth in the corresponding requisition and to the extent the Trustee is unable to do so, the Trustee shall return the amount deposited in the Collateral Fund, within one Business Day of receipt of such deposit to the party that made such deposit as set forth in the requisition.

To the extent sufficient funds are not otherwise available to the Trustee, including money on deposit in the Revenue Fund or the Collateral Fund, the Trustee shall transfer from the Bond Proceeds Fund to the Revenue Fund sufficient money to pay amounts due on the Bonds pursuant to Section 3.01.

On the applicable MBS Delivery Date, amounts remaining in the Bond Proceeds Fund shall be used by the Trustee in the following order: (i) to the extent sufficient funds are not otherwise available in the Collateral Fund, to pay the MBS Purchase Price, (ii) to transfer funds to the Revenue Fund in an amount equal to the difference, if any, between (x) the aggregate principal amount of and interest due on the Bonds Outstanding as of the first day of the month in which such MBS Delivery Date occurs and (y) the principal amount of the MBS purchased on such MBS Delivery Date, plus interest accrued but unpaid to the redemption date, for redemption pursuant to Section 3.01(d), and (iii) to pay any remaining Project Costs as approved by the Lender in writing.

Section 5.08. Collateral Fund. The Trustee shall deposit into the Collateral Fund all Eligible Funds received pursuant to Section 4.04 of the Financing Agreement and any other Eligible Funds received by the Trustee for deposit into the Collateral Fund. Section 4.04 of the Financing Agreement requires the Borrower to cause Eligible Funds to be paid to the Trustee for deposit into the Collateral Fund in a principal amount equal to, and as a prerequisite to the disbursement of, the corresponding amount of Bond proceeds on deposit in the Bond Proceeds Fund to be disbursed by the Trustee to pay Project Costs.

Until the purchase of the MBS on the MBS Delivery Date, the deposit into the Collateral Fund shall constitute an irrevocable deposit solely for the benefit of the Bondholders, subject to the provisions hereof.

Money in the Collateral Fund shall be used by the Trustee as follows: (i) to the extent money is not otherwise available, the Trustee shall transfer from the Collateral Fund to the Revenue Fund an amount necessary to pay amounts due on the Bonds pursuant to Section 3.01 hereof, and (ii) on the applicable MBS Delivery Date, to pay for the principal amount of the MBS.

The Bonds shall not be, and shall not be deemed to be, paid or prepaid by reason of any deposit into the Collateral Fund unless and until the amount on deposit in the Collateral Fund is transferred to the Revenue Fund and applied to the payment of the principal of any of the Bonds, or the principal component of the redemption price of any of the Bonds, all as provided in this Indenture.

Section 5.09. Accounting Records. The Trustee shall maintain accurate books and records for all Funds and Accounts established hereunder.

Section 5.10. Amounts Remaining in Funds. After full payment of the Bonds (or provision for payment thereof having been made in accordance with Section 7.01) and full payment of the fees and expenses of the Trustee and other amounts required to be paid hereunder and under the Financing Agreement including fees payable to the Issuer and Fannie Mae, any amounts remaining in any Fund hereunder other than the Rebate Fund shall be paid to the Lender for the payment of any amounts due and payable to the Lender and/or Fannie Mae and thereafter, to the Borrower; provided, however, that if a default shall have occurred and remain uncured under the Mortgage Loan of which the Trustee shall have received written notice from Fannie Mae or the Lender, then any such amounts remaining in any Fund or Account hereunder shall be paid to Fannie Mae.

Section 5.11. Investment of Funds. The moneys held by the Trustee shall constitute trust funds for the purposes hereof. Any moneys attributable to each of the Funds and Accounts hereunder shall be invested by the Trustee at the written direction of the Borrower in Permitted Investments which, except as otherwise provided in this Section 5.11, mature or are redeemable at par without penalty on the date on which such funds are expected to be needed for the purposes for which they are held. Notwithstanding anything herein to the contrary, all amounts in the Revenue Fund, the Bond Proceeds Fund and the Collateral Fund shall be invested in Permitted Investments as directed by the Borrower; except that following the MBS Delivery Date, payments received with respect to the MBS shall be held uninvested. All investment earnings from amounts on deposit in the Revenue Fund, the Bond Proceeds Fund and the Collateral Fund shall be credited to the Revenue Fund. **[If the Trustee does not receive a written direction from the Borrower regarding the investment of funds, the Trustee shall invest such funds in the First American Funds Government Obligations Class Y (which is a Permitted Investment described in clause (b) of the definition of Permitted Investments) or, if such investment is not available or no longer qualifies as a Permitted Investment, solely in Permitted Investments described in clause (b) of the definition of Permitted Investments, which shall mature or be redeemable at par without penalty at the times set forth in this Section 5.11.]** The Trustee may make any and all such investments through its own banking department or the banking department of any affiliate. **[The**

Trustee may conclusively rely upon the Borrower's written direction as to both an investment being a Permitted Investment and the legality of such investment, and such written direction shall be deemed to be a certification that such directed investment constitutes a qualified investment under this Indenture.] Ratings of a Permitted Investment shall be determined at the time of the initial purchase of such Permitted Investment, and without regard to ratings subcategories, and the Trustee shall have no responsibility to monitor the ratings of Permitted Investments after the initial purchase of such Permitted Investments, including at the time of reinvestment of earnings thereof.

Permitted Investments representing an investment of moneys attributable to any Fund or Account shall be deemed at all times to be a part of such Fund. Subject to the following sentence, investments shall be sold at the best price obtainable (at least par) whenever it shall be necessary to do so in order to provide moneys to make any transfer, withdrawal, payment or disbursement from such Fund. Prior to the MBS Delivery Date, at the direction of the Borrower, the Trustee is permitted to invest in Permitted Investments that mature on or before the MBS Delivery Date Deadline but is not permitted to sell or otherwise dispose of such Permitted Investment prior to maturity at a price below par without first receiving a Cash Flow Projection. In the case of any required transfer of moneys to another such Fund, such investments may be transferred to that Fund in lieu of the required moneys if permitted hereby as an investment of moneys in that Fund.

All Permitted Investments acquired by the Trustee pursuant hereto shall be purchased in the name of the Trustee and shall be held for the benefit of the holders of the Bonds pursuant to the terms of this Indenture. The Trustee shall take such actions as shall be necessary to assure that such Permitted Investments are held pursuant to the terms of this Indenture and are subject to the trust and security interest herein created.

The Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance herewith. The Trustee or its affiliates may act as sponsor, principal or agent in the acquisition or disposition of investments. The Trustee may commingle investments made under the Funds and Accounts established hereunder but shall account for each separately.

In computing for any purpose hereunder the amount in any Fund or Account on any date, obligations so purchased shall be valued at the lower of cost or par exclusive of accrued interest, and may be so valued as of any time within four (4) days prior to such date.

The Issuer acknowledges that regulations of the Comptroller of the Currency grant the Borrower the right to receive brokerage confirmations of the security transactions as they occur. The Issuer and the Borrower specifically waive such notification to the extent permitted by law and will receive periodic cash transaction statements that will detail all investment transactions.

Section 5.12. Moneys Held for Particular Bonds. The amounts held by the Trustee for the payment of the interest, principal or premium, if any, due on any date with respect to particular Bonds shall, pending such payment, be set aside and held in trust by it for the holders of the Bonds entitled thereto, and for the purposes hereof such interest, principal or premium, if any, after the due date thereof, shall no longer be considered to be unpaid.

Section 5.13. Funds Held in Trust. All moneys held by the Trustee, as such, at any time pursuant to the terms of this Indenture shall be and hereby are assigned, transferred and set over unto the Trustee in trust for the purposes and under the terms and conditions of this Indenture.

Section 5.14. Reports From the Trustee. The Trustee shall furnish to the Borrower (and to Fannie Mae, the Lender, the Investor Member and the Issuer upon request) quarterly statements of the activity and assets held in each of the Funds and Accounts maintained by the Trustee hereunder. Upon the written request of the owner of a Bond, the Trustee, at the cost of the Borrower, shall provide a copy of such statement to the owner of the Bond.

Section 5.15. Covenants Respecting Arbitrage and Rebate. The Trustee shall keep and make available to the Borrower and the Issuer such records concerning the investment of the gross proceeds of the Bonds and the investments of earnings from those investments as may be requested by the Borrower in order to enable the Borrower to fulfill the requirements of Section 148(f) of the Code. The Trustee expressly covenants and agrees to all document retention and reporting requirements contained in the Tax Exemption Agreement.

ARTICLE VI

COVENANTS OF ISSUER

Section 6.01. Payment of Bonds. Subject to the other provisions of this Indenture, the Issuer shall duly and punctually pay or cause to be paid, solely from amounts available in the Trust Estate, the principal of, premium, if any, and interest on the Bonds, at the dates and places and in the manner described in the Bonds, according to the true intent and meaning thereof. The Bonds are not a general obligation of the Issuer, but are payable solely from the Trust Estate.

The payment and other obligations of the Issuer with respect to the Bonds are intended to be, and shall be, independent of the payment and other obligations of the issuer or maker of the Bond Loan Note, the Mortgage Note and the MBS, even though the principal amount of all three instruments is expected to be identical, except in the case of a default with respect to one or more of the instruments.

Section 6.02. Performance of Covenants by Issuer.

(a) In General. The Issuer covenants that it will faithfully perform on its part at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining thereto; provided, however, that, except for the matters set forth in Section 6.01 hereof relating to payment of the Bonds, the Issuer will not be obligated to take any action or execute any instrument pursuant to any provision hereof until it has been requested to do so by the Borrower or by the Trustee, or has received the instrument to be executed and, at the option of the Issuer, has received from the party requesting such execution assurance satisfactory to the Issuer that the Issuer will be reimbursed for its expenses incurred or to be incurred in connection with taking such action or executing such instrument. The Issuer covenants that it is duly authorized under the Constitution and the laws of the State, including particularly the Act and the Resolution, to issue the Bonds

authorized hereby and to execute this Indenture, to grant the security interest herein provided, to assign and pledge the Trust Estate (except as otherwise provided herein) and to assign and pledge the amounts hereby assigned and pledged in the manner and to the extent herein set forth, that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken and that the Bonds in the hands of the owners thereof are and will be valid and enforceable special, limited obligations of the Issuer according to the terms thereof and hereof. Anything contained in this Indenture to the contrary notwithstanding, it is hereby understood that none of the covenants of the Issuer contained in this Indenture are intended to create a general or primary obligation of the Issuer.

(b) Prohibited Activities. Subject to the limitations on its liability as stated herein, the Issuer represents, warrants, covenants and agrees that it has not knowingly engaged and will not knowingly engage in any activities and that it has not knowingly taken and will not knowingly take any action which might result in any interest on the Bonds becoming includable in the gross income of the owners thereof for purposes of federal income taxation.

(c) Rights Under Financing Agreement. The Financing Agreement sets forth covenants and obligations of the Issuer and the Borrower, and reference is hereby made to the same for a detailed statement of said covenants and obligations. The Issuer agrees to cooperate in the enforcement of all covenants and obligations of the Borrower under the Financing Agreement and agrees that the Trustee, in its name, may enforce all rights of the Issuer (other than the Reserved Rights) and all obligations of the Borrower under and pursuant to the Financing Agreement and on behalf of the Bondholders, whether or not the Issuer has undertaken to enforce such rights and obligations.

(d) Issuer's Further Assurance. The Issuer covenants that it will do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered by the parties within its control, such instruments supplemental hereto and such further acts, instruments, and transfers as the Trustee may reasonably require for the better assuring, transferring, mortgaging, conveying, pledging, assigning, and confirming unto the Trustee, the Issuer's interest in and to all interests, revenues, proceeds, and receipts pledged hereby to the payment of the principal of, premium, if any, and interest on the Bonds in the manner and to the extent contemplated herein. The Issuer shall be under no obligation to prepare, record, or file any such instruments or transfers.

(e) Unrelated Bond Issues. The Issuer, prior to the issuance of the Bonds, has issued, and subsequent to the issuance of the Bonds, the Issuer expects to issue various series of obligations in connection with the financing of other projects (said obligations together with any obligations issued by the Issuer between the date hereof and issuance of the Bonds shall be referred to herein as the "Other Obligations"). Any pledge, mortgage, or assignment made in connection with any Other Obligations shall be protected, and any funds pledged or assigned for the payment of principal, premium, if any, or interest on the Other Obligations shall not be used for the payment of principal, premium, if any, or interest on the Bonds. Correspondingly, any pledge, mortgage, or assignment made in connection with the Bonds shall be protected, and any funds pledged or assigned for the payment of the Bonds shall not be used for the payment of principal, premium, if any, or interest on the Other Obligations.

Section 6.03. Tax Covenants. The Issuer shall not take any action that will cause the interest paid on the Bonds to be includable in gross income for federal income tax purposes. In furtherance of the foregoing covenant, the Issuer has entered into the Tax Exemption Agreement. The Tax Exemption Agreement sets forth covenants and obligations of the Issuer and the Borrower, and reference is hereby made to the same for a detailed statement of said covenants and obligations. The Issuer agrees to cooperate in the enforcement of all covenants and obligations of the Borrower under the Tax Exemption Agreement and agrees that the Trustee, in its name, may enforce all rights of the Issuer (other than the Reserved Rights) and all obligations of the Borrower under and pursuant to the Tax Exemption Agreement and on behalf of the Bondholders, whether or not the Issuer has undertaken to enforce such rights and obligations.

Section 6.04. Compliance with Conditions Precedent. Upon the Closing Date, all conditions, acts and things required by law regarding the Issuer to exist, to have happened or to have been performed precedent to or in the issuance of such Bonds shall exist, shall have happened and shall have been performed, and such Bonds, together with all other indebtedness of the Issuer, shall be within every debt and other limit prescribed by law.

Section 6.05. Extension of Payment of Bonds. The Issuer shall not directly or indirectly extend or assent to the extension of the maturity of the principal due on any of the Bonds or the time of payment of interest due on the Bonds, and if the time for payment of any such claims for interest shall be extended through any other means, such Bonds or claims for interest shall not be entitled in case of any default hereunder to any payment out of the Trust Estate or the funds (except funds held in trust for the payment of particular Bonds pursuant hereto) held by the Trustee, except subject to the provisions of Section 7.02 and subject to the prior payment of the principal of all Bonds issued and Outstanding the maturity of which has occurred and has not been extended and of such portion of the accrued interest on the Bonds which is not represented by such extended claims for interest.

If an Extension Deposit has not been made pursuant to Sections 3.04 and 5.04(b) hereof, such that the aggregate balance in the Bond Proceeds Fund, the Collateral Fund and the Revenue Fund is equal to 100% of the principal amount of the Bonds plus interest accrued on the Bonds to the Mandatory Redemption Date (as such date may be extended hereunder), then the Bonds shall be subject to mandatory redemption as set forth in Section 3.01(b) hereof.

Section 6.06. Powers as to Bonds and Pledge. The Issuer is duly authorized pursuant to law to authorize and issue the Bonds, to enter into this Indenture and to pledge, assign, transfer and set over unto the Trustee in trust the Trust Estate herein purported to be so pledged, assigned, transferred and set over unto the Trustee in trust hereby in the manner and to the extent provided herein. The Trust Estate so pledged, assigned, transferred and set over in trust is and will be free and clear of any pledge, lien, charge or encumbrance thereon with respect thereto prior to, or of equal rank with, the pledge and assignment in trust created hereby, and all action on the part of the Issuer to that end has been duly and validly taken. The Bonds and the provisions hereof are and will be the valid and binding limited obligations of the Issuer in accordance with their terms and the terms hereof. The Trustee shall at all times, to the extent permitted by law, defend, preserve and protect the pledge and assignment in trust of the Trust Estate created hereby and all the rights of the Bondholders hereunder against all claims and demands of all persons whomsoever. The Bonds shall not be deemed to constitute a debt or liability of the State or any political subdivision thereof, other

than the Issuer to the limited extent herein provided, or a pledge of the faith and credit or the taxing power of the State or of any such political subdivision, but shall be payable solely from funds provided therefor pursuant hereto.

Section 6.07. Preservation of MBS Revenues; Amendment of Agreements. The Issuer shall not take any action to interfere with or impair the pledge and assignment hereunder of the Trust Estate, or the Trustee's enforcement of any rights hereunder or under the Financing Agreement, the Tax Exemption Agreement or the Regulatory Agreement without the prior written consent of the Trustee. The Trustee may give such written consent, and may itself take any such action or consent to an amendment or modification to the Financing Agreement, the Tax Exemption Agreement, the Regulatory Agreement or the MBS, only with the written consent of Fannie Mae, and following receipt by the Trustee of written confirmation from the Rating Agency that the taking of such action or the execution and delivery of such amendment or modification will not adversely affect the rating then assigned to the Bonds by the Rating Agency, and if the Trustee shall have received a Favorable Opinion of Bond Counsel. Notwithstanding the foregoing, Fannie Mae and the Borrower may amend the Mortgage Note and the Mortgage without the consent of the Issuer, the Trustee or the holders of the Bonds so long as any such amendment does not change the amount of principal due under, or the rate of interest payable on the unpaid principal amount of, the MBS or otherwise reduce or modify the payments due under the MBS or adversely impact the tax-exempt status of the Bonds.

Section 6.08. Assignment. Any assignment of the Issuer's rights in favor of the Trustee shall not include Reserved Rights.

Section 6.09. Request and Indemnification. Where the consent of or other action on the part of the Issuer is required in this or any other document, the Issuer shall have no obligation to act unless first requested to do so, and the Issuer shall have no obligation to expend time or money or to otherwise incur any liability unless indemnity satisfactory to the Issuer has been furnished to it.

Section 6.10. Limitations on Liability. Notwithstanding anything in this Indenture or in the Bonds, the Issuer shall not be required to advance any money derived from any source other than the MBS Revenues and other assets pledged under this Indenture for any of the purposes of this Indenture.

No agreements or provisions contained in this Indenture, nor any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project, or the issuance, sale and delivery of the Bonds shall give rise to any pecuniary liability of the Issuer or a charge against its general credit, or shall obligate the Issuer financially in any way except from the application of MBS Revenues or proceeds pledged to the payment of the Bonds and the proceeds of the Bonds. No failure of the Issuer to comply with any term, condition, covenant or agreement herein or in any document executed by the Issuer in connection with the Project, or the issuance, sale and delivery of the Bonds shall subject the Issuer to liability for any claim for damages, costs or other financial and pecuniary charge except to the extent that the same can be paid or recovered from the Financing Agreement or the MBS Revenues or other assets pledged to the payment of the Bonds or the proceeds of the Bonds.

ARTICLE VII

DISCHARGE OF INDENTURE

Section 7.01. Defeasance. (a) If all Bonds shall be paid and discharged as provided in this Section, then all obligations of the Trustee and the Issuer under this Indenture with respect to all Bonds shall cease and terminate, except only (i) the obligation of the Trustee to pay or cause to be paid to the owners thereof all sums due with respect to the Bonds and to register, transfer and exchange Bonds pursuant to Sections 2.08 and 2.15, (ii) the obligation of the Issuer to pay the amounts owing to the Trustee under Section 9.02 from the Trust Estate, and (iii) the obligation of the Issuer to comply with Section 6.03 and Section 9.12. Any funds held by the Trustee at the time of such termination which are not required for payment to Bondholders or for payment to be made by the Issuer, shall be paid as provided in Section 5.10.

Any Bond or portion thereof in an Authorized Denomination shall be deemed no longer Outstanding under this Indenture if paid or discharged in any one or more of the following ways:

(i) by well and truly paying or causing to be paid the principal of, premium, if any, and interest on such Bond which have become due and payable; or

(ii) by depositing with the Trustee, in trust, cash which, together with the amounts then on deposit in the Revenue Fund and dedicated to this purpose, is fully sufficient to pay when due all principal of, and premium, if any, and interest on such Bond to the maturity or earlier redemption date thereof; or

(iii) by depositing with the Trustee, in trust, any investments listed under the definition of Permitted Investments in Section 1.01 in such amount as in the written opinion of a certified public accountant will, together with the interest to accrue on such Permitted Investments without the need for reinvestment, be fully sufficient to pay when due all principal of, and premium, if any, and interest on such Bond to the maturity or earlier redemption date thereof, notwithstanding that such Bond shall not have been surrendered for payment.

(b) Notwithstanding the foregoing, no deposit under clauses (ii) and (iii) of subsection (a) above shall be deemed a payment of such Bond until the earlier to occur of:

(i) if such Bond is by its terms subject to redemption within 45 days, proper notice of redemption of such Bond shall have been previously given in accordance with Section 3.02 to the holder thereof or, in the event such Bond is not by its terms subject to redemption within 45 days of making the deposit under clauses (ii) and (iii) of subsection (a) above, the Issuer shall have given the Trustee irrevocable written instructions to mail by first-class mail, postage prepaid (or, when the Bonds are Book Entry Bonds, to send pursuant to the applicable procedures of the Depository), notice to the holder of such Bond as soon as practicable stating that the deposit required by clauses (ii) or (iii) of subsection (a) above, as applicable, has been made with the Trustee and that such Bond is deemed to have been paid and

further stating such redemption date or dates upon which money will be available for the payment of the principal and accrued interest thereon; or

(ii) the maturity of such Bond.

(c) The Trustee shall be entitled to receive a report from a nationally recognized accounting firm verifying the sufficiency of such funds to provide for the payment of all Bonds to be defeased pursuant to this Section.

(d) In addition to the circumstances described in paragraph (a) above, any Bond or portion thereof in an Authorized Denomination shall be deemed no longer Outstanding under this Indenture if and to the extent of an exchange of such Bond or portion thereof for the MBS or an interest therein as provided in Section 2.15.

Section 7.02. Unclaimed Moneys. Anything herein to the contrary notwithstanding, and subject to applicable escheatment laws of the State, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when such Bonds have become due and payable, either at maturity or by call for redemption, if such moneys are held by the Trustee at said date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the date when such Bonds became due and payable, shall be paid by the Trustee to the Issuer as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the holders of such Bonds shall look only to the Issuer for the payment thereof; provided, however, that before being required to make any such payment to the Issuer, the Trustee shall cause to be mailed to the holders of such Bonds, at their addresses shown on the Register prepaid (or, when the Bonds are Book Entry Bonds, to send pursuant to the applicable procedures of the Depository), notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 nor more than 60 days after the date of mailing such notice, the balance of such moneys then unclaimed will be paid to the Issuer; and provided further, that the provisions of this Section shall not apply to the extent disposition of any moneys so held by the Trustee shall be governed by any laws applicable to the Trustee or the Issuer dealing with the disposition of such unclaimed property.

Section 7.03. No Release of MBS. Except as provided in this Section and in Sections 2.15 and 7.04, the Trustee shall not release and discharge the MBS from the lien of this Indenture until the principal of, premium, if any, and interest on the Bonds shall have been paid or duly provided for under this Indenture. The Trustee shall not release or assign the MBS to any person other than a successor Trustee so long as Fannie Mae shall not be in default thereunder (except to the limited extent expressly provided for in Section 2.15 of this Indenture).

Section 7.04. Transfer of MBS. While the Bonds are Outstanding, the Trustee shall maintain the MBS in book entry form in the name of the Trustee and may not sell, assign, transfer or otherwise dispose of the MBS (except to the limited extent expressly provided for in Section 2.15 of this Indenture).

Section 7.05. Issuance of Additional Obligations. The Issuer shall not hereafter create or permit the creation of or issue any obligations or create any additional indebtedness secured

by a charge and lien on the MBS Revenues or other moneys, securities, funds and property pledged by this Indenture, other than the Bonds authorized under Section 2.01 hereof.

ARTICLE VIII

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

Section 8.01. Events of Default. Each of the following shall constitute an Event of Default under this Indenture:

- (a) On and after the MBS Delivery Date, failure by Fannie Mae to pay principal, interest or premium, if any, due under the MBS;
- (b) Failure to pay the principal, interest or premium, if any, on the Bonds when the same shall become due; or
- (c) Default in the observance or performance of any other covenant, agreement or condition on the part of the Issuer in this Indenture and the continuation of such default for a period of 90 days after written notice to the Issuer from the Trustee or the registered owners of at least 75% in aggregate principal amount of the Bonds Outstanding at such time specifying such default and requiring the same to be remedied.

Upon the occurrence of an Event of Default under Section 8.01(a), upon any failure by Fannie Mae to distribute to the Trustee any payment required to be made under the terms of the MBS, the Trustee shall notify Fannie Mae not later than the next Business Day (all such notices to be promptly confirmed in writing) requiring the failure to be remedied.

The Trustee will immediately notify the Issuer, the Bondholders, the Lender, the Investor Member and Fannie Mae, if applicable, after an Authorized Officer obtains knowledge or receives notice of the occurrence of an Event of Default or an event which would become an Event of Default with the passage of time or the giving of notice, or both, as provided in Section 9.01(h).

The Investor Member shall be entitled (but not obligated) to cure any Event of Default hereunder within the timeframe provided to the Borrower hereunder. The Issuer and the Trustee agree that cure of any default or Event of Default made or tendered by the Investor Member shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Section 8.02. Acceleration; Rescission of Acceleration. Upon the occurrence of an Event of Default under Section 8.01(a), the Trustee may, and upon the written request of the holders of not less than 75% in aggregate principal amount of the Bonds then Outstanding, which written request shall acknowledge that the amounts due on the MBS cannot be accelerated solely by virtue of acceleration of the Bonds, and upon receipt of indemnity satisfactory to the Trustee, shall, by notice in writing delivered to the Issuer, declare the principal of all Bonds then Outstanding, the premium, if any, and the interest accrued thereon immediately due and payable, and such principal, the premium, if any, and interest shall thereupon become and be immediately due and payable.

Subject to Section 8.13, upon the occurrence of an Event of Default under Section 8.01(b) no action shall be taken by the Trustee, unless an Event of Default has occurred pursuant to Section 8.01(a) in which event the Trustee shall proceed as provided above. An Event of Default under Section 8.01(c) hereof shall not give rise to an acceleration pursuant to this Section, provided, however, that following such an Event of Default, the holder of 100% of the Bonds then Outstanding may direct the Trustee in writing to transfer the MBS to it or its designee, in which case, the Trustee shall cancel the Bonds upon such release and transfer of the MBS, and upon such transfer, the Bonds will no longer be Outstanding. In the event any payments are received by the Trustee after the transfer of the MBS and cancellation of the Bonds, all such payments shall belong to and be transferred to the owner of the MBS.

The acceleration of the Bonds will not constitute a default under, or by itself cause the acceleration of, the MBS.

If at any time after the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Issuer, the Borrower or Fannie Mae, as applicable, shall pay to or deposit with the Trustee a sum sufficient to pay all principal of the Bonds then due (other than solely by reason of such declaration) and all unpaid installments of interest (if any) on all the Bonds then due with interest at the rate borne by the Bonds on such overdue principal and (to the extent legally enforceable) on such overdue installments of interest, and the reasonable expenses of the Trustee shall have been made good or cured or adequate provisions shall have been made therefor, and all other defaults hereunder have been made good or cured or waived in writing by the holders of a majority in principal amount of the Bonds then Outstanding, then and in every case, the Trustee on behalf of the holders of all the Bonds shall rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent Event of Default, nor shall it impair or exhaust any right or power consequent thereon.

Section 8.03. Other Remedies; Rights of Bondholders. Subject to Section 8.13, upon the happening and continuance of an Event of Default the Trustee in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the holders of all Bonds, may also proceed to protect and enforce any rights of the Trustee and, to the full extent that the holders of such Bonds themselves might do, the rights of such Bondholders under the laws of the State or under this Indenture by such of the following remedies as the Trustee shall deem most effectual to protect and enforce such rights:

- (a) By pursuing any available remedies under the Financing Agreement, the Regulatory Agreement or the MBS;
- (b) Upon an Event of Default under Section 8.01(a) only, by realizing or causing to be realized through sale or otherwise upon the security pledged hereunder (including the sale or disposition of the MBS); and
- (c) By action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the Bonds and to execute any other papers and documents and do and perform any and all such acts and things as may be necessary or

advisable in the opinion of the Trustee in order to have the respective claims of the Bondholders against the Issuer allowed in any bankruptcy or other proceeding.

If an Event of Default shall have occurred, and if requested by the holders of not less than 75% in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction, the Trustee shall be obligated to exercise one or more of the rights and powers conferred by this Article as the Trustee, being advised by counsel, shall deem to be in the best interests of the Bondholders subject to the limitations set forth above and in this Indenture.

No right or remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other right or remedy, but each and every such right and remedy shall be cumulative and shall be in addition to any other right or remedy given to the Trustee or to the Bondholders hereunder or under the Financing Agreement, the Regulatory Agreement or the MBS or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein and every such right and power may be exercised from time to time as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Section 8.04. Representation of Bondholders by Trustee. The Trustee is hereby irrevocably appointed (and the Bondholders, by accepting and holding their Bonds, shall be conclusively deemed to have so appointed the Trustee and to have mutually covenanted and agreed, each with the other, not to revoke such appointment) the true and lawful attorney in fact of the Bondholders with power and authority, in addition to any other powers and rights heretofore granted the Trustee, at any time in its discretion to make and file, in any proceeding in bankruptcy or judicial proceedings for reorganization or liquidation of the affairs of the Issuer, either in the respective names of the Bondholders or on behalf of all the Bondholders as a class, any proof of debt, amendment of proof of debt, petition or other document, to receive payment of any sums becoming distributable to the Bondholders, and to execute any other papers and documents and do and perform any and all such acts and things as may be necessary or advisable in the opinion of the Trustee in order to have the respective claims of the Bondholders against the Issuer allowed in any bankruptcy or other proceeding.

In the enforcement of any rights and remedies hereunder, the Trustee in its own name and as trustee of an express trust on behalf of and for the benefit of the holders of all Bonds, shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any Event of Default becoming, and at any time remaining, due from the Issuer for principal, premium, if any, interest or other moneys, under any provision hereof or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders.

Section 8.05. Action by Trustee. All rights of action hereunder or upon any of the Bonds enforceable by the Trustee may be enforced by the Trustee without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee may be brought in its name for the ratable benefit of the holders of such Bonds subject to the provisions hereof.

In any action, suit or other proceeding by the Trustee, the Trustee shall be paid fees, counsel fees and expenses in accordance with Section 9.02.

Section 8.06. Accounting and Examination of Records After Default. The Issuer covenants with the Trustee and the Bondholders that, if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the Issuer relating to the Bonds and the Project shall at all times during normal business hours be subject to the inspection and use of the Trustee and of its agents and attorneys.

Section 8.07. Restriction on Bondholder Action. No holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any provision hereof or for the execution of any trust hereunder or for any other remedy hereunder, unless (a)(i) such holder previously shall have given to the Issuer and the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, and (ii) after the occurrence of such Event of Default, a written request shall have been made of the Trustee to institute such suit, action or proceeding by the holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding and there shall have been offered to the Trustee security and indemnity satisfactory to it against the costs and liabilities to be incurred therein or thereby, and (iii) the Trustee shall have been enjoined or restrained from complying or shall have refused or neglected or otherwise failed to comply with such request within **[sixty (60) days after receipt of such request]**; or (b)(i) such holder previously shall have obtained the written consent of the Trustee to the institution of such suit, action or proceeding, and (ii) such suit, action or proceeding is brought for the ratable benefit of the holders of all Bonds subject to the provisions hereof.

Nothing in this Article contained shall affect or impair the right of any Bondholder to enforce the payment of the principal of, premium, if any, and interest on his or her Bonds or the obligation of the Issuer to pay the principal of, premium, if any, and interest on each Bond to the holder thereof, at the time and place and from the source expressed in such Bonds and pursuant to the terms of the Bonds and this Indenture.

No holder of any Bond shall have any right in any manner whatever by his or her action to affect, disturb or prejudice the pledge of MBS Revenues or of any other moneys, funds or securities hereunder, or, except in the manner and on the conditions in this Section provided, to enforce any right or duty hereunder.

Section 8.08. Application of Moneys After Default. All moneys collected by the Trustee at any time pursuant to this Article shall, except to the extent, if any, otherwise directed by a court of competent jurisdiction, be credited by the Trustee to the Revenue Fund. Such moneys so credited to the Revenue Fund and all other moneys from time to time credited to the Revenue Fund shall at all times be held, transferred, withdrawn and applied as prescribed by the provisions of Article V and this Section.

Subject in all instances to the provisions of Section 8.11, in the event that at any time the moneys credited to the Revenue Fund, or any other funds held by the Issuer or the Trustee available for the payment of interest or principal then due with respect to the Bonds, shall be insufficient for such payment, such moneys and funds (other than funds held for the payment or redemption of particular Bonds as provided in Section 5.12) shall be applied as follows:

(a) Only in the event that there has been an Event of Default hereunder pursuant to Section 8.01(a) as a result of a failure by Fannie Mae to make payments under the MBS, for payment of all amounts due to the Trustee incurred in performance of its duties under this Indenture and the other documents executed in connection therewith, including, without limitation, the payment of all reasonable fees and expenses of the Trustee incurred in exercising any remedies under this Indenture and the other documents executed in connection herewith;

(b) Unless the principal of all of the Bonds shall have become or have been declared due and payable:

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available is not sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any Bonds which shall have become due, whether at maturity or by call for redemption, in the order in which they became due and payable, and, if the amount available is not sufficient to pay in full all the principal of and premium, if any, on the Bonds so due on any date, then to the payment of principal ratably, according to the amounts due on such date, to the persons entitled thereto, without any discrimination or preference and then to the payment of any premium due on the Bonds, ratably, according to the amounts due on such date, to the persons entitled thereto, without any discrimination or preference; and

(c) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal of, premium, if any, and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

Section 8.09. Control of Proceedings. In the case of an Event of Default pursuant to Section 8.01(a), the holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, subject to the provisions of Section 8.07, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee; provided, however, that the Trustee shall have the right to decline to follow any such

direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not be taken lawfully, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or otherwise adversely affect the Trustee or be unjustly prejudicial to Bondholders not parties to such direction.

Section 8.10. Waivers of Events of Default. The Trustee shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of, premium, if any, and interest on the Bonds upon the written request of the holders of a majority in aggregate principal amount of all Bonds then Outstanding with respect to which there is an Event of Default; provided, however, that there shall not be waived (a) any default in the payment of the principal amount of any Bonds at the date of maturity specified therein or upon proceedings for mandatory redemption, or (b) any default in the payment when due of the interest or premium, if any, on any such Bonds, unless prior to such waiver or rescission all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such Event of Default shall have occurred on overdue installments of interest or all arrears of payments of principal or premium, if any, when due (whether at the stated maturity thereof or upon proceedings for mandatory redemption) as the case may be, and all expenses of the Trustee in connection with such monetary default, shall have been paid or provided for, and in case of any such waiver or rescission, the Issuer, the Borrower, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder respectively.

No such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereto; and no delay or omission of the Trustee or of any Bondholders to exercise any right or power accruing upon any Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default, or acquiescence therein.

Section 8.11. Subordination. No claim for interest on any of the Bonds which claim in any way at or after maturity shall have been transferred or pledged by the holder thereof separate and apart from the Bond to which it relates, unless accompanied by such Bond, shall be entitled in case of an Event of Default hereunder to any benefit by or from this Indenture except after the prior payment in full of the principal of and premium, if any, on all of the Bonds then due and of all claims for interest then due not so transferred or pledged.

Section 8.12. Termination of Proceedings. In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason or determined adversely to the Trustee, then in every such case the Issuer, the Borrower, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

Section 8.13. No Interference or Impairment of MBS. Notwithstanding any other provision of this Indenture to the contrary, so long as the MBS remains outstanding and Fannie Mae is not in default in its payment obligations thereunder, neither the Issuer, the Trustee nor any person under their control shall, without the prior written consent of Fannie Mae, exercise any remedies or direct any proceedings under this Indenture other than to (a) enforce rights under the MBS, (b) enforce the tax covenants in this Indenture, the Tax Exemption Agreement and the Financing Agreement, or (c) enforce rights of specific performance under the Regulatory Agreement; provided,

however, that any enforcement under subsections (b) or (c) above shall not include seeking monetary damages other than actions for the Issuer's Fee and expenses or the Trustee's Fee and expenses.

Nothing contained in this Indenture shall affect or impair the right of any Bondholder to enforce the payment of the principal of, the premium, if any, and interest on any Bond at the maturity thereof or the obligation of the Trustee to pay the principal of, premium, if any, and interest on the Bonds issued hereunder to the respective holders thereof, at the time, in the place, from the sources and in the manner expressed herein and in said Bonds.

ARTICLE IX

THE TRUSTEE

Section 9.01. Acceptance of the Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions and no implied covenants or conditions shall be read into this Indenture against the Trustee:

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a reasonable person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall not be answerable for the conduct of the same if appointed with reasonable care, and shall be entitled to advice of counsel concerning all matters of the trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorneys (who may be the attorney or attorneys for the Issuer, the Borrower or Fannie Mae) approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action taken in good faith in reliance upon such opinion or advice.

(c) The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the certificate of the Trustee endorsed on the Bonds), or for insuring the Project or collecting any insurance moneys, or for the registration, filing or recording or re registration, re filing or re-recording of this Indenture or the Mortgage or any financing statements relating hereto or thereto or for the validity of the execution by the Issuer of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value or title of the Project or otherwise as to the maintenance of the security hereof. The Trustee shall not be bound to ascertain or inquire as to the performance or observance

of any covenants, conditions or agreements on the part of the Issuer or on the part of the Borrower under the Financing Agreement, except as expressly hereinafter set forth; but the Trustee may require of the Issuer or the Borrower full information and advice as to their performance of the covenants, conditions and agreements aforesaid. The Trustee acknowledges it has assumed certain duties of the Issuer under the Financing Agreement, the Tax Exemption Agreement and the Regulatory Agreement.

(d) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The Trustee may become the owner of Bonds secured hereby with the same rights which it would have if it were not Trustee hereunder. To the extent permitted by law, the Trustee may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not any such committee shall represent the holders of a majority in aggregate principal amount of the Bonds Outstanding.

(e) The Trustee shall be protected in acting under any notice, request, consent, certificate, order, affidavit, letter, facsimile transmission, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request, authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely (unless other evidence in respect thereof is herein specifically prescribed) upon an Officer's Certificate as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default of which the Trustee has been notified as provided in subsection (h) of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept an Officer's Certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate signed by an Attesting Officer of the Issuer as conclusive evidence that a resolution of the governing body of the Issuer has been duly adopted and is in full force and effect.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its own negligence or willful misconduct.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default or Event of Default hereunder except a default in payment when due of the principal of, premium, if any, or interest on any Bond or the failure of the Issuer or the Borrower to file with the Trustee any documents required by this Indenture, the Financing Agreement, the Tax Exemption Agreement or the Regulatory Agreement to be so filed

subsequent to the issuance of the Bonds unless the Trustee shall be specifically notified in writing of such default or Event of Default by the Issuer or by the holders of at least 75% in aggregate principal amount of Bonds then Outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the designated office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default or Event of Default except as aforesaid.

(i) At any and all reasonable times the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right fully to inspect any and all of the property herein conveyed, including the Project and all books, papers and records of the Issuer pertaining to the Project and the Bonds, and to take such memoranda from and in regard thereto as may be desired, provided that such inspection be made and any such memoranda be taken and used on a basis that will insure the confidentiality thereof and of any results thereof.

(j) The Trustee shall not be required to give any certificate or surety in respect of the execution of the trusts and powers or otherwise in respect of the premises granted in this Indenture.

(k) Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property or any action whatsoever within the purview of this Indenture (other than enforcement of the Regulatory Agreement), any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Trustee, deemed desirable for the purpose of establishing the right of the Issuer to the authentication of any Bonds, the withdrawal of any cash, the release of any property or the taking of any other action by the Trustee, but the resolutions, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warranty, protection and authority to the Trustee for the release of property and the withdrawal of cash hereunder.

(l) Before taking any action under Article VIII of this Indenture the Trustee may require that a satisfactory indemnity bond or other indemnity satisfactory to the Trustee be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default in conjunction with any action so taken.

(m) All moneys received by the Trustee, until used, applied or invested as herein provided, shall be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law.

(n) The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

(o) The Trustee's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and the final payment or the defeasance of the Bonds (or the discharge of the Bonds or the defeasance of the lien of this Indenture).

(p) None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

(q) The Trustee shall have no responsibility, opinion or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

(r) [The Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it from the holders of the Bonds pursuant to the terms of this Indenture.]

Section 9.02. Fees, Charges and Expenses of Trustee. Notwithstanding any provision to the contrary herein, the Trustee shall be entitled to payment for reasonable fees for its services rendered hereunder and under the Regulatory Agreement, the Tax Exemption Agreement and the Financing Agreement and reimbursement for all advances, counsel fees and other expenses reasonably made or incurred by the Trustee (including any co-Trustee) in connection with such services which shall be paid from time to time as provided in the Financing Agreement; provided that no such amounts shall be paid to the Trustee from the proceeds of the MBS. Upon an Event of Default under Section 8.01(a) as a result of a failure by Fannie Mae to make payment under the MBS, but only upon such an Event of Default, the Trustee shall have a lien upon the Trust Estate for extraordinary fees, charges and expenses incurred by it. The Issuer shall require the Borrower to indemnify and save harmless the Trustee against any liabilities which the Trustee may incur in the exercise and performance of its powers and duties hereunder, under the Financing Agreement, the Tax Exemption Agreement and under the Regulatory Agreement which are not due to its own negligence or willful misconduct, and to reimburse the Trustee for any fees and expenses of the Trustee to the extent they exceed funds available under this Indenture for the payment thereof, subject only to the right of the Borrower to contest the reasonableness of any such fees or the necessity for any such expenses. The Trustee shall continue to perform its duties and obligations hereunder until such time as its resignation or removal is effective pursuant to Section 9.05 or Section 9.06, respectively.

Section 9.03. Intervention By Trustee. In any judicial proceeding to which the Issuer is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of owners of the Bonds, the Trustee may intervene on behalf of the Bondholders and shall do so if requested in writing by the owners of at least 75% in aggregate principal amount of Bonds then Outstanding, subject to receipt of indemnity as provided in Section 9.01(l). The rights and obligations of the Trustee under this Section are subject to receipt of any approval of a court of competent jurisdiction which may be required by law as a condition to such intervention.

Section 9.04. Merger or Consolidation of Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to

which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto shall be and become successor Trustee hereunder and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 9.05. Resignation by Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving 60 days' written notice to the Issuer and Fannie Mae, and such resignation shall only take effect upon the appointment, pursuant to Section 9.07, of, and acceptance by, a successor Trustee. The successor Trustee shall give notice of such succession by first class mail, postage prepaid, to each Bondholder at the address of such Bondholder shown on the Register.

Section 9.06. Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee, the Lender and Fannie Mae, and signed by the Issuer (or if an Event of Default shall have occurred and be continuing, by the owners of a majority in aggregate principal amount of the Bonds then Outstanding, in which event such instrument or instruments in writing shall also be delivered to the Issuer) provided that such removal shall not take effect until the appointment of a successor Trustee by the Issuer (or by the Bondholders).

Section 9.07. Appointment of Successor Trustee. In case at any time the Trustee or any successor thereto shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of such Trustee or of its property shall be appointed, or if any public officer shall take charge or control of such Trustee or of its property or affairs, a successor may be appointed by the Issuer with the approval of Fannie Mae (if it is not in default in its obligations under the MBS (which consent shall not be unreasonably withheld or delayed), or if Fannie Mae does not approve a successor the Issuer proposes to appoint, or if the Issuer is in default hereunder, by the holders of a majority in aggregate principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Issuer, by an instrument or concurrent instruments in writing signed by such Bondholders, or their attorneys duly authorized in writing, and delivered to such successor Trustee, notification thereof being given to the Issuer, Fannie Mae, the Borrower, the Investor Member and the predecessor Trustee. If in a proper case no appointment of a successor Trustee shall have been made pursuant to the foregoing provisions of this Section within 45 days after the Trustee shall have given to the Issuer written notice as provided in Section 9.05 or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. The court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any Trustee appointed under the provisions of this Section shall be a bank, trust company or national banking association, having a designated office within the State, having trust powers, with prior experience as trustee under indentures under which multifamily housing revenue bonds of public agencies or authorities are issued, and having a capital and surplus acceptable to the Issuer, the Lender and Fannie Mae, willing and able to accept the office on reasonable and customary

terms in light of the circumstances under which the appointment is tendered and authorized by law to perform all the duties imposed upon it hereby, if there be such an institution meeting such qualifications willing to accept such appointment.

Section 9.08. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Issuer and Fannie Mae, and any Bondholder which shall request the same, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if named herein as such Trustee, but the Trustee ceasing to act shall nevertheless, on the written request of the Issuer, Fannie Mae or the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as reasonably may be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any properties held by it under this Indenture, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Issuer be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such moneys, estates, properties, rights, powers and duties, any and all such deeds, conveyances and instruments in writing, on request, and so far as may be authorized by law, shall be executed, acknowledged and delivered by the Issuer.

Section 9.09. Successor Trustee as Bond Registrar, Custodian of Funds and Paying Agent. In the event of a change in the Trustee, the Trustee which has resigned or been removed shall cease to be Bond Registrar, custodian of the Funds and Accounts created under this Indenture and paying agent for the Bonds, and the successor Trustee shall become such Bond Registrar, custodian and paying agent.

Section 9.10. Collection of MBS Payments. The Trustee shall cause the MBS to be registered in the name of the Trustee or in the name of the nominee of the Trustee with such additional recitals as appropriate to indicate that the MBS is to be held by the Trustee in its capacity as Trustee hereunder subject to the provisions of Section 7.03 and Section 7.04. In the event that any amount payable to the Trustee under the MBS is not received by the Trustee within one Business Day of the date such payment is due, the Trustee shall notify Fannie Mae or (if directed by Fannie Mae) the paying agent for the MBS by telephone (such notification to be immediately confirmed by telegram, teletype or other means of instantaneous written communication) that such payment has not been received in a timely manner and request that such payment be made by wire transfer of immediately available funds to the account of the Trustee or such custodian, as the case may be.

Section 9.11. Requests from Rating Agency. The Trustee shall promptly respond in writing, or in such other manner as may be reasonably requested, to requests from the Rating Agency for information deemed necessary by the Rating Agency in order to maintain the rating assigned thereby to the Bonds. The Trustee shall promptly furnish any such requested information in its possession to the Rating Agency and shall, as may be reasonably requested by the Rating Agency, assist in efforts to obtain any necessary information from the Issuer or the Borrower or Fannie Mae as applicable.

Section 9.12. Arbitrage Covenants.

(a) The Trustee agrees that it will invest funds held under this Indenture in accordance with the covenants and terms of this Indenture and the Tax Exemption Agreement (this covenant shall extend through the maturity date of the Bonds, to all Funds and Accounts created under this Indenture and all money on deposit to the credit of any such Fund or Account). The Trustee covenants that, notwithstanding any other provisions of this Indenture or of any other Financing Document, it will not knowingly make or cause to be made any investment or other use of the money in the funds or accounts created hereunder which would cause the Bonds to be classified as “arbitrage bonds” within the meaning of Sections 103(b) and 148 of the Code or would cause the interest on the Bonds to be includable in gross income for federal income tax purposes. This covenant shall extend, so long as any Bonds remain Outstanding, to all Funds and Accounts created under this Indenture and all money on deposit to the credit of any such Fund or Account. Pursuant to this covenant, with respect to the investments of the Funds and Accounts under this Indenture, the Trustee obligates itself to comply, so long as any Bonds remain Outstanding, with the requirements of Sections 103(b) and 148 of the Code; provided that the Trustee shall be deemed to have complied with such requirements and shall have no liability to the extent it follows the written directions of the Borrower, the Issuer, Bond Counsel or the Rebate Analyst. The Trustee further covenants that should the Issuer or the Borrower file with the Trustee (it being understood that neither the Issuer nor the Borrower has an obligation to so file), or should the Trustee receive, an opinion of Bond Counsel to the effect that any proposed investment or other use of proceeds of the Bonds would cause the Bonds to become “arbitrage bonds,” then the Trustee will comply with any written instructions of the Issuer, the Borrower or Bond Counsel regarding such investment (which shall, in any event, be a Permitted Investment) or use so as to prevent the Bonds from becoming “arbitrage bonds,” and the Trustee will bear no liability to the Issuer, the Borrower or the holders of the Bonds for investments made in accordance with such instructions. **[The Trustee shall not be liable or responsible for monitoring the compliance by the Borrower or the Issuer of any of the requirements of Section 148 of the Code or any applicable regulation, ruling, or other judicial or administrative interpretation thereof, it being acknowledged and agreed that the sole obligation of the Trustee in this regard shall be (i) to invest the moneys receive by the Trustee pursuant to the written instructions of the Borrower in the specific investments identified by the Borrower, subject to the terms of this Indenture, or, in the absence of such identification, to make investments as otherwise provided in this Indenture and to disburse said moneys in accordance with the terms of this Indenture and (ii) to follow instructions contained in this Section and in this Indenture. The Trustee shall not be liable for the Bonds becoming “arbitrage bonds” within the meaning of the Code, as a result of investments it makes in compliance with the instructions it receives or pursuant to or in compliance with the terms of this Indenture.]**

(b) By its acceptance of this Indenture, the Trustee acknowledges the incorporation of the Tax Exemption Agreement into this Indenture by reference.

(c) The Borrower shall be responsible for any fees and expenses incurred by the Issuer or the Trustee under or pursuant to this Section.

Section 9.13. Compliance of Borrower Under Regulatory Agreement. The Trustee shall give written notice to the Issuer, the Lender, the Investor Member and Fannie Mae of any failure by the Borrower to comply with the terms of the Regulatory Agreement of which it has actual knowledge.

Section 9.14. Compliance with Texas Government Code. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Indenture, the Short Term Indenture, the Financing Agreement, the Regulatory Agreement and the Tax Exemption Agreement, and such representation is hereby incorporated by reference into each of the documents referenced herein. The foregoing verification is made solely to comply with Section 2270.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, ‘boycott Israel’ means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Trustee understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

To the extent any of this Indenture, the Short Term Indenture, the Financing Agreement, the Regulatory Agreement and the Tax Exemption Agreement is a contract for goods or services, the Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Trustee understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

ARTICLE X

SUPPLEMENTAL INDENTURES

Section 10.01. Supplemental Indentures Effective Upon Acceptance. For any one or more of the following purposes and at any time or from time to time, the Issuer and the Trustee may enter into a Supplemental Indenture which, upon the execution and delivery thereof by an Authorized Officer and by the Trustee, and with the prior written consent of Fannie Mae and the

Lender, but without the necessity of consent of the Bondholders, shall be fully effective in accordance with its terms:

- (a) To add to the covenants or agreements of the Issuer herein contained other covenants or agreements to be observed by the Issuer or to otherwise revise or amend this Indenture in a manner which are/is not materially adverse to the interests of the Bondholders;
- (b) To add to the limitations or restrictions herein contained other limitations or restrictions to be observed by the Issuer which are not contrary to or inconsistent with the provisions hereof as theretofore in effect;
- (c) To surrender any right, power or privilege reserved to or conferred upon the Issuer herein, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Issuer contained herein and is not materially adverse to the interests of the Bondholders;
- (d) To confirm, as further assurance, any pledge of the Trust Estate hereunder and the subjection to any lien on or pledge of the Trust Estate created or to be created hereby;
- (e) To appoint a co-trustee or successor Trustee or successor co-trustee;
- (f) To cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision herein;
- (g) To insert such provisions clarifying matters or questions arising hereunder as are necessary or desirable and are not materially adverse to the interests of the Bondholders; and
- (h) To make such changes and modifications that are necessary or desirable to provide for all interest, principal and premium paid with respect to the Bonds are in the exact respective amounts of the payments of interest, principal and premium paid under and pursuant to the MBS.

Section 10.02. Supplemental Indentures Requiring Consent of Bondholders. In addition to those amendments to this Indenture which are authorized by Section 10.01, any modification or amendment of this Indenture may be made by a Supplemental Indenture with the written consent, given as hereinafter provided in Section 10.03, of Fannie Mae and the holders of at least two thirds in aggregate principal amount of the Bonds Outstanding at the time such consent is given; provided, however, that no such modification or amendment shall (a) permit a change in the terms of redemption or maturity of the principal amount of any Outstanding Bond or an extension of the date for payment of any installment of interest thereon or a reduction in the principal amount of, premium, if any, or the rate of interest on any Outstanding Bond without the consent of the holder of such Bond, (b) reduce the proportion of Bonds the consent of the holders of which is required to effect any such modification or amendment or to effectuate an acceleration of the Bonds prior to maturity, (c) permit the creation of a lien on the Trust Estate pledged under this Indenture prior to or on a parity with the lien of this Indenture, (d) deprive the holders of the Bonds of the lien created by this Indenture upon the Trust Estate (except as expressly provided in this Indenture), without

(with respect to (b) through (d)) the consent of the holders of all Bonds then Outstanding, or (e) change or modify any of the rights or obligations of the Trustee without the written consent thereto of the Trustee.

Section 10.03. Consent of Bondholders. The Issuer and the Trustee may, at any time, execute and deliver a Supplemental Indenture making a modification or amendment permitted by the provisions of Section 10.02, to take effect when and as provided in this Section. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in a form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Trustee to the Bondholders. Such Supplemental Indenture shall not be effective unless there shall have been filed with the Trustee (a) the written consents of Fannie Mae and the holders of the proportion of Outstanding Bonds specified in Section 10.02, and (b) an Opinion of Bond Counsel stating that such Supplemental Indenture has been duly and lawfully entered into by the Issuer in accordance with the provisions of this Indenture, is authorized or permitted by the provisions of this Indenture, and, when effective, will be valid and binding upon the Issuer. Each such consent of the Bondholders shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 11.01. A certificate or certificates by the Trustee that it has examined such proof and that such proof is sufficient under the provisions of Section 11.01 shall be conclusive that the consents have been given by the Bondholders described in such certificate or certificates. Any such consent shall be binding upon the Bondholder giving such consent and upon any subsequent holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent holder thereof has notice thereof). At any time after the holders of the required proportion of Bonds shall have filed their consents to such Supplemental Indenture, the Trustee shall make and file with the Issuer a written statement that the holders of such required proportion of Bonds have filed and given such consents. Such written statement shall be conclusive that such consents have been so filed and have been given. Within 90 days after filing such statement, the Trustee shall mail (or, when the Bonds are Book Entry Bonds, send pursuant to the applicable procedures of the Depository) to the Bondholders a notice stating in substance that such Supplemental Indenture (which may be referred to as a Supplemental Indenture executed by the Issuer on a stated date, a copy of which is on file with the Trustee) has been consented to by the holders of the required proportion of Bonds and will be effective as provided in this Section, but failure to send such notice shall not prevent such Supplemental Indenture from becoming effective and binding as in this Section 10.03 provided. The Trustee shall file with the Issuer proof of sending such notice to the Bondholders. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture making such modification or amendment shall be deemed conclusively binding upon the Issuer, the Trustee and the holders of all Bonds upon the execution thereof and the filing by the Trustee with the Issuer of the statement that the required proportion of Bondholders have consented thereto.

The Issuer may conclusively rely upon the Trustee's determination that the requirements of this Section have been satisfied.

Section 10.04. Modification By Unanimous Consent. Notwithstanding anything contained in the foregoing provisions of this Article, the terms and provisions hereof and the rights and obligations of the Issuer and the holders of the Bonds hereunder, in any particular, may be

modified or amended in any respect upon execution and delivery of a Supplemental Indenture by the Issuer and the Trustee making such modification or amendment and the consent to such Supplemental Indenture of Fannie Mae, the Lender and the holders of all of the Bonds then Outstanding, such consent to be given and proved as provided in Section 10.03 except that no notice to Bondholders shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of the Trustee without the written assent thereto of the Trustee, in addition to the consent of the Bondholders.

Section 10.05. Exclusion of Bonds. Bonds owned or held by or for the account of the Issuer or the Borrower shall be excluded and shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article, unless all of the Bonds are owned or held by or for the account of the Issuer or the Borrower. In the event that not all of the Bonds are owned or held by or for the account of the Issuer or the Borrower, then neither the Issuer nor the Borrower, as the case may be, shall be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action under this Article, in the event that any Bonds (but not all of the Bonds) are then owned by or for the account of the Issuer, the Issuer shall furnish to the Trustee an Officer's Certificate, upon which the Trustee may rely, describing all Bonds so to be excluded. The Trustee shall be obligated to exclude as aforesaid only such Bonds as are shown by the Register or are otherwise known by the Trustee to be so owned or held.

Section 10.06. Notation on Bonds. Bonds delivered after the effective date of any action taken as provided in this Article may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Issuer and the Trustee as to such action, and in that case upon demand of the holder of any Bond Outstanding at such effective date and presentation of such Bond for such purpose at the principal office of the Trustee, suitable notation shall be made on such Bond by the Trustee as to any such action. If the Issuer or the Trustee shall so determine, new Bonds notated as in the opinion of the Trustee and the Issuer may be required to conform to such action shall be prepared and delivered, and upon demand of the holder of any Bond then Outstanding, shall be exchanged, without cost to such Bondholder, for Bonds of the same series, designation, maturity and interest rate then Outstanding upon surrender of such Bonds.

Section 10.07. Additional Contracts or Indentures. The Issuer, so far as it may be authorized by law, may enter, and if requested by the Trustee, shall enter into additional contracts or indentures with the Trustee giving effect to any modification or amendment of this Indenture as provided in this Article.

Section 10.08. Opinion of Bond Counsel Concerning Supplemental Indentures. The Trustee shall not execute or consent to any Supplemental Indenture unless prior to the execution and delivery thereof the Trustee shall have received a Favorable Opinion of Bond Counsel and a written opinion of Bond Counsel to the effect that the modifications or amendments effected by such Supplemental Indenture are authorized and permitted under the provisions of this Indenture.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Evidence of Signatures of Bondholders and Ownership of Bonds.

Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, or the holding by any person of any Bonds, shall be sufficient for any purpose hereof if made in the following manner or in any other manner satisfactory to the Trustee which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(a) The fact and date of the execution by any Bondholder or his or her attorney of any such instrument (other than the Bond) may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he or she purports to act that the person signing such instrument acknowledged to him or her the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer, or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, trust company or duly licensed securities broker or dealer satisfactory to the Trustee that the person signing such instrument acknowledged to such bank, trust company, broker or dealer the execution thereof;

(b) The authority of a person or persons to execute any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is authorized by a corporate resolution (a copy of which shall be delivered to the Trustee) and signed by a person purporting to be the president or a vice president of such corporation; and

(c) The holding of Bonds, the amount, numbers and other identification thereof, and the date of holding the same, shall be proved by the Register.

Any request, consent or other instrument executed by the registered owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done hereunder by the Issuer or the Trustee in accordance herewith in reliance on such request, consent or other instrument.

Section 11.02. Details of Documents Delivered to Trustee. Matters required to be stated in any document signed by any Authorized Officer or in any accountant's certificate, Counsel's Opinion or Officer's Certificate may be stated in separate documents of the required description or may be included in one or more thereof.

Section 11.03. Preservation and Inspection of Documents. All reports, certificates, statements and other documents received by the Trustee under the provisions hereof shall be retained in its possession and shall be available at all reasonable times for the inspection of the Issuer, Fannie Mae or any Bondholder and their agents and representatives, any of whom may make copies thereof, but any such reports, certificates, statements or other documents may, at the election of the Trustee,

be destroyed or otherwise disposed of at any time six years after such date as the pledge of the Trust Estate created hereby shall be discharged as provided in Section 7.01.

Section 11.04. No Recourse on Bonds. No recourse shall be had for the payment of the principal or Redemption Price or purchase price of or interest on the Bonds or for any claim based thereon or on this Indenture or any other Issuer Document or the Financing Documents against any member, officer, employee or agent of the Issuer, past present or future, or any person executing the Bond.

Section 11.05. Severability. If any one or more of the provisions, covenants or agreements in this Indenture on the part of the Issuer or the Trustee to be performed should be illegal, inoperative, unenforceable or contrary to law, then such provision or provisions, covenant or covenants, agreement or agreements, shall be deemed severable from the remaining provisions, covenants and agreements, and shall in no way affect the validity of the other provisions hereof or of the Bonds.

Section 11.06. Notices. Unless otherwise specified in this Indenture, it shall be sufficient service or giving of any notice, request certificate, demand or other communication if the same is sent by (and all notices required to be given by mail will be given by) first-class registered or certified mail, postage prepaid, return receipt requested, or by private courier service which provides evidence of delivery, or sent by Electronic Means which produces evidence of transmission, and in each case will be deemed to have been given on the date evidenced by the postal or courier receipt or other written evidence of delivery or electronic transmission. Unless a different address is given by any party as provided in this Section, all such communications will be addressed as follows:

To the Issuer:

Texas Department of Housing and Community
Affairs
P.O. Box 13941
Austin, TX 78711
Attention: Manager of Multifamily Bonds
Telephone: (512) 475-3344
Facsimile: (512) 475-1895

To the Trustee:

U.S. Bank, National Association
13737 Noel Road, Suite 800
Dallas, TX 75240
Attention: Brian T. Jensen
Telephone: (972) 581-1623
Email: brian.jensen@usbank.com

To the Borrower:

Yellowstone Boulevard LLC
c/o Vesta Corporation
175 Powder Forest Drive
Weatogue, CT 06089
Attention: Steven Rice
Telephone: (860) 325-1744
Email: srice@vestacorp.com

With a copy to:

Locke Lord LLP
600 Congress Avenue, Suite 2200
Austin, TX 78701
Attention: Cynthia Bast
Telephone: (512) 305-4707
Email: cbast@lockelord.com

To the Underwriter

Stifel, Nicolaus & Company, Incorporated
3630 Peachtree Road NE, Suite 400
Atlanta, GA 30326
Attention: Cody N. Wilson
Telephone: (404) 504-2785
Email: wilsonco@stifel.com

With a copy to:

Tiber Hudson LLC
1900 M Street, NW, 4th Floor
Washington, DC 20036
Attention: Kent Neumann
Telephone: (202) 973-0107
Email: kent@tiberhudson.com

To the Rating Agency:

S&P Global Ratings
55 Water Street, 38th Floor
New York, NY 10041-0003
Attention: Public Finance Surveillance
Electronic notices shall be delivered to:
Pubfin_housing@spglobal.com

To Fannie Mae:

Fannie Mae
1100 15th Street, N.W.
Drawer AM
Washington, DC 20005
Attention: Director, Multifamily Asset
Management
Telephone: (202) 752-6634
Facsimile: (240) 699-3880
RE: [BOND NAME; LENDER NAME]

with a copy to:

DLA Piper LLP (US)
2000 Avenue of the Stars
Suite 400 North Tower
Los Angeles, CA 90067-4704
Attention: Masood Sohaili
Telephone: (310) 595-3040
Facsimile: (310) 595-3340

To the Lender:

KeyBank Real Estate Capital
8115 Preston Road, Suite 500
Dallas, TX 75225
Attention: Jeffrey S. Rodman
Telephone: (214) 540-9153
Email: jeffrey_s_rodman@keybank.com

with a copy to:

Ballard Spahr LLP
1909 K Street NW, 12th Floor
Washington, DC 20006
Attention: Dameon M. Rivers
Telephone: (202) 661-2231
Email: riversd@ballardspahr.com

To the Investor Member:

PNC Real Estate Tax Credit
Institutional Fund 53 LLC
121 SW Morrison, Suite 1300
Portland, OR 97204
Attention: Asset Manager

With a copy to:

Kutak Rock LLP
1650 Farnam Street
Omaha, NE 68102
Attention: Shane Deaver, Esq.
Telephone: (402) 231-8792
Email: shane.deaver@kutakrock.com

Copies of all notices given to Fannie Mae must be given concurrently to the Lender. By notice given under this Indenture, any entity whose address is listed in this Section may designate any different address to which subsequent notices, certificates, requests, demands or other communications shall be sent, but no notice directed to any one such entity (except for Fannie Mae) will be required to be sent to more than two addresses. All approvals required under this Indenture will be given in writing. In addition, any notification received by the Trustee from the Lender shall be sent by the Trustee to the owners of the Bonds as soon as practical after receipt thereof.

Section 11.07. Certain Notices to be Provided to the Rating Agency and the Issuer. In addition, the Trustee shall provide notice to the Rating Agency and the Issuer under the following circumstances: (i) prepayments with respect to the MBS, in whole or in part; (ii) defeasance or

discharge of the Indenture; (iii) release from the trust estate of (A) the pledge of the MBS or (B) the assignment of the MBS Revenues received; (iv) supplements or amendments to the Financing Documents or Mortgage Note; (v) extension of the MBS Delivery Date Deadline; and (vi) appointment of a successor Trustee.

Section 11.08. Action Required to be Taken on a Non-Business Day. In any case where any Payment Date, any other date fixed for the payment of interest on or principal of the Bonds, any maturity date or any date fixed for redemption of any Bonds, shall be a day other than a Business Day, then any payment of interest or principal (and premium, if any) required to be made on such date need not be taken or made on such date but may be taken or made on the next succeeding Business Day with the same force and effect as if made or taken on the date herein otherwise provided and, in the case of any Payment Date, no interest shall accrue for the period from and after such date.

Section 11.09. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person, other than the Issuer, the Trustee, Fannie Mae and the holders of the Bonds, any right, remedy or claim under or by reason hereof, and any covenants, stipulations, obligations, promises and agreements in this Indenture contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Trustee, Fannie Mae and the holders of the Bonds.

Section 11.10. Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. Subject to any applicable State law, delivery of an executed counterpart of a signature page to this Indenture by telecopier, facsimile or other Electronic Means shall be effective as delivery of a manually executed counterpart thereof.

Section 11.11. Notification of Issuer of Amount of Outstanding Bonds. On or before each January 1, beginning January 1, 2020, the Trustee shall notify the Issuer, via mutually acceptable electronic means or by mail, of the aggregate principal amount of Outstanding Bonds as of such January 1 or that no Bonds remain Outstanding.

Section 11.12. Tax Exemption Agreement. In the event of any conflict between this Indenture and the Tax Exemption Agreement, the requirements of the Tax Exemption Agreement shall control.

Section 11.13. Applicable Provisions of Law; Venue. This Indenture shall be construed in accordance with and governed by the laws of the State applicable to contracts made and performed in the State, without regard to conflict of laws principles.

IN WITNESS WHEREOF, the Issuer has caused this Indenture to be executed on its behalf by its Authorized Officers and the Trustee, to evidence its acceptance of the trusts created hereunder, has caused this Indenture to be executed in its name by its duly authorized signatories, all as of the day and year first above written.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS, as Issuer

By: _____
Name: J. B. Goodwin
Title: Chair

(SEAL)

ATTEST:

By: _____
Name: James B. Eccles
Title: Secretary

U.S. BANK, NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Signatory

Indenture of Trust

EXHIBIT A

FORM OF BOND

**UNITED STATES OF AMERICA
STATE OF TEXAS**

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MULTIFAMILY TAX-EXEMPT BONDS
(M-TEMS) (PARK YELLOWSTONE) SERIES 2019 (FN)**

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE INDENTURE OF TRUST) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

No. R-1

[\$12,500,000]

<u>Bond Interest Rate</u>	<u>Bond Maturity Date</u> ¹	<u>Dated Date</u>	<u>CUSIP</u>
Bond Interest Rate	Bond Maturity Date	Bond Dated Date	Bond CUSIP Number

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: [_____]

Texas Department of Housing and Community Affairs (together with its successors and assigns, the “Issuer”), a public and official agency of the State of Texas, duly organized and existing under the laws of the State of Texas, for value received, hereby promises to pay by check (but only from the sources specified in the Indenture hereinafter referred to) to the Registered Owner named above or registered assigns, on the Bond Maturity Date stated above subject to the provisions of the Indenture, including, but not limited to, the definition of Payment Date therein and as hereinafter defined (unless this Bond shall have been previously called for redemption and payment of the Redemption Price shall have been made or duly provided for) the Principal Amount stated above in lawful money of the United States of America, and to pay interest thereon in like

¹ Subject to final payment of principal with respect to the MBS (as hereafter defined) which will be passed through to the Bondholders on the Final Payment Date.

lawful money at the Pass-Through Rate specified above in the amounts as accrued and for the periods interest is paid (except in connection with a redemption of Bonds upon failure to purchase the MBS as described in the Indenture) pursuant to the terms of the MBS, payable on each Payment Date. Interest shall be calculated on the basis of a year of Actual/360. The payment of interest on a Payment Date is the interest accrued during the preceding calendar month. There shall be no further accrual of interest on the Bonds during the period from the Bond Maturity Date to the Final Payment Date. Notwithstanding anything herein to the contrary, (i) prior to the Forward MBS Delivery Date, the principal, interest and premium, if any, payable on the Bonds will be equal to and for the same periods as interest, principal and premium, if any, received pursuant to the Payment Schedule attached as Exhibit D hereto, and, to the extent payments received by the Trustee with respect to the Immediate MBS are insufficient to make payments on the Bonds as set forth in the Payment Schedule, the Trustee shall use funds on deposit in the Negative Arbitrage Account of the Revenue Fund to make such payments, and (ii) on and after the Forward MBS Delivery Date, the principal, interest and premium, if any, payable on the Bonds will be equal to and for the same periods as interest, principal and premium, if any, received on the MBS, and will be paid one Business Day following receipt by the Trustee of payment pursuant to the MBS.

“Payment Date” means (i) the 26th day of the month following the month in which the Closing Date occurs and the 26th day of each month thereafter, or the next succeeding Business Day if such 26th day is not a Business Day, until and including the 26th day of the month in which the Immediate MBS Delivery Date occurs, and (ii) commencing on the first day of the month immediately following the month in which the Immediate MBS Delivery Date occurs, the Business Day immediately after the date of receipt by the Trustee of a payment received on the MBS. The payment of interest on a Payment Date shall relate to the interest accrued during the preceding calendar month. There shall be no further accrual of interest from the Bond Maturity Date to the Final Payment Date. Interest hereon is payable by U.S. Bank, National Association (the “Trustee”). Payment of the principal of and interest or premium, if any, on any Bond shall be made to the person appearing on the Register as the registered owner thereof, on each Payment Date. The principal of and the interest on the Bonds shall be payable in coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts of the United States of America. Unless the Bonds are Book Entry Bonds, the principal of the Bonds shall be payable to the registered owners thereof upon presentation (except in connection with a redemption of Bonds from principal payments or prepayments on the MBS) at the designated corporate trust office of the Trustee or its successors. Unless the Bonds are Book Entry Bonds, payments of interest on the Bonds and redemption of Bonds from principal payments or prepayments on the MBS shall be paid by check mailed to the registered owner thereof at such owner’s address as it appears on the registration books maintained by the Trustee on the applicable Record Date or at such other address as is furnished to the Trustee in writing by such owner. All payments of principal of and interest on Book Entry Bonds shall be made and given at the times and in the manner set out in the representation letter of The Depository Trust Company, New York, New York, or any replacement securities depository appointed under the Indenture.

The date of authentication of each Bond shall be the date such Bond is registered.

The Bonds shall be subject to redemption prior to maturity as follows:

(a) Mandatory Redemption prior to Immediate MBS Delivery Date. The Bonds are subject to mandatory redemption in part on any Payment Date prior to the first day of the first month following the Immediate MBS Delivery Date in an amount equal to the amount due on the first day of the month in which such Payment Date occurs as shown in the Mortgage Loan Amortization Schedule, payable with respect to principal first, from money on deposit in the Bond Proceeds Fund and second, from money on deposit in the Collateral Fund, and with respect to interest, from money on deposit in the Revenue Fund.

(b) Mandatory Redemption upon Failure to Purchase the Immediate MBS. The Bonds are subject to mandatory redemption in whole, five (5) Business Days after the Immediate MBS Delivery Date Deadline (as such date may be extended pursuant to Section 3.04 of the Indenture) at a Redemption Price equal to 100% of the Outstanding principal amount thereof, plus interest accrued but unpaid from the first day of the month in which the last Payment Date occurred to such redemption date, if the Immediate MBS Delivery Date has not occurred on or prior to the Immediate MBS Delivery Date Deadline, as such date may be extended, payable with respect to principal first, from money on deposit in the Bond Proceeds Fund and second, from money on deposit in the Collateral Fund, and with respect to premium, if any, and interest, from money on deposit in the Revenue Fund.

(c) Mandatory Redemption upon Failure to Purchase the Forward MBS. The Bonds are subject to mandatory redemption in part, five (5) Business Days after the Forward MBS Delivery Date Deadline (as such date may be extended pursuant to Section 3.04 of the Indenture) at a Redemption Price equal to the principal amount of the Forward MBS, plus interest accrued but unpaid (with respect to the portion of the Bonds to be redeemed) from the first day of the month in which the last Payment Date occurred to such redemption date, if the Forward MBS Delivery Date has not occurred on or prior to the Forward MBS Delivery Date Deadline, as such date may be extended, payable with respect to principal first, from money on deposit in the Bond Proceeds Fund and second, from money on deposit in the Collateral Fund, and with respect to premium, if any, and interest, from money on deposit in the Revenue Fund.

(d) Mandatory Redemption on the Forward MBS Delivery Date. The Bonds are subject to mandatory redemption in part on the Forward MBS Delivery Date at a Redemption Price equal to (i) the difference between (x) the combined principal amount of the Forward MBS purchased on the Forward MBS Delivery Date and the Immediate MBS and (y) the aggregate principal amount of the Bonds Outstanding as of the first day of the month in which the Forward MBS Delivery Date occurred, plus (ii) interest accrued but unpaid on such difference from the first day of the month in which the last Payment Date occurred to the Forward MBS Delivery Date; payable with respect to principal first, from money on deposit in the Bond Proceeds Fund and second, from money on deposit in the Collateral Fund, and with respect to interest and premium, if any, from money on deposit in the Revenue Fund.

(e) Mandatory Redemption Following the Immediate MBS Delivery Date. Following the Immediate MBS Delivery Date, the Bonds are subject to mandatory redemption in part in an amount equal to and one Business Day after the date on which, each principal payment or prepayment is received pursuant to the MBS at a Redemption

Price equal to 100% of the principal amount received pursuant to the MBS, plus interest and premium, if any, received pursuant to the MBS.

(f) Mandatory Redemption in Lieu of Exchange. The Bonds are subject to mandatory redemption in part in the event the Issuer elects pursuant to Section 2.15 of the Indenture to redeem a Beneficial Owner's Bonds for an amount equal to the Cash Value in lieu of delivering to the Beneficial Owner of the Bonds its proportional interest in the MBS based upon its proportional interest in the Bonds. Any such redemption shall be made in the amounts, from the sources and in accordance with the provisions of the Indenture. The Cash Value (as defined in Section 2.15 of the Indenture) shall be calculated by the Issuer or by a financial advisor selected by the Issuer, and shall be verified by an independent verification agent in writing confirming the mathematical accuracy of the calculations.

Anytime the Bonds are to be redeemed pursuant to the Indenture, the Trustee shall use its best efforts to give at least five (5) Business Days' notice, in the name of the Issuer, of the redemption of the Bonds, which notice shall specify the following: (i) the maturity and principal amounts of the Bonds to be redeemed; (ii) the CUSIP number, if any, of the Bonds to be redeemed; (iii) the date of such notice; (iv) the issuance date for such Bonds; (v) the interest rate on the Bonds to be redeemed; (vi) the redemption date; (vii) any conditions to the occurrence of the redemption; (viii) the place or places where amounts due upon such redemption will be payable; (ix) the Redemption Price; (x) the Trustee's name and address with a contact person and a phone number; and (xi) that on the redemption date, the Redemption Price shall be paid. Neither the giving of such notice by the Trustee nor the receipt of such notice by the Bondholders shall be a condition precedent to the effectiveness of any such redemption.

A Beneficial Owner of the Bonds may file with the Trustee a written request to exchange Bonds for a like principal amount of the MBS subject to and in accordance with Section 2.15 of the Indenture.

This Bond is one of the duly authorized bonds of the Issuer designated as Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN) (the "Bonds"), limited in aggregate principal amount to \$[12,500,000] issued pursuant to the Act and pursuant to an Indenture of Trust, dated as of January 1, 2019, by and between the Issuer and the Trustee (the "Indenture") and a resolution duly adopted by the governing body of the Issuer. The Bonds are limited obligations of the Issuer payable from and all equally secured by the lien of the Indenture, and the other security pledged thereby, including certain funds and accounts created pursuant thereto. The Bonds are issued for the benefit of Yellowstone Boulevard LLC (the "Borrower"), to finance a multifamily rental housing development within the City of Houston, Texas, known as Park Yellowstone (the "Project"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned in the Indenture.

The payment and other obligations of the Issuer with respect to the Bonds are intended to be, and shall be, independent of the payment and other obligations of the issuer or maker of the Bond Loan Note, the Mortgage Note (as defined in the Indenture) and the MBS (as hereafter defined), even though the principal amount of all three instruments is expected to be identical, except in the case of a default with respect to one or more of the instruments.

The Bonds are secured by certain funds held under the Indenture as described therein, and after the MBS Delivery Date, if any, by (i) the pledge of a MBS (the “MBS”) issued by the Federal National Mortgage Association (“Fannie Mae”) and delivered to the Trustee, under the terms of which timely payment of principal of and interest on the MBS is guaranteed by Fannie Mae regardless of whether corresponding payments on the Mortgage Loan are paid when due, and (ii) amounts payable under the MBS. After the MBS Delivery Date, the MBS is held in trust and pledged under the Indenture to secure the payment of the Bonds.

Reference is hereby made to the Act and to the Indenture, a copy of which is on file at the principal office of the Trustee, and all indentures supplemental thereto for a description of the rights thereunder of the registered owners of the Bonds, of the payments and funds pledged and assigned as security for payment of the Bonds and the nature and extent thereof, of the terms on which the Bonds are issued and the terms and conditions on which the Bonds will be deemed to be paid at or prior to maturity or redemption upon provision for payment thereof in the manner set forth in the Indenture, of the rights, duties and immunities of the Trustee and of the rights and obligations of the Issuer thereunder, to all of the provisions of which Indenture the registered owner of this Bond, by acceptance hereof, assents and agrees.

THE BONDS OF WHICH THIS BOND IS A PART, TOGETHER WITH INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY, ARE NOT GENERAL OBLIGATIONS OF THE ISSUER, BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER SECURED BY THE TRUST ESTATE, ARE AND WILL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE (EXCEPT TO THE EXTENT PAID OUT OF MONEYS ATTRIBUTABLE TO PROCEEDS OF THE BONDS OR THE INCOME FROM THE TEMPORARY INVESTMENT THEREOF), AND ARE AND WILL ALWAYS BE A VALID CLAIM OF THE OWNER THEREOF ONLY AGAINST THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE, WHICH REVENUES AND INCOME MAY BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL INSTALLMENTS OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THIS INDENTURE AND IN THE FINANCING AGREEMENT. THE BONDS AND THE OBLIGATION TO PAY INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, DO NOT NOW AND WILL NEVER CONSTITUTE A DEBT OR AN OBLIGATION OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF WILL BE LIABLE THEREFOR, **THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH, CREDIT, OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER.** THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT OR ANY OTHER FEDERAL GOVERNMENTAL AGENCY AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES.

The Bonds are subject to redemption in the amounts and on the dates, in whole or in part, in the event of optional prepayment of amounts payable under the Mortgage Loan and a corresponding prepayment of the MBS.

The registered owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute actions to enforce the pledge, assignments in trust or covenants made therein or to take any action with respect to an Event of Default under the Indenture or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

If an Event of Default shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture. The Indenture provides that in certain events such declaration and its consequences may be rescinded by the holders of at least a majority in aggregate principal amount of the Bonds then Outstanding.

The Bonds are issuable only as fully registered Bonds without coupons in denominations of \$1,000 or any integral multiples of \$1.00 in excess thereof (“Authorized Denominations”). Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Indenture, Bonds may be exchanged at the designated corporate trust office of the Trustee for Bonds in the same aggregate principal amount.

The registration of this Bond is transferable by the registered owner hereof in person or by its attorney duly authorized in writing at the designated corporate trust office of the Trustee. Upon surrender for registration of transfer of this Bond at such office, the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond of the same maturity or maturities and Authorized Denomination for the same aggregate principal amount. Bonds to be exchanged shall be surrendered at said designated corporate trust office of the Trustee, and the Trustee shall authenticate and deliver in exchange therefore a Bond of equal aggregate principal amount of the same maturity and Authorized Denomination.

In any case where any Payment Date, any other date fixed for the payment of interest on or principal of the Bonds, any maturity date or any date fixed for redemption of any Bonds, shall be a day other than a Business Day, then any payment of interest or principal (and premium, if any) required to be made on such date need not be taken or made on such date but may be taken or made on the next succeeding Business Day with the same force and effect as if made or taken on the date herein otherwise provided and, in the case of any Payment Date, no interest shall accrue for the period from and after such date.

The Issuer and the Trustee shall treat the registered owner of this Bond as the owner hereof for all purposes, and any notice to the contrary shall not be binding on the Issuer and the Trustee.

The Indenture contains provisions permitting the Issuer and the Trustee, with the written consent of Fannie Mae and the registered owners of not less than two thirds in aggregate principal amount of the Bonds Outstanding, as specified in the Indenture, and in certain instances without such consent, to execute supplemental indentures adding any provisions to, or changing in any manner, or eliminating any of the provisions of, the Indenture; provided, however, that no

such supplemental indenture shall (a) permit a change in the terms of redemption or maturity of the principal amount of any Outstanding Bond or an extension of the date for payment of any installment of interest thereon or a reduction in the principal amount of, premium, if any, or the rate of interest on any Outstanding Bond without the consent of the holder of such Bond, (b) reduce the proportion of Bonds the consent of the holders of which is required to effect any such modification or amendment or to effectuate an acceleration of the Bonds prior to maturity, (c) permit the creation of a lien on the Trust Estate pledged under the Indenture prior to or on a parity with the lien of the Indenture, (d) deprive the holders of the Bonds of the lien created by the Indenture upon such Trust Estate (except as expressly provided in the Indenture), without (with respect to clauses (b) through (d)) the consent of the holders of all Bonds then Outstanding, or (e) change or modify any of the rights or obligations of the Trustee without the written consent thereto of the Trustee.

Neither the members of the governing body of the Issuer nor any officer, agent, representative or employee of the Issuer nor any person executing this Bond shall be subject to any personal liability or accountability by reason of the issuance hereof, whether by virtue of any Constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly waived as a condition of and in consideration for the execution of the Indenture and the issuance of the Bonds.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

It is hereby certified and recited by the Issuer that all conditions, acts and things required by the Indenture or by the laws of the State of Texas, including the Act, to exist, to have happened or to have been performed precedent to or in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the issuance of this Bond and the issue of which it forms a part is within every debt and other limit prescribed by said Constitution or statutes.

In the event of any inconsistencies between the provisions of this Bond and the provisions of the Indenture, the provisions of the Indenture shall control.

IN WITNESS WHEREOF, the Texas Department of Housing and Community Affairs has caused this Bond to be executed on its behalf by the facsimile signature of its Chair, and attested to by the facsimile signature of its Secretary, all as of the Dated Date hereof.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS, as Issuer

By: _____
Name: J. B. Goodwin
Title: Chair

(SEAL)

ATTEST:

By: _____
Name: James B. Eccles
Title: Secretary

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This Bond is one of the bonds described in the within mentioned Indenture.

Date of Authentication:

U.S. BANK, NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Signatory

[FORM OF ASSIGNMENT]

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within registered Bond and do(es) hereby irrevocably constitute and appoint, attorney, to transfer the same on the registration books of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor.

NOTICE: The signature on this assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT B

NOTICE OF REQUEST TO EXCHANGE (M-TEBS in bold to be completed when preparing actual notice)

Texas Department of Housing and Community Affairs
Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN)

The undersigned Beneficial Owner of Texas Department of Housing and Community Affairs Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN) (the “Bonds”), hereby requests U.S. Bank, National Association (the “Trustee”) to exchange Bonds in an original face amount and current principal amount equal to \$_____ and \$_____, respectively, for a like original face amount and current principal amount of the MBS. The Bonds were issued pursuant to an Indenture of Trust dated as of _____ 1, 20__ (the “Indenture”), by and between _____ (the “Issuer”) and the Trustee. The undersigned has arranged with its securities dealer (and/or DTC participant) to deliver such Bonds to the Trustee (via DTC withdrawal or Deposit/Withdrawal At Custodian (“DWAC”)) on or before the business day next succeeding the date hereof (such business day being the “Exchange Date”). Once the Issuer has validated the exchange requested hereby and the DTC DWAC has been verified and approved by the Trustee, the Trustee is hereby requested to deliver free the above-referenced original face and current principal amount of the MBS using the automated book-entry system maintained by the Federal Reserve Banks acting as depositories for the issuer of the MBS in accordance with the Beneficial Owner’s Fed delivery instructions. Such MBS will be (1) in book-entry form, (2) subject to any applicable disclosure requirements concerning pass-through certificates that have been issued in connection with the multifamily mortgage lending program of a governmental housing finance agency and financed by tax-exempt obligations and (3) transferred in accordance with current market practices, including the applicable provisions of the SIFMA’s *Uniform Practices for the Clearance and Settlement of Mortgage Backed Security and Other Related Securities*. The undersigned Beneficial Owner shall pay the Trustee’s exchange fee in the amount of \$1,000 and the Issuer’s exchange fee in the amount of \$1,000 by wire transfer on the Exchange Date. If the Exchange Date is subsequent to a Record Date and prior to a corresponding Payment Date for the Bonds, the Trustee shall wire the applicable principal and interest payments on the Bonds to the undersigned Beneficial Owner using the wire instructions set forth below. The undersigned acknowledges that the submission of this notice of request (the “Notice”) is subject to all of the terms and conditions of the Indenture.

Capitalized terms used in this Notice but not defined herein shall have the meanings assigned such terms in the Indenture.

Dated: _____

Signature: _____

SIGNATURE GUARANTEED:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

Beneficial Owner's Fed delivery instructions:

Beneficial Owner's wire instructions: _____

Trustee's wire instructions: _____

EXHIBIT C
SCHEDULE OF ISSUER ADMINISTRATION FEE
(Park Yellowstone)

No adjustment to this schedule will be made upon optional exchange or redemption of Bonds in accordance with Sections 2.15 and 3.01(f), respectively, of the Indenture; provided, however, that no Issuer Fee will be due if no Bonds remain Outstanding as a result of 100% of the Bonds being redeemed or exchanged in accordance with Sections 2.15 and 3.01(f), respectively. In the event that the principal amount of Bonds Outstanding is reduced pursuant to the Indenture other than pursuant to Sections 2.15 and 3.01(f), respectively, the Issuer Fee of .10% per annum shall be reduced proportionately upon receipt by the Issuer and the Trustee of the revised amortization schedule from the Borrower as required by Section 4.03 of the Financing Agreement.

EXHIBIT D
PAYMENT SCHEDULE

TRUST INDENTURE

Dated as of January 1, 2019

between

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,
as Issuer

and

U.S. BANK, NATIONAL ASSOCIATION,
as Trustee

Relating to

[\$2,880,000]
Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(Park Yellowstone) Series 2019

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(This Index is not a part of the Indenture
but rather is for convenience of reference only)

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TRUST INDENTURE

THIS TRUST INDENTURE dated as of January 1, 2019 (this “**Indenture**”), is made by and between the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS** (the “**Issuer**”), a public and official agency of the State of Texas, and **U.S. BANK, NATIONAL ASSOCIATION**, a national banking association, with its designated corporate trust office located in Dallas, Texas, as Trustee (the “**Trustee**”) under the circumstances summarized in the following recitals (the capitalized terms not defined in the recitals and granting clauses being used therein as defined in Article I hereof):

A. On November 1, 1991, the Issuer was created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended (the “**Act**”), for the purpose, among others, of providing construction and mortgage loans to finance the acquisition, equipping and rehabilitation of sanitary and safe residential housing at prices or rentals which persons and families of low, very low and extremely low income and families of moderate income and persons with special needs can afford.

B. The Act authorizes the Issuer (i) to provide construction and mortgage loans to finance the purchase, construction, remodeling or improvement of residential housing designed and planned for persons and families of low, very low and extremely low income and families of moderate income, as determined by the Issuer; (ii) to issue its revenue bonds for the purposes of providing money with which to (a) make such loans, (b) pay the costs and expenses of issuing such bonds, (c) pay the operation and maintenance expenses of the Issuer in connection with such bonds, and (d) fund, increase or restore necessary reserve funds; (iii) to pledge all or any part of the revenues, income or other resources of the Issuer, including, without limitation, the repayments of mortgage loans, the earnings from investment or deposit of the reserve funds and other funds of the Issuer and any other amounts or payments received by the Issuer pursuant to the Act in order to secure the payment of the principal, interest and redemption premium, if any, on such bonds; and (iv) to issue its refunding bonds for the purpose of refunding any bonds issued by the Issuer for the purposes described above.

C. Pursuant to the Act, Chapter 1371, Texas Government Code, as amended, and this Indenture, the Issuer has determined to issue its Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Park Yellowstone) Series 2019 (the “**Bonds**”) in the original aggregate principal amount of \$[2,880,000], to provide for the financing of the acquisition, equipping and rehabilitation of a multifamily rental housing project known as Park Yellowstone (as more particularly described herein, the “**Project**”) to be owned and operated by Yellowstone Boulevard LLC, a Texas limited liability company (the “**Borrower**”).

D. Pursuant to a Loan Agreement, dated as of January 1, 2019 (the “**Loan Agreement**”) between the Issuer and the Borrower, the Issuer has agreed to use the proceeds of the sale of the Bonds to make a mortgage loan in the amount of \$[2,880,000] (the “**Loan**”), to the Borrower to assist in the financing of the Project.

E. The Borrower has agreed to use the proceeds of the Loan to finance the acquisition, rehabilitation and equipping of the Project with disbursements of the proceeds of the Loan to be made pursuant to the provisions of this Indenture and the Loan Agreement.

F. The Borrower's repayment obligations in respect of the Loan will be evidenced by a Note dated as of January 1, 2019 (the "**Note**") delivered to the Issuer, which Note will be endorsed by the Issuer to the Trustee pursuant to this Indenture.

G. To secure the Borrower's obligations under the Note, the Borrower will execute and deliver to the Issuer a subordinate mortgage on the Project (the "**Bond Mortgage**"), which will be assigned to the Trustee and recorded in the Official Public Records of Real Property of Harris County, Texas.

H. The Bonds will be secured by this Indenture, and the Issuer is authorized to execute and deliver this Indenture and to do or cause to be done all acts provided or required herein to be performed on its part;

I. All acts and conditions required to happen, exist and be performed precedent to and in the issuance of the Bonds and the execution and delivery of this Indenture have happened, exist and have been performed, or at the delivery of the Bonds will exist, will have happened and will have been performed (i) to make the Bonds, when issued, delivered and authenticated, valid obligations of the Issuer in accordance with the terms thereof and hereof and (ii) to make this Indenture a valid, binding and legal trust agreement for the security of the Bonds in accordance with its terms;

J. The Trustee has accepted the trusts created by this Indenture, and in evidence thereof has joined in the execution hereof; and

K. Simultaneously with the issuance of the Bonds, the Issuer has determined to issue and sell its \$[12,500,000] Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN) (the "Long Term Bonds") issued under and pursuant to an Indenture of Trust dated as of January 1, 2019 (the "Long Term Indenture") by and between the Issuer and U.S. Bank, National Association, as trustee (the "Long Term Trustee") and to use the proceeds thereof to make one or more separate loans to the Borrower to provide additional funds necessary for the acquisition, rehabilitation and equipping of the Project; and

L. In order to assure compliance with Sections 103 and 142 through 150, inclusive, of the Code, the Issuer, the Borrower and the Trustee have entered into a Tax Exemption Agreement, dated as of the same date hereof (the "Tax Exemption Agreement"), and have also entered into a Regulatory and Land Use Restriction Agreement, dated as of the same date hereof, (as amended and supplemented from time to time, the "Regulatory Agreement"), each of which sets forth various certifications, representations, and covenants relating to the tax-exempt status of the Bonds.

NOW, THEREFORE, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the Holders thereof, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, in order to secure the payment of Bond Service Charges on the Bonds according to their true intent and meaning, to secure the performance and observance of all of the covenants,

agreements, obligations and conditions contained herein, and to declare the terms and conditions upon and subject to which the Bonds are and are intended to be issued, held, secured and enforced, the Issuer has executed and delivered this Indenture and absolutely assigns hereby to the Trustee (except Reserved Rights), and to its successors in trust, and its assigns, all right, title and interest of the Issuer in and to (i) the Revenues, including, without limitation, all Loan Payments, Eligible Funds and other amounts receivable by or on behalf of the Issuer under the Loan Agreement in respect of repayment of the Loan, (ii) the Special Funds, including all accounts therein and all money and securities deposited therein and (except for the Rebate Amount (as defined in the Tax Exemption Agreement) required to be rebated to the United States of America under the Code in connection with the Bonds, as described in the Tax Exemption Agreement) the investment earnings thereon and the proceeds derived therefrom, (iii) the proceeds derived from the sale of the Bonds (subject to the provisions of the Bond Resolution), (iv) the Loan Agreement, including all amendments, extensions and renewals of the terms thereof, if any, (v) the Note, including all amendments, extensions and renewals of the terms thereof, if any, (vi) the Bond Mortgage, including all amendments, extensions and renewals of the terms thereof, if any, and (vii) any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind pledged, assigned or transferred, as and for additional security hereunder by the Issuer or by anyone on its behalf, or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of this Indenture, except for the Reserved Rights (the foregoing collectively referred to as the “**Trust Estate**”),

TO HAVE AND TO HOLD unto the Trustee and its successors in that trust and its assigns forever;

BUT IN TRUST, NEVERTHELESS, and subject to the provisions hereof,

(a) except as provided otherwise herein, for the equal and proportionate benefit, security and protection of all present and future Holders of the Bonds issued or to be issued under and secured by this Indenture,

(b) for the enforcement of the payment of the principal of and interest on the Bonds, when due and payable, according to the true intent and meaning thereof and of this Indenture, and

(c) to secure the performance and observance of and compliance with the covenants, agreements, obligations, terms and conditions of this Indenture,

in each case, without preference, priority or distinction, as to lien or otherwise, of any one Bond over any other by reason of designation, number, date of the Bonds or of authorization, issuance, sale, execution, authentication, delivery or maturity thereof, or otherwise, so that each Bond and all Bonds shall have the same right, lien and privilege under this Indenture and shall be secured equally and ratably hereby, it being intended that the lien and security of this Indenture shall take effect from the date hereof, without regard to the date of the actual issue, sale or disposition of the Bonds, as though upon that date all of the Bonds were actually issued, sold and delivered to purchasers for value; provided, however, that

(i) if the principal of the Bonds and the interest due or to become due thereon shall be paid, at the times and in the manner to which reference is made in the Bonds, according to the true intent and meaning thereof, or the Outstanding Bonds shall have been paid and discharged in accordance with Article VIII hereof, and

(ii) if all of the covenants, agreements, obligations, terms and conditions of the Issuer under this Indenture shall have been kept, performed and observed and there shall have been paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then

(iii) this Indenture and the rights assigned hereby shall cease, determine and be void, except as provided in Section 8.03 hereof with respect to the survival of certain provisions hereof; otherwise, this Indenture shall be and remain in full force and effect.

It is declared that all Bonds issued hereunder and secured hereby are to be issued, authenticated and delivered, and that the Trust Estate assigned hereby, are to be dealt with and disposed of under, upon and subject to, the terms, conditions, stipulations, covenants, agreements, obligations, trusts, uses and purposes provided in this Indenture. The Issuer has agreed and covenanted, and agrees and covenants with the Trustee and with each and all Holders, as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. In addition to the words and terms defined elsewhere in this Indenture or by reference to the Loan Agreement, unless the context or use clearly indicates another meaning or intent:

“**Act**” means Chapter 2306, Texas Government Code, as amended from time to time, and other applicable provisions of law.

“**Act of Bankruptcy**” means written notice to the Trustee at its Designated Office that the Borrower has become insolvent or has failed to pay its debts generally as such debts become due or has admitted in writing its inability to pay any of its indebtedness or has consented to or has petitioned or applied to any court or other legal authority for the appointment of a receiver, liquidator, trustee or similar official for itself or for all or any substantial part of its properties or assets or that any such trustee, receiver, liquidator or similar official has been appointed or that a petition in bankruptcy, insolvency, reorganization or liquidation proceedings (or similar proceedings) have been instituted by or against the Borrower; provided that, if in the case of an involuntary proceeding, such proceeding is not dismissed within 90 days after commencement thereof.

“**Additional Payments**” means the amounts required to be paid by the Borrower pursuant to the provisions of Section 4.4 of the Loan Agreement.

“**Administrative Expenses**” means the Ordinary Trustee Fees and Expenses, the Dissemination Agent Fee and the Issuer’s Fees.

“**Affiliate**” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control” when used with respect to any specified Person means the power to direct the policies of such Person, directly or indirectly, whether through the power to appoint and remove its directors, the ownership of voting securities, by contract, or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“**Authorized Borrower Representative**” means any person who, at any time and from time to time, is designated as the Borrower’s authorized representative by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by or on behalf of any authorized general partner of the Borrower if the Borrower is a general or limited partnership, by any authorized managing member of the Borrower if the Borrower is a limited liability company, or by any authorized officer of the Borrower if the Borrower is a corporation, which certificate may designate an alternate or alternates. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Borrower Representative is an Authorized Borrower Representative until such time as the Borrower files with it (with a copy to the Issuer) a written certificate revoking such person’s authority to act in such capacity.

“**Authorized Denomination**” means \$5,000, or any integral multiple of \$5,000 in excess thereof.

“**Authorized Official**” means the Chair or Vice Chair of the Board, the Executive Director or Acting Director of the Department, the Director of Administration of the Department, the Director of Bond Finance and Chief Investment Officer of the Department, the Director of Texas Homeownership of the Department, and the Secretary or Assistant Secretary to the Board.

“**Bankruptcy Code**” means Title 11 of the United States Code entitled “**Bankruptcy**,” as in effect now and in the future, or any successor statute.

“**Beneficial Owner**” means, with respect to the Bonds, the Person owning the Beneficial Ownership Interest therein, as evidenced to the satisfaction of the Trustee.

“**Beneficial Ownership Interest**” means the right to receive payments and notices with respect to the Bonds held in a Book Entry System.

“**Bond Counsel**” means any counsel nationally recognized as having an expertise in connection with the exclusion of interest on obligations of states and local governmental units from the gross income of the holders thereof for federal income tax purposes, and initially shall mean Bracewell LLP, as bond counsel.

“**Bond Fund**” means the Bond Fund created in Section 4.01 hereof.

“**Bond Mortgage**” means the Subordinate Short Term Fourth Multifamily Deed of Trust, Security Agreement and Fixture Filing, dated of even date with this Indenture, from the Borrower to Brian T. Jensen for the benefit of the Trustee and the Issuer, as amended or supplemented from time to time.

“**Bond Payment Date**” means each Interest Payment Date and any other date Bond Service Charges on the Bonds are due, including any Redemption Date or any Mandatory Tender Date.

“**Bond Purchase Agreement**” means the Bond Purchase Agreement, dated _____, 2019, among the Underwriter, the Issuer and the Borrower.

“**Bond Resolution**” means the certain resolution relating to the issuance and sale of the Bonds, adopted by the Governing Body on December 6, 2018.

“**Bond Service Charges**” means, for any period or payable at any time, the principal of, premium, if any, and interest on the Bonds for that period or payable at that time whether due at maturity or upon redemption, Mandatory Tender or acceleration.

“**Bonds**” means the Issuer’s Multifamily Housing Revenue Bonds (Park Yellowstone) Series 2019 authorized in the Bond Resolution and Section 2.01 hereof in the original aggregate principal amount of \$_____.

“**Book Entry Form**” or “**Book Entry System**” means, with respect to the Bonds, a form or system, as applicable, under which (a) physical Bond certificates in fully registered form are issued only to a Depository or its nominee, with the physical Bond certificates “immobilized” in the custody of the Depository and (b) the ownership of book entry interests in Bonds and Bond Service Charges thereon may be transferred only through a book entry made by others than the Issuer or the Trustee. The records maintained by others than the Issuer or the Trustee constitute the written record that identifies the owners, and records the transfer, of book entry interests in those Bonds and Bond Service Charges thereon.

“**Borrower**” means Yellowstone Boulevard LLC, a Texas limited liability company.

“**Borrower Documents**” means the Financing Documents to which the Borrower is a party.

“**Business Day**” means a day that is not a Saturday or a Sunday, or a day on which (a) banking institutions in the City of New York or in the city in which the Designated Office of the Trustee or Remarketing Agent is located are authorized or obligated by law or executive order to be closed, or (b) The New York Stock Exchange is closed, and on which the United States Government makes payments of principal and interest on its Treasury obligations.

“**Cash Flow Projection**” means a cash flow projection prepared by an Independent firm of certified public accountants, a financial advisory firm, a law firm or other Independent third party qualified and experienced in the preparation of cash flow projections for structured finance transactions similar to the Bonds, designated by the Borrower and acceptable to the Remarketing Agent and the Rating Agency, establishing, to the satisfaction of the Remarketing Agent and the Rating Agency, the sufficiency of (a) the amount on deposit in the Special Funds, (b) projected investment income to accrue on amounts on deposit in the Special Funds during the applicable period and (c) any additional Eligible Funds delivered to the Trustee by or on behalf of the Borrower to pay Bond Service Charges and the Administrative Expenses, in each instance, when due and payable, including, but not limited to, any cash flow projection prepared in connection with (i) the initial issuance and delivery of the Bonds and (ii) a proposed remarketing of the Bonds,

as provided in Section 3.07 hereof and (iii) a release of Eligible Funds from the Negative Arbitrage Account as provided in Section 4.03 hereof.

“**Chair**” means the person serving as Chair of the Issuer.

“**City Lender**” means the City of Houston, Texas.

“**City Loan**” means the subordinate loan from the City Lender to the Borrower in the principal amount of \$4,600,000.

“**Closing Date**” means January __, 2019.

“**Code**” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“**Collateral Fund**” means the Collateral Fund created in Section 4.01 hereof.

“**Completion Certificate**” means the certificate attached as Exhibit C to the Loan Agreement.

“**Completion Date**” means the date the Project is substantially completed and available and suitable for use as multifamily housing, as set forth in the Completion Certificate.

“**Comptroller**” means the Comptroller of Public Accounts of the State of Texas.

“**Confirmation of Rating**” means a written confirmation, obtained prior to the event or action under scrutiny, from the Rating Agency to the effect that, following the proposed action or event under scrutiny at the time such confirmation is sought, the rating of the Rating Agency with respect to all Bonds then Outstanding and then rated by the Rating Agency will not be downgraded, suspended, qualified or withdrawn as a result of such action or event.

“**Continuing Disclosure Agreement**” means the Continuing Disclosure Agreement dated as of the date hereof between the Borrower and the Dissemination Agent, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“**Contractor**” means _____, a Texas _____.

“**Controlling Holders**” means in the case of consent or direction to be given hereunder, the Holders of the majority in aggregate principal amount of the Outstanding Bonds.

“**Costs of Issuance**” means costs to the extent incurred in connection with, and allocable to, the issuance of the Bonds within the meaning of Section 147(g) of the Code. For example, Costs of Issuance include the following costs, but only to the extent incurred in connection with, and allocable to, the borrowing: underwriters’ spread; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; trustee fees; paying agent fees;

bond registrar, certification and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than qualified guarantees; and similar costs directly incurred in connection with the borrowing.

“**Costs of Issuance Fund**” means the Costs of Issuance Fund created in Section 4.01 hereof.

“**Depository**” means, with respect to the Bonds, DTC, until a successor Depository shall have become such pursuant to the applicable provisions of this Indenture, and thereafter, Depository shall mean the successor Depository. Any Depository shall be a securities depository that is a clearing agency under a federal law operating and maintaining, with its participants or otherwise, a Book Entry System to record ownership of book entry interests in Bonds or Bond Service Charges thereon, and to effect transfers of book entry interests in Bonds.

“**Designated Office**” means, with respect to the Trustee or the Remarketing Agent, the office of the Trustee or the Remarketing Agent at the respective Notice Address set forth in this Section 1.01 or, solely for purposes of presentation for transfer, payment or exchange of the Bonds, the designated corporate trust operations or agency office of the Trustee in St. Paul, Minnesota, or at such other address as may be specified in writing by the Trustee or the Remarketing Agent, as applicable, as provided in Section 12.03 hereof.

“**Disbursement Request**” means a request for disbursement of Bond proceeds in the form attached as Exhibit B to the Loan Agreement.

“**Dissemination Agent**” means the Trustee, or any successor, as Dissemination Agent under the Continuing Disclosure Agreement.

“**Dissemination Agent Fee**” means the fee payable to the Dissemination Agent as compensation for its services and expenses in performing its obligations under the Continuing Disclosure Agreement; payable annually in advance on each January 1, beginning January 1, 2020 initially in an amount equal to \$500; provided that, on the Closing Date, the Borrower will pay the Dissemination Agent Fee in advance to the Dissemination Agent for the period from the Closing Date to January 1, 2020; and provided further that, the amount of the Dissemination Agent Fee payable under this Indenture is limited to money withdrawn from the Expense Fund and the Borrower will be responsible to pay the remaining amount of the Dissemination Agent Fee pursuant to Section 4.4 of the Loan Agreement.

“**DTC**” means The Depository Trust Company (a limited purpose trust company), New York, New York, and its successors or assigns.

“**DTC Participant**” means any participant contracting with DTC under its book entry system and includes securities brokers and dealers, banks and trust companies and clearing corporations.

“**Eligible Funds**” means, as of any date of determination, any of:

- (a) the proceeds of the Bonds;

(b) money received by the Trustee representing advances to the Borrower (or an Affiliate) of funds from other third parties representing loans or grants of money earmarked for the Project, including proceeds of the City Loan;

(c) remarketing proceeds of the Bonds (including any additional amount paid by the Remarketing Agent) received from the Remarketing Agent or any purchaser of Bonds (other than funds provided by the Borrower, the Issuer, any Affiliate of either the Borrower or the Issuer);

(d) any other amounts, including the proceeds of refunding bonds, for which the Trustee has received an Opinion of Counsel (which opinion may assume that no Holder or Beneficial Owner of Bonds is an “insider” within the meaning of the Bankruptcy Code) to the effect that (A) the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court and (B) payments of such amounts to Holders would not be avoidable as preferential payments under Section 547 or 550 of the Bankruptcy Code should the Issuer or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;

(e) the proceeds of draws by the Trustee on any letter of credit provided to the Trustee for the benefit of the Borrower;

(f) any payments made by the Borrower and held by the Trustee for a continuous period of 123 days, provided that no Act of Bankruptcy has occurred during such period; and

(g) investment income derived from the investment of the money described in (a) through (f).

“**Eligible Investments**” means any of the following investments, to the extent authorized under State law, which mature (or are redeemable at the option of the Trustee without penalty) at such time or times as to enable timely disbursements to be made from the fund in which such investment is held or allocated in accordance with the terms of this Indenture:

(a) Government Obligations; and

(b) to the extent permitted in Section 4.10 hereof, shares or units in any money market mutual fund rated “AAAm” by S&P at the time of purchase and whose investment portfolio consists solely of Government Obligations including, without limitation, any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, advisor, administrator, shareholder, servicing agent and/or custodian or subcustodian.

Eligible Investments shall not include the following: (1) any investment with a final maturity or any agreement with a term ending later than the earliest of (i) the Maturity Date, (ii) the current Mandatory Tender Date in effect at the time of investment, and (iii) the Optional Redemption Date (except (A) obligations that provide for the optional or mandatory tender, at par, by the holder of such obligations at any time and (B) Government Obligations irrevocably

deposited with the Trustee for payment of Bonds pursuant to Article VIII), and (2) any investment which may be prepaid or called at a price less than its purchase price prior to stated maturity.

“Event of Default” means any of the events described as an Event of Default in Section 6.01 hereof or Section 7.1 of the Loan Agreement.

“Expense Fund” means the Expense Fund created in Section 4.01 hereof.

“Extension Payment” means the amount due, if any, to provide adequate additional funds for the payment of Bond Service Charges and Administrative Expenses during a Remarketing Period connection with the change or extension of the Mandatory Tender Date pursuant to Section 3.07 hereof, and which (a) shall be determined by a Cash Flow Projection approved in writing by the Rating Agency and (b) must consist of Eligible Funds.

“Extraordinary Services” and **“Extraordinary Expenses”** mean all services rendered and all reasonable expenses properly incurred by the Trustee under this Indenture or the other Financing Documents, other than Ordinary Services and Ordinary Expenses. Extraordinary Services and Extraordinary Expenses shall specifically include but are not limited to services rendered or expenses incurred by the Trustee in connection with, or in contemplation of, an Event of Default.

“Favorable Opinion of Bond Counsel” means, with respect to any action, or omission of an action, the taking or omission of which requires such an opinion, an unqualified written opinion of Bond Counsel to the effect that such action or omission will not adversely affect the Federal Tax Status of the Bonds (subject to the inclusion of any exceptions contained in the opinion delivered upon the original issuance of the Bonds or such other customary exceptions that are acceptable to the recipient(s) thereof).

“Federal Tax Status” means, as to the Bonds, the status of the interest on the Bonds as excludable from gross income for federal income tax purposes under existing law (except on any Bond for any period during which it is held by a “substantial user” of the Project or “related person” to such a “substantial user” each within the meaning of Section 147(a) of the Code).

“Financing Documents” means this Indenture, the Bonds, the Loan Agreement, the Note, the Bond Mortgage, the Tax Exemption Agreement, the Regulatory Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Remarketing Agreement and any other instrument or document executed in connection with the Bonds, together with all modifications, extensions, renewals and replacements thereof.

“Force Majeure” means any of the causes, circumstances or events described as constituting Force Majeure in Section 7.1 of the Loan Agreement.

“Governing Body” means the members of the governing board of the Issuer, or any governing body that succeeds to the functions of the governing board of the Issuer.

“Government” shall mean the government of the United States of America, any political subdivision of the United States of America (including, without limitation, any state, territory,

federal district, municipality or possession) and any department, agency or instrumentality thereof; and “**Governmental**” shall mean of, by, or pertaining to any Government.

“**Government Obligations**” means direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury), and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by the United States of America.

“**Holder**” or “**Holder of a Bond**” means the Person in whose name a Bond is registered on the Register.

“**Indenture**” means this Trust Indenture, dated as of January 1, 2019, between the Issuer and the Trustee, as amended or supplemented from time to time.

“**Independent**” when used with respect to a specified Person means such Person has no specific financial interest direct or indirect in any Borrower or any Affiliate of any Borrower and in the case of an individual is not a director, trustee, officer, partner or employee of any Borrower or any Affiliate of any Borrower and in the case of an entity, does not have a partner, director, trustee, officer, partner or employee who is a director, trustee, officer or employee of any partner of any Borrower or any Affiliate of any Borrower.

“**Initial Bond**” means the initial Bond registered by the Comptroller and subsequently canceled and replaced by a definitive Bond pursuant to this Indenture.

“**Initial Borrower Deposit**” means funds in the amount of \$_____ to be contributed by or on behalf of the Borrower on the Closing Date, which is to be deposited as provided in Section 4.02(c).

“**Initial Interest Rate**” means ___% per annum.

“**Initial Mandatory Tender Date**” means February 1, 2021.

“**Initial Remarketing Date**” means the Initial Mandatory Tender Date, but only if the conditions for remarketing the Bonds on such date as provided in Section 3.07 hereof are satisfied.

“**Interest Payment Date**” means (a) February 1 and August 1 of each year beginning August 1, 2019, (b) each Redemption Date and (c) each Mandatory Tender Date. In the case of payment of defaulted interest, “Interest Payment Date” also means the date of such payment established pursuant to Section 2.05.

“**Interest Period**” means, initially, the period from the Closing Date to and including July 31, 2019, and thereafter, the period commencing on each succeeding Interest Payment Date and ending on the day preceding the next Interest Payment Date.

“**Interest Rate**” means the Initial Interest Rate to but not including the Initial Mandatory Tender Date, and thereafter the applicable Remarketing Rate.

“Interest Rate for Advances” means the rate per annum that is 2% plus that interest rate announced by the Trustee in its lending capacity as a bank as its “Prime Rate” or its “Base Rate”, whichever is greater and lawfully chargeable, in whole or in part.

“Investor Member” means PNC Real Estate Tax Credit Capital Institutional Fund 53 LLC, and its lawful successors and assigns.

“Issuer” means the Texas Department of Housing and Community Affairs, a public and official agency of the State, and its successors and assigns.

“Issuer Administration Fee” means the fee payable annually in advance to the Issuer on each January 1, in the amount of 0.10% per annum of the aggregate principal amount of Bonds Outstanding at the inception of each payment period. On the Closing Date, the Borrower will pay the Issuer Administration Fee in advance to the Issuer for the period from the Closing Date to December 31, 2020. The Trustee will remit to the Issuer (upon receipt of an invoice from the Issuer), payable solely from funds provided by the Borrower, all payments of the Issuer Administration Fee due on or after January 1, 2021.

“Issuer Compliance Fee” means the fee payable annually in advance to the Issuer on each January 1, in the amount of \$25 per Low-Income Unit in the Project. The first annual compliance fee shall be paid on the Closing Date. The Trustee will remit to the Issuer (upon receipt of an invoice from the Issuer), solely from funds provided by the Borrower, all payments of the Issuer Compliance Fee due on or after January 1, 20___. The Issuer Compliance Fee is for bond compliance only, and an additional fee may be charged for tax credit compliance.

“Issuer’s Fees” means, collectively, the Issuer Administration Fee and the Issuer Compliance Fee.

“Issuer Documents” means the Financing Documents to which the Issuer is a party.

“Loan” means the mortgage loan secured by the Bond Mortgage by the Issuer to the Borrower of the proceeds received from the sale of the Bonds.

“Loan Agreement” means the Loan Agreement dated as of even date with this Indenture, between the Issuer and the Borrower and assigned by the Issuer, except for Reserved Rights, to the Trustee, as amended or supplemented from time to time.

“Loan Payments” means the amounts required to be paid by the Borrower in repayment of the Loan pursuant to the provisions of the Loan Agreement, the Note and the Bond Mortgage.

“Local Time” means Central time (daylight or standard, as applicable) in Austin, Texas.

“Long Term Indenture” means the Indenture of Trust, dated as of January 1, 2019, between the Issuer and the Long Term Trustee, with respect to the Issuer’s Multifamily Tax-Exempt Bonds (M-TEBS) (Park Yellowstone) Series 2018 (FN), as amended or supplemented from time to time.

“Long Term Trustee” means U.S. Bank, National Association, a national banking association, organized and existing under the laws of the United States and authorized to conduct business in the State, with a corporate trust office in Dallas, Texas, and its successor or successors in the trust created by the Long Term Indenture.

“Managing Member” means Yellowstone Boulevard I LLC, a Texas limited liability company.

“Mandatory Tender” means a tender of Bonds required by Section 3.05.

“Mandatory Tender Date” means (a) the Initial Mandatory Tender Date and (b) if the Bonds Outstanding on the Initial Mandatory Tender Date or on any subsequent Mandatory Tender Date are remarketed pursuant to Section 3.07 hereof for a Remarketing Period that does not extend to the final maturity of the Bonds, the day after the last day of the Remarketing Period.

“Maturity Date” means February 1, 2022.

“Maximum Interest Rate” means the interest rate equal to the lesser of (a) 12% per annum, or (b) the maximum interest rate per annum permitted by applicable State law.

“Nonpurpose Investment” means any “investment property,” within the meaning of Section 148(b) of the Code, that is not a purpose investment acquired to carry out the governmental purpose of the Bonds.

“Note” means the promissory note of the Borrower, dated as of January 1, 2019 in connection with the Bonds, in the form attached to the Loan Agreement as Exhibit A and in the aggregate principal amount of \$ _____, evidencing the obligation of the Borrower to make Loan Payments.

“Notice Address” means:

To the Issuer:	Texas Department of Housing and Community Affairs P.O. Box 13941 Austin, Texas 78711 Attention: Director of Multifamily Finance Telephone: (512) 475-1676 Facsimile: (512) 475-0764
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To the Trustee:	U.S. Bank, National Association 13737 Noel Road, Suite 800 Dallas, TX 75240 Attention: Brian T. Jensen Telephone: (972) 581-1623 Email: brian.jensen@usbank.com
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To the Borrower: Yellowstone Boulevard LLC
c/o Vesta Corporation
175 Powder Forest Drive
Weatogue, CT 06089
Attention: Steven Rice
Telephone: (860) 325-1744
Email: srice@vestacorp.com

To the Rating Agency: S&P Global Ratings
55 Water Street, 38th Floor
New York, New York 10041
Email: pubfin_housing@spglobal.com

To Investor Member: PNC Real Estate Tax Credit Institutional
Fund 53 LLC
121 SW Morrison, Suite 1300
Portland, OR 97204
Attention: Asset Manager

With a copy to: Kutak Rock
1650 Farnam Street
Omaha, NE 68102
Attention: Shane Deaver, Esq.
Telephone: (402) 231-8792
Email: shane.deaver@kutakrock.com

To the Remarketing Agent: Stifel, Nicolaus & Company, Incorporated
3630 Peachtree Road NE, Suite 400
Atlanta, GA 30326
Attention: Cody N. Wilson
Telephone: (404) 504-2785
Email: wilsonco@stifel.com

or such additional or different address, notice of which is given under Section 12.03 hereof.

“Opinion of Bond Counsel” means an opinion of Bond Counsel.

“Opinion of Counsel” means an opinion from an attorney or firm of attorneys, acceptable to the Trustee, with experience in the matters to be covered in the opinion.

“Optional Redemption Date” means _____.

“**Ordinary Services**” and “**Ordinary Expenses**” mean those services normally rendered, and those expenses normally incurred, by a trustee under instruments similar to this Indenture.

“**Ordinary Trustee Fees and Expenses**” means amounts due to the Trustee for the Ordinary Services and the Ordinary Expenses of the Trustee incurred in connection with its duties under this Indenture, payable annually in advance on each January 1, beginning January 1, 2019 and ending on the Redemption Date of the Bonds, initially in an amount equal to \$____; provided that, the amount of Ordinary Trustee Fees and Expenses payable under this Indenture is limited to money withdrawn from the Expense Fund, and the Borrower will be responsible to pay the remaining amount of the Ordinary Trustee Fees and Expenses pursuant to Section 4.4 of the Loan Agreement. The Trustee’s first annual fee shall be paid on the Closing Date for the period through December 31, 2019. In addition, all amounts due to the Trustee for Extraordinary Services and all Extraordinary Expenses of the Trustee will be paid as provided in Section 6.06 of this Indenture or directly by the Borrower pursuant to Section 4.4 of the Loan Agreement.

“**Organizational Documents**” means the First Amended and Restated Operating Agreement, dated as of January __, 2019.

“**Outstanding Bonds,**” “**Bonds Outstanding**” or “**Outstanding**” as applied to Bonds mean, as of the applicable date, all Bonds which have been authenticated and delivered, or which are being delivered by the Trustee under this Indenture, except:

- (a) Bonds cancelled upon surrender, exchange or transfer, or cancelled because of payment on or prior to that date;
- (b) Bonds, or the portion thereof, for the payment or for cancellation of which sufficient money has been deposited and credited with the Trustee on or prior to that date for that purpose (whether upon or prior to the maturity of those Bonds);
- (c) Bonds, or the portion thereof, which are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of this Indenture; and
- (d) Bonds in lieu of which others have been authenticated under Section 2.07 of this Indenture.

“**Person**” or words importing persons mean firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, corporations, limited liability companies, public or governmental bodies, other legal entities and natural persons.

“**Plans and Specifications**” means the plans and specifications describing the Project as now prepared and as they may be changed as provided in the Loan Agreement.

“**Predecessor Bond**” of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by the particular Bond. For the purposes of this definition, any Bond authenticated and delivered under Section 2.07 of this Indenture in lieu of a

lost, stolen or destroyed Bond shall, except as otherwise provided in Section 2.07, be deemed to evidence the same debt as the lost, stolen or destroyed Bond.

“Project” means the 210-unit residential rental housing development known as Park Yellowstone Townhomes, located at 3322 Yellowstone Boulevard, Houston, Texas 77021.

“Project Fund” means the Project Fund created in Section 4.01 hereof.

“Rating Agency” means any national rating agency then maintaining a rating on the Bonds, and initially means S&P.

“Rebate Amount” has the meaning specified for such term in the Tax Exemption Agreement.

“Rebate Analyst” means a Person that is (i) qualified and experienced in the calculation of rebate payments under Section 148 of the Code and in compliance with the arbitrage rebate Regulations promulgated under the Code, (ii) chosen by the Borrowers and serving at the expense of the Borrowers and (iii) engaged for the purpose of determining the amount of required deposits, if any to the Rebate Fund. Initially, the Rebate Analyst will be Tiber Hudson LLC.

“Rebate Fund” means the Rebate Fund created in Section 4.01 hereof.

“Redemption Date” means any date hereunder on which Bonds are to be redeemed, including (a) the Maturity Date, (b) the date of acceleration of the Bonds or (c) pursuant to Section 3.01 and 3.05 hereof.

“Register” means the books kept and maintained by the Trustee for registration and transfer of Bonds pursuant to Section 2.06 hereof.

“Regular Record Date” means, with respect to any Bond, the close of business on the 5th day of the calendar month next preceding each Interest Payment Date, whether or not such date is a Business Day.

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Regulatory Agreement” means the Regulatory and Land Use Restriction Agreement, dated as of even date with this Indenture, by and among the Issuer, the Trustee and the Borrower, as amended or supplemented from time to time.

“Remarketing Agent” means initially Stifel, Nicolaus & Company, Incorporated, and thereafter any successor Remarketing Agent (which meets the requirements of Section 5.17 hereof) that may be appointed by the Authorized Borrower Representative.

“Remarketing Agent Fee” means the fee of the Remarketing Agent for its remarketing services.

“Remarketing Agreement” means the Remarketing Agreement, dated as of January 1, 2019, by and between the Borrower and the Remarketing Agent, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

“Remarketing Date” means the Initial Remarketing Date and, if the Bonds Outstanding on such date or on any subsequent Remarketing Date are remarketed pursuant to Section 3.07 for a Remarketing Period that does not extend to the final maturity of the Bonds, the day after the last day of the Remarketing Period.

“Remarketing Expenses” means the costs and expenses, other than Administrative Expenses, incurred by the Trustee and its counsel, the Remarketing Agent and its counsel, the Issuer and its counsel, and Bond Counsel in connection with the remarketing of the Bonds, including bond printing and registration costs, costs of funds advanced by the Remarketing Agent, registration and filing fees, the cost of any Cash Flow Projections or other verification reports, rating agency fees and other costs and expenses incurred in connection with or properly attributable to the remarketing of Bonds as certified to the Trustee by the Remarketing Agent in writing.

“Remarketing Notice Parties” means the Borrower, the Issuer, the Trustee and the Remarketing Agent.

“Remarketing Period” means the period beginning on a Remarketing Date and ending on the last day of the term for which Bonds are remarketed pursuant to Section 3.07 or the final Maturity Date of the Bonds, as applicable.

“Remarketing Proceeds Account” means the Remarketing Proceeds Account of the Bond Fund created in Section 4.01 hereof.

“Remarketing Rate” means the interest rate or rates established pursuant to Section 2.02(c) and borne by the Bonds then Outstanding from and including each Remarketing Date to, but not including, the next succeeding Remarketing Date or the final Maturity Date of the Bonds, as applicable.

“Reserved Rights” of the Issuer means (a) all of the Issuer’s right, title and interest in and to all reimbursement, costs, expenses and indemnification; (b) the right of the Issuer to amounts payable to it pursuant to Section 4.4 of the Loan Agreement, including the Issuer’s Fees; (c) all rights of the Issuer to receive any Rebate Amount; (d) all rights of the Issuer to receive notices, reports or other information, and to make determinations and grant approvals or consent hereunder and under the other Financing Documents; (e) all rights of the Issuer of access to the Project and documents related thereto and to specifically enforce the representations, warranties, covenants and agreements of the Borrower set forth in the Tax Exemption Agreement and in the Regulatory Agreement; (f) any and all rights, remedies and limitations of liability of the Issuer set forth in this Indenture, the Loan Agreement, the Tax Exemption Agreement, the Regulatory Agreement, the Bond Mortgage or the Note, as applicable, regarding (1) the negotiability, registration and transfer of the Bonds, (2) the loss or destruction of the Bonds, (3) the limited liability of the Issuer as provided in the Act, this Indenture, the Loan Agreement, the Tax Exemption Agreement, the Regulatory Agreement, the Bond Mortgage or the Note, (4) the maintenance of insurance by the Borrower, (5) no liability of the Issuer to third parties, and (6) no warranties of suitability or

merchantability by the Issuer; (g) all rights of the Issuer in connection with any amendment to or modification of this Indenture, the Loan Agreement, the Tax Exemption Agreement, the Regulatory Agreement, the Bond Mortgage and the Note, (h) any and all limitations of the Issuer's liability and the Issuer's disclaimers of warranties set forth in this Indenture, the Regulatory Agreement, the Tax Exemption Agreement or the Loan Agreement, and the Issuer's right to inspect and audit the books, records and permits of the Borrower and the Project, and (i) any and all rights under the Loan Agreement and the Regulatory Agreement required for the Issuer to enforce or to comply with Section 2306.186 of the Texas Government Code.

"Revenues" means (a) the Loan Payments, (b) Eligible Funds, (c) all other money received or to be received by the Trustee in respect of repayment of the Loan, including without limitation, all money and investments in the Bond Fund, (d) any money and investments in the Project Fund and the Collateral Fund, and (e) all income and profit from the investment of the foregoing money. The term "Revenues" does not include any money or investments in the Rebate Fund.

"S&P" means S&P Global Ratings, and its successors and assigns, or if it shall for any reason no longer perform the functions of a securities rating agency, then any other nationally recognized rating agency designated by the Borrower and acceptable to the Trustee and the Remarketing Agent.

"Secretary" means the person serving as the Secretary of the Issuer, or in his or her absence, the acting or assistant secretary of the Issuer.

"Special Funds" means, collectively, the Bond Fund, the Project Fund and the Collateral Fund, and any accounts therein, all as created in this Indenture.

"Special Record Date" means, with respect to any Bond, the date established by the Trustee in connection with the payment of overdue interest or principal on that Bond.

"State" means the State of Texas.

"Supplemental Indenture" means any indenture supplemental to this Indenture entered into between the Issuer and the Trustee in accordance with Article VII hereof.

"Tax Exemption Agreement" means the Tax Exemption Agreement, dated as of even date with this Indenture, by and among the Issuer, the Trustee and the Borrower as amended and supplemented from time to time.

"Tendered Bond" means any Bond which has been tendered for purchase pursuant to a Mandatory Tender.

"Trust Estate" means the property rights, money, securities and other amounts pledged and assigned to the Trustee hereunder pursuant to the Granting Clauses hereof.

"Trustee" means U.S. Bank, National Association, until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter, "Trustee" shall mean the successor Trustee.

“Undelivered Bond” means any Bond that is required under this Indenture to be delivered to the Remarketing Agent or the Trustee for purchase on a Mandatory Tender Date or Redemption Date but that has not been received on the date such Bond is required to be so delivered.

“Underwriter” means Stifel, Nicolaus & Company, Incorporated.

“Vice Chair” means the person serving as Vice Chair of the Issuer.

Section 1.02. Interpretation. Any reference herein to the Issuer, to the Governing Body or to any member or officer of either includes entities or officials succeeding to their respective functions, duties or responsibilities pursuant to or by operation of law or lawfully performing their functions. Any reference to a section or provision of the Constitution of the State or the Act, or to a section, provision or chapter of the laws of the State, or to any statute of the United States of America, includes that section, provision or chapter as amended, modified, revised, supplemented or superseded from time to time; provided that no amendment, modification, revision, supplement or superseding section, provision or chapter shall be applicable solely by reason of this paragraph, if it constitutes in any way an impairment of the rights or obligations of the Issuer, the Holders, the Trustee or the Borrower under the Bond Resolution, the Bonds, the Financing Documents or any other instrument or document entered into in connection with any of the foregoing, including without limitation, any alteration of the obligation to pay Bond Service Charges in the amount and manner, at the times, and from the sources provided in the Bond Resolution and this Indenture, except as permitted herein.

Unless the context indicates otherwise, words importing the singular number include the plural number, and vice versa. The terms “hereof,” “hereby,” “herein,” “hereto,” “hereunder,” “hereinafter” and similar terms refer to this Indenture; and the term “hereafter” means after, and the term “heretofore” means before, the date of this Indenture. Words of any gender include the correlative words of the other genders, unless the sense indicates otherwise.

Section 1.03. Captions and Headings. The captions and headings in this Indenture are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Articles, Sections, subsections, paragraphs, subparagraphs or clauses hereof.

Section 1.04. Content of Certificates and Opinions. Every certificate or opinion provided for in this Indenture with respect to compliance with any provision hereof made or given by an Authorized Official of the Issuer or an Authorized Borrower Representative may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion or representation given by counsel or an accountant, unless such Authorized Official of the Issuer or such Authorized Borrower Representative knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement is based is erroneous. Any such certificate or opinion made or given by counsel or an accountant may be based, insofar as it relates to factual matters with respect to which information is in the possession of the Issuer or the Borrower, as applicable, upon a certificate or opinion of or representation by an Authorized Official of the Issuer or an Authorized Borrower Representative, unless such counsel or accountant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such certificate, opinion or representation is based is erroneous. The same Authorized Official of the

Issuer or Authorized Borrower Representative, or the same counsel or accountant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Indenture, but different officers, counsel or accountants may certify to different matters.

(End of Article I)

ARTICLE II

AUTHORIZATION AND TERMS OF BONDS

Section 2.01. Authorization and General Terms of Bonds.

(a) Issuance of Bonds. It is determined to be necessary to, and the Issuer shall, issue, sell and deliver Bonds in the aggregate principal amount of \$[2,880,000] for the purpose of making the Loan to finance the acquisition, equipping and rehabilitation of the Project, and no Bonds may be issued under the provisions of this Indenture except in accordance with this Article. No additional bonds may be issued under this Indenture.

(b) General Terms. The Bonds shall be designated “Multifamily Housing Revenue Bonds (Park Yellowstone) Series 2019;” shall be in substantially the form as set forth in Exhibit A to this Indenture; shall be numbered consecutively from R-1 upwards, except for the Initial Bond, which shall be numbered I-1; shall be in Authorized Denominations; and shall be dated the Closing Date.

(c) Initial Bond. The Initial Bond, which shall be numbered I-1 and payable to the Underwriter and registered by the Comptroller, shall be identical to the form of Bond attached as Exhibit A, except that the second-to-last paragraph of the Initial Bond shall read as follows:

“This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Indenture unless the Comptroller’s Registration Certificate hereon has been executed by an authorized representative of the Texas Comptroller of Public Accounts by manual signature.”

In lieu of the authentication certificate of the Trustee, the Initial Bond shall contain the following certificate:

**“REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS**

OFFICE OF THE COMPTROLLER	§	
OF PUBLIC ACCOUNTS	§	REGISTER NO. _____
THE STATE OF TEXAS	§	

I HEREBY CERTIFY that this Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and duly registered by the Texas Comptroller of Public Accounts.

Witness my signature and seal of office this _____.

Comptroller of Public Accounts of the
State of Texas

(SEAL)”

The provisions of Exhibit A may be rearranged or re-ordered for purposes of the Initial Bond.

(d) Registered Form. All Bonds, unless a Supplemental Indenture shall have been executed and delivered pursuant to Article VII hereof, shall be in fully registered form, and the Holder of a Bond shall be regarded as the absolute owner thereof for all purposes of this Indenture.

(e) Further Details. The Bonds shall be negotiable instruments in accordance with the Act, and shall express the purpose for which they are issued and any other statements or legends which may be required by law. Each Bond shall be of a single maturity, unless the Trustee shall approve the authentication and delivery of a Bond of more than one maturity.

Section 2.02. Maturity and Interest.

(a) General. The Bonds shall bear interest on the principal amount Outstanding from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or provided for, from the Closing Date, payable on each Interest Payment Date. The Bonds shall bear interest for each Interest Period at the Interest Rate as more specifically set forth hereinafter. Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months, for the actual number of days elapsed. The Bonds shall mature on the Maturity Date, subject to prior redemption as set forth in Section 3.01 hereof and subject to Mandatory Tender for purchase as set forth in Section 3.05 hereof.

(b) Initial Interest Rate. From the date of their initial delivery to but not including the Initial Mandatory Tender Date, the interest rate on the Bonds shall be the Initial Interest Rate per annum. On the Initial Mandatory Tender Date, the Bonds shall be subject to Mandatory Tender pursuant to Section 3.05 hereof. If insufficient funds are available to pay the purchase price on the Bonds following such Mandatory Tender on the Initial Mandatory Tender Date, the Bonds shall be redeemed in accordance with the provisions of Section 3.01(b).

(c) Establishment of Remarketing Rate. The Remarketing Agent shall establish the interest rate on the Bonds Outstanding for each Remarketing Period at the Remarketing Rate in accordance with this Section 2.02. Not less than 10 Business Days preceding each Remarketing Date, the Remarketing Agent, taking into consideration prevailing market conditions, shall, using its best professional judgment, determine the minimum rate(s) of interest which, if borne by the Bonds then Outstanding for the Remarketing Period specified by the Remarketing Agent at the direction of the Borrower as provided in Section 3.05 hereof, would enable such Bonds to

be remarketed at a price equal to 100% of the principal amount of such Bonds. The rate of interest determined in accordance with the previous sentence shall be the Remarketing Rate for the specified Remarketing Period; provided that if the rate of interest so determined for such period would exceed the Maximum Interest Rate, the Bonds Outstanding shall be remarketed for the longest Remarketing Period for which the minimum rate of interest that would enable such Bonds to be remarketed at a price equal to 100% of the principal amount of such Bonds that would not exceed the Maximum Interest Rate. Notwithstanding the foregoing, if the rate of interest so determined for any Remarketing Period would exceed the Maximum Interest Rate, the Bonds Outstanding shall not be remarketed.

(d) Notice of Remarketing Rate. The Remarketing Agent shall, upon determination of the Remarketing Rate and Remarketing Period, immediately (and in no event later than the Business Day following the day on which the Remarketing Agent makes its determination of the Remarketing Rate and the Remarketing Period) give notice of its determination by telephone or electronic mail, promptly confirmed in writing, to the Trustee, the Issuer and the Borrower. The Remarketing Rate and the Remarketing Period shall be conclusive and binding upon the Trustee, the Issuer, the Borrower and the Holders for the purposes of this Indenture.

Section 2.03. Execution and Authentication of Bonds. Unless otherwise provided in the applicable Bond Resolution or Supplemental Indenture, each Bond shall be signed by the Chair or Vice Chair and attested by the Secretary or Assistant Secretary of the Issuer in their official capacities (provided that any or all of those signatures may be facsimiles). In case any officer whose signature or a facsimile of whose signature shall appear on any Bond shall cease to be that officer before the issuance of the Bond, such signature or the facsimile thereof nevertheless shall be valid and sufficient for all purposes, the same as if he or she had remained in office until that time. Any Bond may be executed on behalf of the Issuer by an officer who, on the date of execution is the proper officer, although on the date of the Bond that person was not the proper officer.

Except for the Initial Bond, no Bond shall be valid or become obligatory for any purpose or shall be entitled to any security or benefit under this Indenture unless and until a certificate of authentication, substantially in the form set forth in Exhibit A to this Indenture, has been signed by the Trustee. The authentication by the Trustee upon any Bond shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered hereunder and is entitled to the security and benefit of this Indenture. The certificate of the Trustee may be executed by any person authorized by the Trustee, but it shall not be necessary that the same authorized person sign the certificates of authentication on all of the Bonds.

Section 2.04. Source of Payment of Bonds. The Bonds are not and never shall become general obligations of the Issuer, but to the extent provided in and except as otherwise permitted by this Indenture, the Bonds shall be special limited obligations of the Issuer and the Bond Service Charges thereon shall be payable equally and ratably solely from and secured solely by the Trust Estate.

NOTWITHSTANDING ANYTHING HEREIN CONTAINED TO THE CONTRARY, ANY OBLIGATION THAT THE ISSUER MAY INCUR UNDER THIS INDENTURE OR UNDER ANY INSTRUMENT EXECUTED IN CONNECTION

HEREWITH THAT SHALL ENTAIL THE EXPENDITURE OF MONEY SHALL NOT BE A GENERAL OBLIGATION OF THE ISSUER, BUT SHALL BE A SPECIAL LIMITED OBLIGATION PAYABLE SOLELY FROM THE TRUST ESTATE. THE BONDS SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE HOLDERS THEREOF AGAINST THE TRUST ESTATE, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE BOND SERVICE CHARGES AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THIS INDENTURE. THE BONDS, TOGETHER WITH INTEREST THEREON, SHALL BE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER GIVING RISE TO NO CHARGE AGAINST THE ISSUER'S GENERAL CREDIT AND PAYABLE SOLELY FROM, AND CONSTITUTE CLAIMS OF THE HOLDERS THEREOF AGAINST ONLY, THE TRUST ESTATE. THE BOND SERVICE CHARGES SHALL NOT BE DEEMED TO CONSTITUTE DEBT OF THE ISSUER (EXCEPT TO THE EXTENT OF THE TRUST ESTATE). THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH, CREDIT, OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER.

No agreement or obligation contained herein shall be deemed to be an agreement or obligation of any governing board member, director, officer, agent or employee of the Issuer in his or her individual capacity, and no member of the governing board of the Issuer nor any officer executing any Bond shall be liable personally on such Bond or be subject to any personal liability or accountability by reason of the issuance thereof. No governing board member, director, officer, agent or employee of the Issuer shall incur any personal liability with respect to any other action taken by him or her pursuant to this Indenture.

Section 2.05. Payment and Ownership of Bonds. Bond Service Charges shall be payable in lawful money of the United States of America without deduction for the services of the Trustee. Subject to the provisions of Sections 2.09 and 2.10 of this Indenture, (a) the principal of any Bond shall be payable when due to a Holder upon presentation and surrender of such Bond at the Designated Office of the Trustee or at the office designated by the Trustee, and (b) interest on any Bond shall be paid on each Interest Payment Date by check or draft which the Trustee shall cause to be mailed on that date to the Person in whose name the Bond (or one or more Predecessor Bonds) is registered at the close of business on the Regular Record Date applicable to that Interest Payment Date on the Register at the address appearing therein.

If and to the extent, however, that the Issuer shall fail to make payment or provision for payment of interest on any Bond on any Interest Payment Date, that interest shall cease to be payable to the Person who was the Holder of that Bond (or of one or more Predecessor Bonds) as of the applicable Regular Record Date. In that event, except as provided below in this Section, when money becomes available for payment of the interest, (a) the Trustee shall, pursuant to Section 6.06(d), establish a Special Record Date for the payment of that interest which shall be not more than 15 nor fewer than 10 days prior to the date of the proposed payment, and (b) the Trustee shall cause notice of the proposed payment and of the Special Record Date to be mailed by first-class mail, postage prepaid, to each Holder at its address as it appears on the Register not fewer

than ten (10) days prior to the Special Record Date and, thereafter, the interest shall be payable to the Persons who are the Holders of the Bonds (or their respective Predecessor Bonds) at the close of business on the Special Record Date.

Subject to the foregoing, each Bond delivered under this Indenture upon transfer thereof, or in exchange for or in replacement of any other Bond, shall carry the rights to interest accrued and unpaid, and to accrue on that Bond, or which were carried by that Bond.

Except as provided in this Section and the first paragraph of Section 2.07 hereof, (a) the Holder of any Bond shall be deemed and regarded as the absolute owner thereof for all purposes of this Indenture, (b) payment of or on account of the Bond Service Charges on any Bond shall be made only to or upon the order of that Holder or its duly authorized attorney in the manner permitted by this Indenture, and (c) neither the Issuer nor the Trustee shall, to the extent permitted by law, be affected by notice to the contrary. All of those payments shall be valid and effective to satisfy and discharge the liability upon that Bond, including without limitation, the interest thereon, to the extent of the amount or amounts so paid.

Section 2.06. Registration and Transfer of Bonds. So long as any of the Bonds remain Outstanding, the registration and transfer of Bonds, as provided in this Indenture, will be maintained and kept at the Designated Office of the Trustee.

Subject to the provisions set forth above and in Section 2.09 hereof, any Bond may be transferred upon the Register, upon presentation and surrender thereof at the Designated Office of the Trustee, together with an assignment duly executed by the Holder or its duly authorized attorney in any form which shall be satisfactory to the Trustee. Upon transfer of any Bond and on request of the Trustee, the Issuer shall execute in the name of the transferee, and the Trustee shall authenticate and deliver, a new Bond or Bonds, of any Authorized Denomination or Denominations, in an aggregate principal amount equal to the unmatured and unredeemed principal amount of, and bearing interest at the same rate and maturing on the same date or dates as, the Bonds presented and surrendered for transfer.

In all cases in which Bonds shall be transferred hereunder, the Issuer shall execute, and the Trustee shall authenticate and deliver, Bonds in accordance with the provisions of this Indenture. The transfer shall be made without charge; provided, that the Issuer and the Trustee may make a charge for every exchange or transfer of Bonds sufficient to reimburse them for any tax or excise required to be paid with respect to the transfer. The charge shall be paid before a new Bond is delivered.

All Bonds issued upon any transfer of Bonds shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Bonds surrendered upon transfer.

Section 2.07. Mutilated, Lost, Wrongfully Taken or Destroyed Bonds. If any Bond is mutilated, lost, wrongfully taken or destroyed, in the absence of written notice to the Issuer or the Trustee that a lost, wrongfully taken or destroyed Bond has been acquired by a bona fide purchaser, the Issuer shall execute, and the Trustee shall authenticate and deliver, a new Bond of like date, maturity and denomination as the Bond mutilated, lost, wrongfully taken or destroyed; provided,

that (a) in the case of any mutilated Bond, the mutilated Bond first shall be surrendered to the Trustee, and (b) in the case of any lost, wrongfully taken or destroyed Bond, there first shall be furnished to the Trustee evidence of the loss, wrongful taking or destruction satisfactory to the Trustee, together with indemnity satisfactory to the Authorized Borrower Representative, the Trustee and the Authorized Official.

If any lost, wrongfully taken or destroyed Bond shall have matured, instead of issuing a new Bond, the Issuer may direct the Trustee to pay that Bond without surrender thereof upon the furnishing of satisfactory evidence and indemnity as in the case of issuance of a new Bond. The Issuer and the Trustee may charge the Holder of a mutilated, lost, wrongfully taken or destroyed Bond their reasonable fees and expenses in connection with their actions pursuant to this Section.

Every new Bond issued pursuant to this Section by reason of any Bond being mutilated, lost, wrongfully taken or destroyed (a) shall constitute, to the extent of the Outstanding principal amount of the Bond lost, mutilated, taken or destroyed, an additional contractual obligation of the Issuer, regardless of whether the mutilated, lost, wrongfully taken or destroyed Bond shall be enforceable at any time by anyone and (b) shall be entitled to all of the benefits of this Indenture equally and proportionately with any and all other Bonds issued and Outstanding hereunder.

All Bonds shall be held and owned on the express condition that the foregoing provisions of this Section are exclusive with respect to the replacement or payment of mutilated, lost, wrongfully taken or destroyed Bonds and, to the extent permitted by law, shall preclude any and all other rights and remedies with respect to the replacement or payment of negotiable instruments or other investment securities without their surrender, notwithstanding any law or statute to the contrary now existing or enacted hereafter.

Section 2.08. Cancellation of Bonds. Any Bond surrendered pursuant to this Article for the purpose of payment or retirement or for exchange, replacement or transfer shall be cancelled upon presentation and surrender thereof to the Trustee.

Notwithstanding any provision of this Indenture to the contrary, the Issuer, or the Borrower on behalf of the Issuer, may deliver at any time to the Trustee for cancellation any Bonds previously authenticated and delivered hereunder, which the Issuer or the Borrower may have acquired in any manner whatsoever. All Bonds so delivered shall be cancelled promptly by the Trustee. Certification of the surrender and cancellation shall be made to the Issuer by the Trustee upon the written request of the Issuer. Unless otherwise directed by the Issuer, cancelled Bonds shall be retained and stored by the Trustee for a period of four years after their cancellation. Those cancelled Bonds shall be canceled and disposed of by the Trustee in accordance with its customary practices and applicable record retention requirements. The Trustee shall provide certificates describing the disposition of cancelled Bonds to the Issuer.

Section 2.09. Special Agreement with Holders. Notwithstanding any provision of this Indenture or of any Bond to the contrary, with the approval of the Borrower, the Trustee may enter into an agreement with any Holder providing for making all payments to that Holder of principal of and interest on that Bond or any part thereof (other than any payment of the entire unpaid principal amount thereof) at a place and in a manner other than as provided in this Indenture and in the Bond, without presentation or surrender of the Bond, upon any conditions which shall be

satisfactory to the Trustee and the Borrower; provided, that payment in any event shall be made to the Person in whose name a Bond shall be registered on the Register, with respect to payment of principal, on the date such principal is due, and, with respect to the payment of interest, as of the applicable Regular Record Date or Special Record Date, as the case may be.

The Trustee will furnish a copy of each of those agreements, certified to be correct by an officer of the Trustee, to the Issuer and the Borrower. Any payment of principal or interest pursuant to such an agreement shall constitute payment thereof pursuant to, and for all purposes of, this Indenture.

Section 2.10. Book Entry System. Notwithstanding any provision of this Indenture to the contrary, the Bonds issued hereunder shall be initially issued in a Book Entry System, registered in the name of a Depository or its nominee as registered owner of the Bonds, and held in the custody of that Depository. Unless otherwise requested by a Depository, a single certificate will be issued and delivered to the Depository for each maturity of Bonds. Beneficial Owners of Bonds in a Book Entry System will not receive physical delivery of Bond certificates except as provided hereinafter. For so long as a Depository shall continue to serve as securities depository for the Bonds as provided herein, all transfers of Beneficial Ownership Interests will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring Beneficial Ownership Interests of Bonds is to receive, hold or deliver any Bond certificate; provided; that, if a Depository fails or refuses to act as securities depository for the Bonds, the Issuer shall take the actions necessary to provide for the issuance of Bond certificates to the Holders of such Bonds.

With respect to Bonds registered in the name of a Depository, the Issuer, the Borrower and the Trustee shall have no responsibility or obligation to any participant therein or to any Person on whose behalf any participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, neither the Issuer, the Borrower nor the Trustee shall have any responsibility or obligation with respect to (a) the accuracy of the records of the Depository or any participant therein or any other Person, other than a registered owner of the Bonds, as shown on the Register, or any notice with respect to the Bonds or (b) the payment to any participant in the Depository or any other Person, other than a registered owner of the Bonds, as shown in the Register, of any amount with respect to principal of or interest on or purchase price of the Bonds.

Replacement Bonds may be issued directly to Beneficial Owners of Bonds other than a Depository, or its nominee, but only in the event that (a) the Depository determines not to continue to act as securities depository for the Bonds (which determination shall become effective no less than 90 days after written notice to such effect to the Issuer and the Trustee); or (b) the Issuer has advised a Depository of its determination (which determination is conclusive as to the Depository and Beneficial Owners of the Bonds) that the Depository is incapable of discharging its duties as securities depository for the Bonds; or (c) the Issuer has determined (which determination is conclusive as to the Depository and the Beneficial Owners of the Bonds) that the interests of the Beneficial Owners of the Bonds might be adversely affected if such book-entry only system of transfer is continued. Upon occurrence of any of the foregoing events, the Issuer and the Borrower shall use commercially reasonable efforts to attempt to locate another qualified securities depository. If the Issuer and the Borrower fail to locate another qualified securities depository to replace the Depository, the Issuer and the Borrower, at the Borrower's expense, shall cause to be authenticated and delivered replacement Bonds, in certificate form, to the Beneficial Owners of

the Bonds. In the event that the Issuer makes the determination noted in (b) or (c) above (provided that the Issuer undertakes no obligation to make any investigation to determine the occurrence of any events that would permit the Issuer to make any such determination), and has made provisions to notify the Beneficial Owners of Bonds of such determination by mailing an appropriate notice to the Depository, the Issuer, and the Borrower shall cause to be issued replacement Bonds in certificate form to Beneficial Owners of the Bonds as shown on the records of the Depository provided to the Issuer.

Upon the written consent of 100% of the Beneficial Owners of the Bonds, the Trustee shall withdraw the Bonds from any Depository and authenticate and deliver Bonds fully registered to the assignees of that Depository or its nominee. If the request for such withdrawal is not the result of any Issuer action or inaction, such withdrawal, authentication and delivery shall be at the cost and expense (including costs of printing, preparing and delivering such Bonds) of the Persons requesting such withdrawal, authentication and delivery; otherwise such withdrawal, authentication and delivery shall be at the cost and expense of the Borrower.

Whenever, during the term of the Bonds, the beneficial ownership thereof is determined by a book entry at a Depository, (a) the requirements in this Indenture of holding, delivering or transferring Bonds shall be deemed modified to require the appropriate Person or entity to meet the requirements of the Depository as to registering or transferring the book entry to produce the same effect and (b) delivery of the Bonds will be in accordance with arrangements among the Issuer, the Trustee and the Depository notwithstanding any provision of this Indenture to the contrary.

The Trustee and the Issuer shall enter into any letter of representation with a Depository to implement the Book Entry System of Bond registration described above.

Any provision of this Indenture to the contrary notwithstanding, so long as the Bonds are registered solely in the name of the Depository or its nominee, all payments with respect to principal of, premium, if any, and interest on, the Bonds and all notices with respect to the Bonds shall be made and given in accordance with the policies and procedures of the Depository.

Section 2.11. Delivery of the Bonds. Upon the execution and delivery of this Indenture, and satisfaction of the conditions established by the Issuer in the Bond Resolution and in the Bond Purchase Agreement for delivery of the Bonds, the Issuer shall execute the Initial Bond and register the same with the Comptroller. Upon the payment on the Closing Date of the purchase price of the Bonds, the Trustee shall cancel the Initial Bond and authenticate the definitive Bond(s) and deliver the definitive Bond(s) to the Depository, as further directed by the Underwriter.

Prior to the delivery of any Bonds against payment therefor, the Trustee shall have received the following:

- (a) a certified copy of the Bond Resolution;
- (b) executed counterparts of this Indenture and the documents specifically listed in the definition of other Financing Documents;

(c) one or more opinions of Bond Counsel to the effect that the Bonds have been duly and validly authorized, issued and delivered and constitute legal, valid and binding limited obligations of the Issuer and are entitled to the benefit and security of this Indenture, and that under existing law the interest payable on the Bonds is excludable from gross income for federal income tax purposes (except with respect to interest on any Bond for any period during which it is held by a person who is a “substantial user” of the Project or a “related person” of such a “substantial user” within the meaning of Section 147(a) of the Code);

(d) an Opinion of Counsel for the Borrower to the effect that the Borrower Documents have been duly authorized, executed and delivered by the Borrower and are legal, valid and binding agreements of the Borrower in accordance with their respective terms subject to customary qualifications and exceptions;

(e) funds the Trustee is required to receive for deposit pursuant to Section 4.02 hereof;

(f) a written request and authorization by the Issuer (acting through an Authorized Official) to the Trustee to authenticate and deliver the Bonds to the initial purchasers thereof upon payment to the Trustee, for the account of the Issuer, of the sum specified as the purchase price therefor in such request and authorization;

(g) the opinion of the Attorney General of the State approving the Bonds;

(h) the Initial Bond registered by the Comptroller; and

(i) any other documents or opinions which the Trustee, the Issuer or Bond Counsel may reasonably require, which requirement shall be deemed to be satisfied upon the delivery of the opinions of Bond Counsel described in Section 2.11(c).

(End of Article II)

ARTICLE III

REDEMPTION, MANDATORY TENDER AND REMARKETING OF BONDS

Section 3.01. Redemption of Bonds. The Bonds are subject to redemption prior to the Maturity Date as follows:

(a) Optional Redemption. The Bonds are subject to optional redemption in whole or in part by the Issuer at the written direction of the Borrower on any date on or after the later to occur of (i) the date a Project is placed in service or (ii) the Optional Redemption Date at a redemption price equal to 100% of the principal amount of such Bonds, plus accrued interest to the Redemption Date.

(b) Mandatory Redemption. The Bonds shall be redeemed in whole at a redemption price of 100% of the principal amount of such Bonds, plus accrued interest to the Redemption Date, on any Mandatory Tender Date upon the occurrence of any of the following events: (i) the Borrower has previously elected not to cause the remarketing of the Bonds, (ii) the conditions to remarketing set forth in this Indenture have not been met by the dates and times set forth in Section 3.07(b) or Section 3.07(d) hereof, or (iii) the proceeds of a remarketing on deposit in the Remarketing Proceeds Account at 11:00 a.m. Local Time on the Mandatory Tender Date are insufficient to pay the purchase price of the Outstanding Bonds on such Mandatory Tender Date. Bonds subject to redemption in accordance with this paragraph shall be redeemed from (i) amounts on deposit in the Collateral Fund, (ii) amounts on deposit in the Negative Arbitrage Account of the Bond Fund, (iii) amounts on deposit in the Project Fund, and (iv) any other Eligible Funds available or made available for such purpose at the written direction of the Borrower.

Section 3.02. [Reserved].

Section 3.03. Notice of Redemption. Notices of redemption shall be given as set forth in this Section 3.03. Unless waived by any Holder of Bonds to be redeemed, official notice of redemption shall be given by the Trustee on behalf of the Issuer by mailing a copy of an official redemption notice by first class mail, postage prepaid, to the Holder of each Bond to be redeemed, at the address of such Holder shown on the Register at the opening of business on the fifth day prior to such mailing, at least 30 days prior to the date fixed for redemption. With respect to a mandatory redemption pursuant to Section 3.01(b), the notice of Mandatory Tender provided to Holders pursuant to Section 3.06 shall serve as the notice of redemption required by this Section 3.03 and shall satisfy the requirements of this Section 3.03 and no further notice of redemption will be required to the Holders. A second notice of redemption shall be given, as soon as practicable, by first class mail to the Holder of each Bond which has been so called for redemption (in whole or in part) but has not been presented and surrendered to the Trustee within 30 days following the date fixed for redemption of that Bond.

All official notices of redemption shall be dated and shall state: (1) the proposed Redemption Date, (2) the redemption price, (3) the identification by designation, letters, numbers or other distinguishing marks and the principal amounts of the Bonds to be redeemed, (4) that on the Redemption Date the redemption price will become due and payable upon each such Bond or

portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the Designated Office of the Trustee, (6) the numbers and CUSIP numbers of the Bonds to be redeemed, and (7) that the notice of redemption is conditioned upon there being deposited with the Trustee on or prior to the date of redemption money sufficient to pay the redemption price of the Bonds to be redeemed and, in the case of any redemption premium on Bonds, that there be on deposit Eligible Funds sufficient to pay such redemption premium.

Notices of redemption shall be revocable in the event that there is not on deposit with the Trustee on or prior to the proposed Redemption Date money sufficient to pay the redemption price of the Bonds to be redeemed or, in the case of any redemption premium on Bonds, there is not on deposit Eligible Funds sufficient to pay such redemption premium.

Failure to receive notice by mailing or any defect in that notice regarding any Bond, however, shall not affect the validity of the proceedings for the redemption of any other Bond.

Notice of any redemption hereunder with respect to Bonds held under a Book Entry System shall be given by the Trustee only to the Depository, or its nominee, as the Holder of such Bonds in the manner required by the Depository. Selection of Beneficial Ownership Interests in the Bonds called for redemption and notice of the redemption to the Beneficial Owners is the responsibility of the Depository and any failure of such Depository to notify the Beneficial Owners of any such notice and its contents or effect will not affect the validity of such notice of any proceedings for the redemption of such Bonds.

Section 3.04. Payment of Redeemed Bonds. Notice having been sent in the manner provided in Section 3.03 or 3.06 hereof, the Bonds and portions thereof called for redemption shall become due and payable on the Redemption Date, and upon presentation and surrender thereof at the place or places specified in that notice, shall be paid at the redemption price, including interest accrued to the Redemption Date.

Upon the payment of the price of Bonds being redeemed or prepaid, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed or prepaid with the proceeds of such check or other transfer.

If money for the redemption of all of the Bonds and portions thereof to be redeemed, together with interest accrued thereon to the Redemption Date, is held by the Trustee on the Redemption Date, so as to be available therefor on that date and if notice of redemption has been given as provided in Section 3.03 or Section 3.06 hereof, then from and after the Redemption Date those Bonds called for redemption shall cease to bear interest and no longer shall be considered to be Outstanding hereunder.

All money deposited in the Bond Fund and held by the Trustee for the redemption, purchase or prepayment of particular Bonds shall be held in trust for the account of the Holders thereof and shall be paid to them, respectively, upon presentation and surrender of those Bonds.

Section 3.05. Mandatory Tender.

(a) Purchase of Bonds on Mandatory Tender Dates. All Outstanding Bonds shall be subject to Mandatory Tender by the Holders for purchase in whole and not in part on each Mandatory Tender Date. The purchase price for each such Bond shall be payable in lawful money of the United States of America by wire, check or draft, shall equal 100% of the principal amount to be purchased and accrued interest, if any, to the Mandatory Tender Date, and shall be paid in full on the applicable Mandatory Tender Date.

(b) Holding of Tendered Bonds. While tendered Bonds are in the custody of the Trustee pending purchase pursuant hereto, the tendering Holders thereof shall be deemed the owners thereof for all purposes, and interest accruing on tendered Bonds through the day preceding the applicable Mandatory Tender Date is to be paid as if such Bonds had not been tendered for purchase.

(c) Effect of Prior Redemption. Notwithstanding anything herein to the contrary, any Bond tendered under this Section 3.05 will not be purchased if such Bond matures or is redeemed on or prior to the applicable Mandatory Tender Date.

(d) Purchase of Tendered Bonds. The Trustee shall utilize amounts representing proceeds of remarketed Bonds on deposit in the Remarketing Proceeds Account to pay the principal amount, plus accrued interest, of Bonds tendered for purchase not later than 11:30 a.m. Local Time on the Mandatory Tender Date.

(e) Cancellation of Remarketing. In the event the Bonds must be redeemed as a result of the occurrence of any of the events listed in Section 3.01(b), the remarketing shall be cancelled and all Bonds Outstanding on the Mandatory Tender Date shall be redeemed in accordance with Section 3.01(b).

(f) Undelivered Bonds. Bonds shall be deemed to have been tendered for purposes of this Section 3.05 whether or not the Holders shall have delivered such Undelivered Bonds to the Trustee, and subject to the right of the Holders of such Undelivered Bonds to receive the purchase price of such Bonds on the Mandatory Tender Date, such Undelivered Bonds shall be null and void. If such Undelivered Bonds are to be remarketed, the Trustee shall authenticate and deliver new Bonds in replacement thereof pursuant to the remarketing of such Undelivered Bonds.

Section 3.06. Notice of Mandatory Tender.

(a) Notice to Holders. No later than the 30th day prior to a Mandatory Tender Date, the Trustee shall give written notice of a mandatory tender on the Mandatory Tender Date to the Holders of the Bonds then Outstanding (with a copy to the Borrower, the Issuer, the Investor Member and the Remarketing Agent) by first class mail, postage prepaid, at their respective addresses appearing on the Register stating:

(i) the Mandatory Tender Date and that (A) if certain conditions are met, all Outstanding Bonds are subject to Mandatory Tender for purchase on the Mandatory Tender Date, (B) all Outstanding Bonds must be tendered for purchase no later than 9:00 a.m., Local Time, on the Mandatory Tender Date and (C) Holders will not have the right to elect to retain their Bonds;

(ii) the address of the Designated Office of the Trustee at which Holders should deliver their Bonds for purchase and the date of the required delivery;

(iii) that all Outstanding Bonds will be purchased on the Mandatory Tender Date at a price equal to the principal amount of the Outstanding Bonds plus interest accrued to the Mandatory Tender Date;

(iv) that if, in the event that the conditions to remarketing set forth in Section 3.07(b) or Section 3.07(d) are not met as set forth therein, or, if proceeds from the remarketing are insufficient to pay the purchase price of the Bonds on the Mandatory Tender Date, all of the Bonds will be redeemed, without further notice, on the Mandatory Tender Date; and

(v) that any Bonds not tendered will nevertheless be deemed to have been tendered and will cease to bear interest from and after the Mandatory Tender Date.

(b) Second Notice. In the event that any Bond required to be delivered to the Trustee for payment of the purchase price of such Bond shall not have been delivered to the Trustee on or before the 30th day following a Mandatory Tender Date, the Trustee shall mail a second notice to the Holder of the Bond at its address as shown on the Register setting forth the requirements set forth in this Indenture for delivery of the Bond to the Trustee and stating that delivery of the Bond to the Trustee (or compliance with the provisions of this Indenture concerning payment of lost, stolen or destroyed Bonds) must be accomplished as a condition to payment of the purchase price applicable to the Bond.

(c) Any notice required under this Section 3.06 with respect to Bonds held under a Book Entry System shall be given by the Trustee only to the Depository, or its nominee, as the Holder of such Bonds in the manner required by the Depository.

(d) Failure to Give Notice. Neither failure to give or receive any notice described in this Section 3.06, nor the lack of timeliness of such notice or any defect in any notice (or in its content) shall affect the validity or sufficiency of any action required or provided for in this Section 3.06.

Section 3.07. Remarketing of Bonds.

(a) Notice of Mandatory Tender. No later than 11:00 a.m. Local Time on the 35th day prior to each Mandatory Tender Date, the Trustee shall give notice to the Borrower, the Investor Member and the Remarketing Agent by telephone or electronic mail, confirmed on the same day in writing, which states that all Outstanding Bonds shall be tendered or deemed to be tendered pursuant to Section 3.05 hereof.

(b) Preliminary Conditions to Remarketing. No later 11:00 a.m. Local Time on the 15th day prior to the Mandatory Tender Date then in effect, the Borrower may give notice to the Remarketing Notice Parties by telephone or electronic mail, confirmed on the same day in writing, that it elects to cause the Bonds to be remarketed. A remarketing of the Bonds shall be permitted only if the following conditions are satisfied no later than the time the foregoing election notice is given:

(i) notice by the Borrower to the Remarketing Agent of the Remarketing Period pursuant to Section 3.10 of the Loan Agreement, approved in writing by the Remarketing Agent;

(ii) delivery to the Trustee and the Remarketing Agent of a preliminary Cash Flow Projection with respect to the proposed Remarketing Period;

(iii) the Borrower shall have notified the Trustee in writing that they have approved as to form and substance any disclosure document or offering materials which, in the Opinion of Counsel to the Remarketing Agent, are necessary to be used in connection with the remarketing of the Outstanding Bonds; and

(iv) delivery to the Trustee and the Remarketing Agent of Eligible Funds in the amount of (A) the estimated Extension Payment set forth in the preliminary Cash Flow Projection (which the Trustee has no duty to review or analyze, and shall retain solely as a repository for the Holders) and (B) the estimated Remarketing Expenses.

If the foregoing conditions are not satisfied by 11:00 a.m. Local Time on the 15th day prior to the Mandatory Tender Date then in effect, the remarketing shall be cancelled and the Bonds shall be redeemed in accordance with Section 3.01(b).

(c) Remarketing. No later than the 10th day prior to each Mandatory Tender Date, the Remarketing Agent shall offer for sale and use its best efforts to sell the Bonds Outstanding on the Mandatory Tender Date at a price equal to 100% of the principal amount of such Bonds plus accrued interest on such Bonds. No later than the Business Day following the day on which the Remarketing Agent makes its determination of the Remarketing Rate and the Remarketing Period, the Remarketing Agent shall give notice, by telephone or electronic mail, promptly confirmed in writing, to the Remarketing Notice Parties specifying the principal amount of Bonds, if any, it has remarketed (including Bonds to be purchased on the Mandatory Tender Date for its own account), the Remarketing Rate(s) and the Remarketing Period applicable to the Bonds.

The Remarketing Agent shall have the right to remarket the Bonds tendered pursuant to Section 3.05 hereof; provided, however, that no Bond shall be remarketed unless all of the Outstanding Bonds are remarketing and all such Bonds shall be remarketed at a price not less than the amount equal to 100% of the principal amount thereof plus accrued interest (if any). The Remarketing Agent shall have the right to purchase any Bond tendered or deemed tendered pursuant to Section 3.05 hereof at the purchase price thereof, and to thereafter sell such Bond. Any such purchase shall constitute a remarketing hereunder.

The Remarketing Agent shall not remarket any Bond to the Issuer, the Borrower, any guarantor of the Bonds or any person which is an “insider” of the Issuer, the Borrower, or any such guarantor within the meaning of the Bankruptcy Code.

(d) Final Conditions to Remarketing.

(i) If, no later than four (4) Business Days prior to a Mandatory Tender Date, the Remarketing Agent shall have notified the Trustee in writing of the remarketing of the

Outstanding Bonds and that the proceeds from the remarketing (including proceeds of remarketing of Outstanding Bonds to be purchased by the Remarketing Agent on the Mandatory Tender Date for its own account) or other funds equal to the amount needed to purchase the remarketed Bonds on the Mandatory Tender Date are expected to be available to the Trustee on the Mandatory Tender Date for deposit into the Remarketing Proceeds Account;

(ii) If, no later than four (4) Business Days prior to a Mandatory Tender Date, the Trustee shall have received written notice from the Remarketing Agent that the Remarketing Agent has received written confirmation from the Rating Agency that the then current rating assigned to the Outstanding Bonds will continue to be effective on the Remarketing Date; and

(iii) If, no later than two (2) Business Days prior to a Mandatory Tender Date, there shall be on deposit with the Trustee, from funds provided by or on behalf of the Borrower, any additional amount required to pay the Extension Payment and the estimated Remarketing Expenses;

then the Trustee shall immediately give notice, by telephone or electronic mail, which notice shall be immediately confirmed in writing, to the Remarketing Agent, the Investor Member and the Borrower that (a) all conditions precedent to the remarketing of the Outstanding Bonds have been satisfied and (b) the sale and settlement of the Outstanding Bonds is expected to occur on the Mandatory Tender Date. Following the Trustee's notice, the Outstanding Bonds shall be sold to the purchasers identified by the Remarketing Agent for delivery and settlement on the Mandatory Tender Date, and the Trustee shall apply (i) the funds in the Remarketing Proceeds Account of the Bond Fund on the Remarketing Date to payment of the purchase price of the Outstanding Bonds and (ii) the funds in the Expense Fund to payment of the Remarketing Expenses.

(e) Remarketing Proceeds. No later than 10:00 a.m. Local Time on each Mandatory Tender Date, the Remarketing Agent shall pay to the Trustee, in immediately available funds, the proceeds theretofore received by the Remarketing Agent from the remarketing of Bonds tendered for purchase on such Mandatory Tender Date. The proceeds from the remarketing of the Bonds shall be deposited in the Remarketing Proceeds Account, segregated from any funds of the Borrower and the Issuer and shall in no case be considered to be or be assets of the Borrower or the Issuer. Funds representing remarketing proceeds received by the Remarketing Agent after 10:00 a.m. Local Time on each Mandatory Tender Date shall be paid to the Trustee as soon as practicable upon such receipt.

(f) Delivery of Purchased Bonds. On or before the Business Day next preceding each Remarketing Date, the Remarketing Agent, by telephonic advice or electronic mail, shall notify the Trustee of (i) the principal amount of Bonds to be sold by the Remarketing Agent pursuant to Section 3.07 hereof and the purchase price, and, unless the Bonds are then in the Book-Entry System, the names, addresses and social security numbers or other tax identification numbers of the proposed purchasers thereof and (ii) the principal amount of Bonds tendered for purchase on such Mandatory Tender Date which will not be sold by the Remarketing Agent pursuant to Section 3.07 hereof. Such telephonic advice shall be confirmed by written notice delivered or electronically communicated at the same time as the telephonic advice.

Bonds purchased by the Trustee on a Mandatory Tender Date that have been remarketed shall be delivered to the purchasers thereof as directed by the Remarketing Agent. Bonds delivered as provided in this Section shall be registered in the manner directed by the recipient thereof.

Section 3.08. Cancellation of Bonds. The Trustee shall immediately cancel Bonds if the tender price of the Bonds is paid from amounts other than proceeds derived from the remarketing of the Bonds.

(End of Article III)

ARTICLE IV

REVENUES AND FUNDS

Section 4.01. Creation of Funds. There are hereby established with the Trustee the following funds and accounts to be held in trust and maintained by the Trustee under this Indenture:

- (a) the Bond Fund, and therein the Negative Arbitrage Account and the Remarketing Proceeds Account (but only at such times as money is to be deposited or held in such Accounts as provided in this Indenture);
- (b) the Project Fund;
- (c) the Costs of Issuance Fund;
- (d) the Collateral Fund;
- (e) the Rebate Fund; and
- (f) the Expense Fund.

Each fund and account therein shall be maintained by the Trustee as a separate and distinct trust fund or account to be held, managed, invested, disbursed and administered as provided in this Indenture and the Tax Exemption Agreement. All money deposited in the funds and accounts created hereunder shall be used solely for the purposes set forth in this Indenture and the Tax Exemption Agreement. The Trustee shall keep and maintain adequate records pertaining to each fund and account, and all disbursements therefrom, in accordance with its general practices and procedures in effect from time to time. The Trustee in its sole discretion may also terminate funds and accounts that are no longer needed.

The Trustee shall, at the written direction of an Authorized Borrower Representative, and may, in its sole discretion, establish such additional accounts within any fund, and subaccounts within any of the accounts, as the Issuer or the Trustee may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that fund and its accounts, or for the purpose of complying with the requirements of the Code, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of this Indenture with respect to a deposit or use of money in the Special Funds or the Rebate Fund, or result in commingling of funds not permitted hereunder.

Pursuant to the Tax Exemption Agreement, the Trustee shall cause to be kept and maintained adequate records pertaining to the investment of all proceeds of the Bonds sufficient to permit the Borrower, on behalf of the Issuer, to determine the Rebate Amount, if any, with respect to the Bonds required to be paid to the United States of America pursuant to Section 148 of the Code. The Trustee shall have no responsibility to make such determination.

Section 4.02. Allocation of Bond Proceeds and Other Deposits.

(a) Allocation of Bond Proceeds. The principal proceeds of the Bonds in the amount of \$ _____, shall be allocated, deposited or delivered by the Trustee to the Project Fund **[and \$ _____ shall be deposited into the Negative Arbitrage Account of the Revenue Fund created under the Long Term Indenture.]**

(b) Allocation of Certain Eligible Funds. \$ _____ shall be deposited to the Negative Arbitrage Account of the Bond Fund.

(c) Allocation of Initial Borrower Deposit. On the Closing Date, the Trustee shall receive the Initial Borrower Deposit from money other than the proceeds of the Bonds. The Trustee shall deposit \$ _____ of the Initial Borrower Deposit into the Project Fund, \$ _____ into the Expense Fund and \$ _____ to the Costs of Issuance Fund.

Section 4.03. Bond Fund. On the Closing Date, there shall be deposited in the Negative Arbitrage Account of the Bond Fund the amount set forth in Section 4.02(b) hereof, which is an amount equal to the amount of interest payments on the Bonds from the Closing Date to the Initial Mandatory Tender Date. The portion of any Extension Payment received by the Trustee in connection with a remarketing in accordance with Section 3.07 hereof designated for the payment of Bond Service Charges shall also be deposited in the Negative Arbitrage Account.

So long as there are any Outstanding Bonds, to the extent the Borrower has not received a credit against Loan Payments, all Loan Payments under the Loan Agreement shall be paid on or before each Bond Payment Date directly to the Trustee, and deposited in the Bond Fund, in at least the amount necessary to pay the Bond Service Charges due on the Bonds on such Bond Payment Date.

The Bond Fund (and the account therein for which provision is made in this Indenture) and the money and Eligible Investments therein shall be used solely and exclusively for the payment of Bond Service Charges as they become due.

Bond Service Charges shall be payable, as they become due, in the following order: (1) from money on deposit in the Negative Arbitrage Account of the Bond Fund (but only to pay the interest portion of any Bond Service Charges), (2) from the money on deposit in the Bond Fund, other than the Negative Arbitrage Account thereof, (3) from money on deposit in the Collateral Fund and transferred as necessary to the Bond Fund, (4) from money on deposit in the Project Fund and transferred as necessary to the Bond Fund, and (5) from money on deposit in the Negative Arbitrage Account of the Bond Fund (to pay all Bond Service Charges).

Upon receipt of (a) a Confirmation of Rating provided by the Rating Agency and (b) a Cash Flow Projection provided on behalf of the Borrower, but no more than once prior to the Optional Redemption Date, the Trustee is authorized by the Indenture to release from the Negative Arbitrage Account the amount set forth in the Cash Flow Projection to or at the written direction of the Borrower.

Section 4.04. Project Fund. Money in the Project Fund shall be disbursed in accordance with the provisions of Section 3.6 of the Loan Agreement and this Section 4.04.

Upon the deposit of Eligible Funds in the Collateral Fund as provided in Section 4.06 hereof, and subject to the provisions of this Section 4.04, the Trustee may disburse the Bond proceeds on deposit in the Project Fund in accordance with Section 3.6 of the Loan Agreement for use by the Borrower to pay costs of the Project.

All amounts on deposit in the Project Fund shall be applied to pay costs of the Project set forth in Section 3.6 of the Loan Agreement prior to the application of any amounts on deposit in the Bond Proceeds Fund of the Long Term Indenture to pay Project Costs (as defined in the Long Term Indenture).

To the extent money is not otherwise available to the Trustee, including money on deposit in the Bond Fund or the Collateral Fund, the Trustee shall transfer from the Project Fund to the Bond Fund sufficient money to pay Bond Service Charges, if any, on each Bond Payment Date without further written direction.

Notwithstanding any provision of the Loan Agreement or any other provision of this Indenture to the contrary, the Trustee shall not disburse money from the Project Fund, other than to pay Bond Service Charges on the Bonds, unless and until Eligible Funds in an amount equal to or greater than the requested disbursement amount have been deposited into the Collateral Fund. Prior to making any disbursement (except to pay Bond Service Charges), the Trustee shall determine that the aggregate amount that will be held in (a) the Collateral Fund and (b) the Project Fund, after the anticipated disbursement, is at least equal to the then-Outstanding principal amount of the Bonds; provided, however, notwithstanding any provision to the contrary herein or in the other Financing Documents, that upon receipt of Eligible Funds, the Trustee shall be obligated to either (i) disburse Bond proceeds in like amount, or (ii) within one Business Day after receipt of the Eligible Funds, return the Eligible Funds to the party that provided such Eligible Funds.

On any Redemption Date, the Trustee shall transfer any amounts then on deposit in the Project Fund into the Bond Fund to pay Bond Service Charges on the Bonds. The Trustee shall have no liability for any losses incurred in connection with Eligible Investments.

Upon the occurrence and continuance of an Event of Default hereunder because of which the principal amount of the Bonds has been declared to be due and immediately payable pursuant to Section 6.03 hereof, any money remaining in the Project Fund shall be promptly transferred by the Trustee to the Bond Fund.

Any money in the Project Fund remaining after the Completion Date and payment, or provision for payment, in full of the costs of the Project set forth in Section 3.6 of the Loan Agreement, at the written direction of the Authorized Borrower Representative, promptly shall be paid into the Bond Fund and used to redeem Bonds on the earliest date on which such Bonds are subject to optional redemption, as set forth in Section 3.01(a) hereof.

Section 4.05. Costs of Issuance Fund. Amounts on deposit in the Costs of Issuance Fund shall be used by the Trustee to pay Costs of Issuance as directed by the Borrower. Any amounts remaining on deposit in the Costs of Issuance Fund 30 days after the Closing Date shall be (i) if derived from proceeds of the Bonds, transferred to the Project Fund or (ii) if derived from sources

other than proceeds of the Bonds, transferred to the Borrower or used as directed by the Borrower, as the case may be.

Section 4.06. Collateral Fund.

(a) The Trustee shall deposit into the Collateral Fund all Eligible Funds received pursuant to Section 4.2 of the Loan Agreement and any other Eligible Funds received by the Trustee for deposit into the Collateral Fund. Section 4.2 of the Loan Agreement requires the Borrower to cause Eligible Funds to be delivered to the Trustee for deposit into the Collateral Fund in a principal amount equal to, and as a prerequisite to the disbursement of, an equal amount of Bond proceeds on deposit in the Project Fund to be disbursed by the Trustee for the costs of the Project described in Section 3.6 of the Loan Agreement.

(b) The Eligible Funds deposited into the Collateral Fund shall be promptly invested in its entirety by the Trustee, solely and exclusively, in Eligible Investments, by reallocating such Eligible Investments from the Project Fund to the Collateral Fund pursuant to Section 4.15 hereof. Upon reallocation, such Eligible Funds shall be deemed deposited in the Collateral Fund, and the Trustee shall transfer funds in the amount of such Eligible Funds to the Project Fund for disbursement pursuant to Section 4.04 hereof. Each deposit into the Collateral Fund shall constitute an irrevocable deposit solely for the benefit of the Holders, subject to the provisions hereof.

(c) The Trustee shall transfer money in the Collateral Fund on each Bond Payment Date, to the Bond Fund, in an amount necessary to pay Bond Service Charges due on such Bond Payment Date (to the extent money is not otherwise available to the Trustee, including money on deposit in the Bond Fund).

(d) Amounts on deposit in the Collateral Fund in excess of the amount required to pay Bond Service Charges after payment in full of the Bonds may be transferred to the Project Fund and used to pay costs of the Project as provided in Section 3.6 of the Loan Agreement.

(e) The Bonds shall not be, and shall not be deemed to be, paid or prepaid by reason of any deposit into the Collateral Fund unless and until the amount on deposit in the Collateral Fund is transferred to the Bond Fund and applied to the payment of the principal of any of the Bonds or the principal component of the redemption price of any of the Bonds or the tender price of any of the Bonds, all as provided in this Indenture.

Section 4.07. Completion of the Project. The completion of the Project and payment of all costs and expenses incident thereto shall be evidenced by the filing with the Trustee of the Completion Certificate required by Section 3.9 of the Loan Agreement. As soon as practicable after the filing with the Trustee of the Completion Certificate, any balance remaining in the Project Fund (other than the amounts retained by the Trustee as described in the Completion Certificate) shall be deposited or applied in accordance with Section 3.6 of the Loan Agreement at the written direction of the Authorized Borrower Representative.

Section 4.08. Expense Fund. The Trustee shall apply money on deposit in the Expense Fund solely for the following purposes, upon receipt of written instructions from the Borrower, in the following order of priority:

- (a) to transfer money to the Rebate Fund to the extent necessary to pay the Rebate Amount (if any) in accordance with Section 5.4(a)(8) of the Loan Agreement;
- (b) to pay the Ordinary Trustee's Fees and Expenses when due;
- (c) to pay the Dissemination Agent Fee when due;
- (d) to pay the Issuer's Fees when due; and
- (e) to pay the Issuer's Fees not previously paid.

To the extent money in the Expense Fund is not sufficient to pay the foregoing fees and expenses, such deficiency shall be paid by the Borrower pursuant to Section 4.4 of the Loan Agreement immediately upon written demand.

The portion of any Extension Payment received by the Trustee in connection with an extension of the Mandatory Tender Date pursuant to Section 3.07 hereof designated for the payment of Administrative Expenses shall also be deposited in the Expense Fund.

Section 4.09. Rebate Fund. The Rebate Fund shall be for the sole benefit of the United States of America and shall not be subject to the claim of any other Person, including without limitation, the Issuer. The Rebate Fund is established for the purpose of complying with Section 148 of the Code. The money deposited in the Rebate Fund, together with all investments thereof and income from investments therefrom, shall be held in trust and applied solely as provided in the Tax Exemption Agreement. Notwithstanding the foregoing, the Trustee with respect to the Rebate Fund is afforded all the rights, protections and immunities otherwise accorded to it under this Indenture.

Without limiting the generality of the foregoing, the Trustee shall furnish to the Borrower and Investor Member all information reasonably requested in writing by the Borrower or Investor Member with respect to the Bonds and investments of the Special Funds and accounts maintained by the Trustee hereunder. The Trustee shall make deposits to and disbursements from the Rebate Fund, as well as investments of the amounts therein, in accordance with the written directions received from the Borrower all in accordance with the Tax Exemption Agreement.

Section 4.10. Investment of Money in the Special Funds, Rebate Fund, Project Fund and Bond Fund. Money in the Special Funds and the Rebate Fund shall be invested and reinvested by the Trustee at the written direction of the Authorized Borrower Representative in Eligible Investments. **[In the absence of written direction of the Authorized Borrower Representative as provided above, the Trustee shall be required to invest such funds in the First American Funds Government Obligations Class Y (which is an Eligible Investment described in clause (b) of the definition of Eligible Investments) or, if such investment is not available or no longer qualifies as a Eligible Investment, solely in Eligible Investments described in clause (b) of the definition of Eligible Investments.]** At no time shall the Borrower direct that any funds constituting Gross Proceeds of the Bonds (as defined in the Tax Exemption Agreement) be used in any manner as would constitute failure of compliance with Section 148 of the Code.

Investments of money in the Bond Fund and the Collateral Fund shall be made as directed by the Authorized Borrower Representative only in investments which are Eligible Investments that mature or are redeemable at the option of the Trustee at the times and in the amounts necessary to provide money to pay Bond Service Charges on the Bonds as they become due on each Bond Payment Date.

Any investments may be purchased from or sold to the Trustee, or any bank, trust company or savings and loan association which is an Affiliate of the Trustee. The Trustee shall sell or redeem investments credited to the Bond Fund to produce sufficient money applicable hereunder to and at the times required for the purposes of paying Bond Service Charges when due as aforesaid, and shall do so without necessity for any order on behalf of the Issuer and without restriction by reason of any order.

Investments of money in the Bond Fund and the Collateral Fund shall mature or be redeemable at the times and in the amounts necessary to provide money to pay Bond Service Charges on the Bonds as they become due on each Bond Payment Date.

All gains resulting from the sale of, or income from, any investment made from moneys credited to the Special Funds shall be credited to and become part of the Special Fund from which the investment was made.

All investment earnings, gains resulting from the sale of, or income from, any investment made from amounts on deposit in the Rebate Fund shall be retained therein. The Trustee shall not be liable for losses on investments or any other act or omission related to investments made in compliance with the provisions of this Indenture.

Ratings of Eligible Investments shall be determined at the time of purchase of such Eligible Investments and without regard to ratings subcategories. The Trustee may make any and all such investments through its own investment department or that of its Affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees. Although each of the Issuer and the Borrower recognize that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, confirmations of Eligible Investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month. The Trustee may conclusively rely upon the Authorized Borrower Representative's written instructions as to both the suitability and legality of the directed investments.

Section 4.11. Money to be Held in Trust. Except where money has been deposited with or paid to the Trustee pursuant to an instrument restricting its application to particular Bonds, all money required or permitted to be deposited with or paid to the Trustee under any provision of this Indenture or the Note, and any investments thereof, shall be held by the Trustee in trust. Except for money held by the Trustee pursuant to Section 4.09 hereof, all money described in the preceding sentence held by the Trustee shall be subject to the lien of this Indenture hereof while so held.

The money in any fund or account established under this Indenture shall be subject to the unclaimed property laws of the State.

The Trustee shall cause to be kept and maintained adequate records pertaining to the Special Funds and all deposits and disbursements therefrom. The Trustee shall satisfy this obligation by providing trust statements for all periods in which there are funds in the Special Funds to the Borrower and the Investor Member.

Section 4.12. Valuation. For the purpose of determining the amount on deposit to the credit of any Special Fund or account, the value of obligations in which money in such Special Fund or account shall have been invested shall be computed at the then market value thereof.

The Eligible Investments shall be valued by the Trustee at any time requested by the Authorized Borrower Representative on reasonable written notice to the Trustee (which period of notice may be waived or reduced by the Trustee); provided, however, that the Trustee shall not be required to value the Eligible Investments more than once in any calendar month.

Section 4.13. Nonpresentation of Bonds. In the event that any Bond shall not be presented for payment when the principal thereof becomes due, or a check or draft for interest is uncashed, if money sufficient to pay the principal then due of that Bond or of such check or draft shall have been made available to the Trustee for the benefit of its Holder, all liability of the Issuer to that Holder for such payment of the principal then due of the Bond or of such check or draft thereupon shall cease and be discharged completely. Thereupon, it shall be the duty of the Trustee to hold such money, without liability for interest thereon, in a separate account in the Bond Fund for the exclusive benefit of the Holder, who shall be restricted thereafter exclusively to such money for any claim of whatever nature on its part under this Indenture or on, or with respect to, the principal then due of that Bond or of such check or draft.

Any of such money which shall be so held by the Trustee, and which remains unclaimed by the Holder of a Bond not presented for payment or check or draft not cashed for a period of three years after the principal of all the Outstanding Bonds, or any interest thereon, has become due and payable (whether at maturity or upon call for redemption or by declaration as provided in this Indenture), shall then be paid in accordance with Title 6 of the Texas Property Code. Thereupon, the Issuer, the Trustee and the Borrower shall be released from any further liability with respect to payment of such purchase price or principal, premium, or interest. The Trustee shall comply with the reporting requirements of Chapter 74 of the Texas Property Code.

Section 4.14. Repayment to the Borrower from the Bond Fund. On any Mandatory Tender Date, any amounts in the Bond Fund in excess of the amount necessary to cover any negative arbitrage from such Mandatory Tender Date through the last day of the new Remarketing Period established pursuant to Section 3.07 hereof, or if no such Remarketing Period has been established, the Maturity Date (assuming 0.00% interest earnings on all deposits) shall, upon written instruction to the Trustee from the Borrower, be paid to or at the written direction of the Borrower.

Except as provided in Section 4.09 and Section 4.13 hereof, any amounts remaining in the Bond Fund (a) after all of the Outstanding Bonds shall be deemed paid and discharged under the

provisions of this Indenture, and (b) after payment of all fees, charges and expenses of the Trustee and of all other amounts required to be paid under this Indenture, the Loan Agreement, the Tax Exemption Agreement, the Regulatory Agreement and the Note, shall, upon written instruction to the Trustee from the Issuer be transferred to the Long Term Trustee for deposit into the Negative Arbitrage Account of the Revenue Fund of the Long Term Indenture.

Section 4.15. Allocation and Reallocation of Government Obligations Deposited to the Collateral Fund and the Project Fund. On the Closing Date, the Trustee shall allocate ownership of the Government Obligations acquired pursuant to Section 4.10 hereof and deposited for the benefit of the Project Fund and the Collateral Fund as follows: The Trustee shall allocate to the Collateral Fund a percentage of such Government Obligations equal to the amount of Available Money presented to the Trustee for deposit to the Collateral Fund on the Closing Date divided by the aggregate Outstanding principal amount of the Bonds and multiplied by 100 (the “**Initial Collateral Fund Percentage**”) and the remainder (i.e., 100% minus the Initial Collateral Fund Percentage, referred to as the “**Initial Project Fund Percentage**”) shall be allocated to the Project Fund. On each subsequent month when additional Available Money is presented to the Trustee for deposit to the Collateral Fund (the “Subsequent Allocation Date”), the dollar amount of such Available Money shall be added to all prior Available Money so deposited, and the percentage of such Government Obligations allocated to the Collateral Fund shall be adjusted to that percentage equal to the aggregate Available Money so deposited through such date divided by the aggregate Outstanding principal amount of the Bonds and multiplied by 100 (the “**Collateral Fund Percentage**”) and the remainder (i.e., 100% minus the Collateral Fund Percentage, referred to as the “**Project Fund Percentage**”) shall be allocated to the Project Fund. On each Subsequent Allocation Date, the Trustee shall be deemed to have liquidated that portion of the Government Obligations allocated to the Project Fund and purchased equivalent Government Obligations to be allocated to the Collateral Fund.

(End of Article IV)

ARTICLE V

THE TRUSTEE AND REMARKETING AGENT

Section 5.01. Trustee's Acceptance and Responsibilities. The Trustee accepts the trusts imposed upon it by this Indenture, and agrees to observe and perform those trusts, but only upon and subject to the terms and conditions set forth in this Article, to all of which the parties hereto and the Holders agree.

(a) Prior to the occurrence of a default or an Event of Default (as defined in Section 6.01 hereof) of which the Trustee has been notified, as provided in paragraph (f) of Section 5.02 hereof, or of which by that paragraph the Trustee is deemed to have notice, and after the cure or waiver of all defaults or Events of Default which may have occurred,

(i) the Trustee undertakes to perform and needs to perform only those duties and obligations which are set forth specifically in this Indenture or the Tax Exemption Agreement, and no duties or obligations shall be implied to the Trustee;

(ii) in the absence of bad faith on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming on their face to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements of this Indenture or the Tax Exemption Agreement.

(b) In case a default or an Event of Default has occurred and is continuing hereunder (of which the Trustee has been notified, or is deemed to have notice), the Trustee shall exercise those rights and powers vested in it by this Indenture or the Tax Exemption Agreement and shall use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture or the Tax Exemption Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(i) this Subsection shall not be construed to affect the limitation of the Trustee's duties and obligations provided in subparagraph (a)(i) of this Section or the Trustee's right to rely on the truth of statements and the correctness of opinions as provided in subparagraph (a)(ii) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by any one of its officers, unless it shall be established by a court of competent jurisdiction that the Trustee was grossly negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding relating to the

time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(iv) no provision of this Indenture or any other Financing Document shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture or any other Financing Document relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article V.

Section 5.02. Certain Rights and Obligations of the Trustee. Except as otherwise provided in Section 5.01 hereof:

(a) The Trustee (i) may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, or receivers, but shall not be answerable for the conduct of the same if appointed with reasonable care (ii) shall be entitled to the advice of counsel concerning all matters of trusts hereof and duties hereunder, and (iii) may pay reasonable compensation in all cases to all of those attorneys, agents, receivers and employees reasonably employed by it in connection with the trusts hereof out of the funds held under the Indenture. The Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the Issuer or the Borrower) approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in good faith in reliance upon that opinion or advice.

(b) Except for its certificate of authentication on the Bonds, the Trustee shall not be responsible for:

(i) any recital in this Indenture, in the Bonds, or in any other Financing Documents,

(ii) the validity, priority, recording, re-recording, filing or re-filing of this Indenture, any Supplemental Indenture, the Regulatory Agreement, or any of the other Financing Documents,

(iii) any instrument or document of further assurance or collateral assignment,

(iv) the filing of any financing statements, amendments thereto or continuation statements,

(v) failure of the Borrower to maintain insurance on the Project (as required by the Loan Agreement or otherwise), the adequacy of any insurance coverage maintained by the Borrower, or the collection of insurance moneys,

(vi) the validity of the execution by the Issuer of this Indenture, any Supplemental Indenture or instruments or documents of further assurance,

(vii) the existence, genuineness, value, protection or sufficiency of the security or collateral for the Bonds intended to be secured hereby or the Note,

(viii) the value of or title to the Project, or

(ix) the maintenance of the security hereof.

The Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, agreements or obligations on the part of the Issuer or the Borrower under the Loan Agreement except as set forth expressly hereinafter; but the Trustee may require of the Issuer or the Borrower full information and advice as to the observance or performance of those covenants, agreements and obligations. Except as otherwise provided in Section 6.04 hereof, the Trustee shall have no obligation to observe or perform any of the duties of the Issuer under the Loan Agreement.

(c) The Trustee shall not be accountable for the application by the Borrower or any other Person of the proceeds of any Bonds authenticated or delivered hereunder.

(d) The Trustee shall be protected, in the absence of bad faith on its part, in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons. Any action taken by the Trustee pursuant to this Indenture upon the request, authority or consent of any Person who is the Holder of any Bonds at the time of making the request or giving the authority or consent, shall be conclusive and binding upon all future Holders of the same Bond and of Bonds issued in exchange therefor or in place thereof.

(e) As to the existence or nonexistence of any fact for which the Issuer or the Borrower may be responsible or as to the sufficiency or validity of any instrument, document, report, paper or proceeding, the Trustee, in the absence of bad faith on its part, shall be entitled to rely upon a certificate signed on behalf of the Issuer or Borrower, as appropriate, by an authorized officer thereof or Authorized Borrower Representative as sufficient evidence of the facts recited therein. Prior to the occurrence of a default or Event of Default hereunder of which the Trustee has been notified, as provided in paragraph (f) of this Section, or of which by that paragraph the Trustee is deemed to have notice, the Trustee may accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient; provided, that the Trustee in its discretion may require and obtain any further evidence which it deems to be necessary or advisable; and, provided further, that the Trustee shall not be bound to secure any further evidence. The Trustee may accept a certificate of the officer, or an assistant thereto, having charge of the appropriate records, to the effect that a resolution has been enacted by the Governing Body in the form recited in that certificate, as conclusive evidence that the resolution has been duly enacted and is in full force and effect.

(f) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default hereunder, except Events of Default described in paragraphs (a) and (b) of Section 6.01 hereof, unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it at its Designated Office by the Issuer or by the Holders of at least 25% of the aggregate principal amount of Bonds then Outstanding. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no default or Event of Default, except as noted above.

(g) At any reasonable time, the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives (i) may inspect and copy fully all books, papers and records of the Issuer pertaining to the Project and the Bonds, and (ii) may make any memoranda from and in regard thereto as the Trustee may desire.

(h) The Trustee shall not be required to give any bond or surety with respect to the execution of these trusts and powers or otherwise in respect of the premises.

(i) Notwithstanding anything contained elsewhere in this Indenture, the Trustee may demand any showings, certificates, reports, opinions, appraisals and other information, and any corporate action and evidence thereof, in addition to that required by the terms hereof, as a condition to the authentication of any Bonds or the taking of any action whatsoever within the purview of this Indenture, if the Trustee deems it to be desirable for the purpose of establishing the right of the Issuer to the authentication of any Bonds or the right of any Person to the taking of any other action by the Trustee; provided, that the Trustee shall not be required to make that demand.

(j) Before taking action hereunder pursuant to Section 5.04 or Article VI hereof (with the exception of any action required to be taken under Section 6.02 hereof), the Trustee may require that a satisfactory indemnity bond be furnished to it for the reimbursement of all expenses which it may incur and to protect it against all liability by reason of any action so taken, except liability resulting from its negligence or willful misconduct. The Trustee may take action without that indemnity, and in that case, the Borrower shall reimburse the Trustee for all of the Trustee's expenses pursuant to Section 5.03 hereof.

(k) Unless otherwise provided herein, all moneys received by the Trustee under this Indenture shall be held in trust for the purposes for which those moneys were received, until those moneys are used, applied or invested as provided herein; provided, that those moneys need not be segregated from other moneys, except to the extent required by this Indenture or by law. The Trustee shall not have any liability for interest on any moneys received hereunder, except to the extent expressly provided herein.

(l) Any resolution by the Governing Body, and any opinions, certificates and other instruments and documents for which provision is made in this Indenture, may be accepted by the Trustee, in the absence of bad faith on its part, as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for its actions taken hereunder.

(m) The Trustee shall be entitled to file proofs of claim in bankruptcy. Trustee fees and expenses are intended to constitute administrative expenses in bankruptcy.

(n) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture and the other Financing Documents sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the Issuer, the Borrower and such other Person providing notice to the Trustee shall provide to the Trustee an incumbency certificate listing such designated persons, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Issuer, the Borrower or such other Person providing notice to the Trustee elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions, notwithstanding that such instructions conflict or are inconsistent with a subsequent written instruction. The Trustee has offered the Issuer and the Borrower commercially reasonable security procedures with respect to such instructions and the Issuer and the Borrower have chosen not to avail itself of such procedures. Each of the Issuer, the Borrower and such other Person providing notice to the Trustee agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions and the risk of interception and misuse by third parties.

(o) The permissive right of the Trustee to do things enumerated in this Indenture and the other Financing Documents shall not be construed as a duty and the Trustee shall not be answerable for other than its own negligence or willful default. The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds. The Trustee shall have no duty to review or analyze any financial statements or other financial information delivered to the Trustee under this Indenture and the other Financing Documents and shall hold such financial statements and other financial information solely as a repository for the benefit of the Holders. The Trustee shall not be deemed to have notice of any information contained therein or event of default which may be disclosed therein in any manner. The Trustee shall not be responsible or liable for the environmental condition or any contamination of any property which secures the Bonds or for any diminution in value of any such property as a result of any contamination of the property by any hazardous substance, hazardous material, pollutant or contaminant. The Trustee shall not be liable for any claims by or on behalf of the Holders or any other person or entity arising from contamination of the property by any hazardous substance, hazardous material, pollutant or contaminant, and shall have no duty or obligation to assess the environmental condition of any such property or with respect to compliance of any such property under state or federal laws pertaining to the transport, storage, treatment or disposal of, hazardous substances, hazardous materials, pollutants, or contaminants or regulations, permits or licenses issued under such laws. The Trustee in performing its duties and exercising its rights under any of the other Financing Documents shall be entitled to all rights, protections and limitations of liability set forth in this Indenture, and the provisions of this Indenture relating to the rights, protections and limitations

of liability of the Trustee shall be deemed to be set forth and included in the Financing Documents, mutatis mutandis, as if references to “hereof”, “herein”, “this Indenture” and the like set forth in this Indenture referred to the applicable Financing Document.

(p) In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of such action.

Section 5.03. Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to payment or reimbursement by the Borrower, as provided herein and in the Loan Agreement, for customary fees for Ordinary Services rendered hereunder and for all advances, counsel fees and other Ordinary Expenses reasonably and necessarily paid or incurred by it in connection with the provision of Ordinary Services. For purposes hereof, fees for Ordinary Services provided for by its standard fee schedule shall be considered customary. In the event that it should become necessary for the Trustee to perform Extraordinary Services, it shall be entitled to customary extra compensation therefor and to reimbursement for reasonable and necessary Extraordinary Expenses incurred in connection therewith. Unless and until such time as the Trustee resigns or is replaced, and a successor Trustee is appointed pursuant to Section 5.09 hereunder, the Trustee shall continue to perform its duties hereunder notwithstanding the Borrower’s failure to timely pay such fees.

The Trustee shall not be entitled to compensation or reimbursement for Extraordinary Services or Extraordinary Expenses occasioned by its gross negligence or willful misconduct, as determined by a court of competent jurisdiction. The customary fees for its Ordinary Services and charges of the foregoing shall be entitled to payment and reimbursement only from (i) the Additional Payments made by the Borrower pursuant to the Loan Agreement, or (ii) from moneys available therefor in the Expense Fund or Section 6.06 hereof. Any amounts payable to the Trustee pursuant to this Section 5.03 shall be payable upon demand and shall bear interest from the date of demand therefor at the Interest Rate for Advances.

Section 5.04. Intervention by Trustee. The Trustee may intervene on behalf of the Holders, and shall intervene if requested to do so in writing by the Holders of at least a majority of the aggregate principal amount of Bonds then Outstanding, in any judicial proceeding to which the Issuer or the Borrower is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of Holders of the Bonds. The rights and obligations of the Trustee under this Section are subject to the approval of that intervention by a court of competent jurisdiction. The Trustee may require that a satisfactory indemnity bond be provided to it in accordance with Section 5.01 and Section 5.02 hereof before it takes action hereunder.

Section 5.05. Successor Trustee. Anything herein to the contrary notwithstanding,

(a) any corporation or association (i) into which the Trustee may be converted or merged, (ii) with which the Trustee or any successor to it may be consolidated, or (iii) to which it may sell or transfer its corporate trust assets and corporate trust business as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, merger, consolidation, sale or transfer, ipso facto, shall be and become successor Trustee

hereunder and shall be vested with all of the title to the whole property or Trust Estate hereunder; and

(b) that corporation or association shall be vested further, as was its predecessor, with each and every trust, property, remedy, power, right, duty, obligation, discretion, privilege, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by, vested in or conveyed to the Trustee, without the execution or filing of any instrument or document or any further act on the part of any of the parties hereto.

Any successor Trustee, however, (i) shall be a trust company or a bank having the powers of a trust company, (ii) shall be in good standing within the State, (iii) shall be duly authorized to exercise trust powers within the State, and (iv) shall have a reported capital, surplus and retained earnings of not less than \$100,000,000.

Section 5.06. Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including without limitation, the laws of the State) denying or restricting the right of banks or trust companies to transact business as trustees in that jurisdiction. It is recognized that, (a) if there is litigation under this Indenture or other instruments or documents relating to the Bonds and the Project, and in particular, in case of the enforcement hereof or thereof upon a default or an Event of Default, or (b) if the Trustee should deem that, by reason of any present or future law of any jurisdiction, it may not (i) exercise any of the powers, rights or remedies granted herein to the Trustee, (ii) hold title to the properties, in trust, as granted herein, or (iii) take any action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an individual or additional institution as a co-Trustee. The following provisions of this Section are adapted to these ends.

In the event that the Trustee appoints an individual or additional institution as a co-Trustee, each and every trust, property, remedy, power, right, duty, obligation, discretion, privilege, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by, vested in or conveyed to the Trustee shall be exercisable by, vest in and be conveyed to that co-Trustee, but only to the extent necessary for it to be so vested and conveyed and to enable that co-Trustee to exercise it. Every covenant, agreement and obligation necessary to the exercise thereof by that co-Trustee shall run to and be enforceable by it.

Should any instrument or document in writing from the Issuer reasonably be required by the co-Trustee so appointed by the Trustee for vesting and conveying more fully and certainly in and to that co-Trustee those trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens, that instrument or document shall be executed, acknowledged and delivered, but not prepared, by the Issuer. In case any co-Trustee or a successor to it shall die, become incapable of acting, resign or be removed, all of the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens of the co-Trustee shall be exercised by, vest in and be conveyed to the Trustee, to the extent permitted by law, until the appointment of a successor to the co-Trustee.

Section 5.07. Resignation by the Trustee. The Trustee may resign only upon giving 60 days' prior written notice to the Issuer, the Borrower, the Remarketing Agent and to the Holders

as their names and addresses appear on the Register at the close of business fifteen (15) days prior to the notice being sent. The resignation shall take effect upon the appointment of a successor Trustee as provided for in Section 5.09 of this Indenture.

Section 5.08. Removal of the Trustee. The Trustee may be removed at any time upon 30 days' prior written notice to the Trustee, (a) by the Issuer, (b) by the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding, which written instrument must designate a successor Trustee or (c) with the prior written consent of the owners of 100% in aggregate principal amount of Bonds then Outstanding, by the Borrower.

The Trustee also may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Issuer or the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding under this Indenture.

The removal of the Trustee under this Section 5.08 shall take effect upon the appointment of a successor Trustee as provided for in Section 5.09 of this Indenture.

Section 5.09. Appointment of Successor Trustee. If (a) the Trustee shall resign, shall be removed, shall be dissolved, or shall become otherwise incapable of acting hereunder, (b) the Trustee shall be taken under the control of any public officer or officers, or (c) a receiver shall be appointed for the Trustee by a court, then a successor Trustee shall be appointed by the Issuer, with the written consent of the Borrower; provided, that if a successor Trustee is not so appointed within ten (10) days after (i) a notice of resignation or an instrument or document of removal is received by the Issuer, as provided in Sections 5.07 and 5.08 hereof, respectively, or (ii) the Trustee is dissolved, taken under control, becomes otherwise incapable of acting or a receiver is appointed, in each case, as provided above, then, so long as the Issuer shall not have appointed a successor Trustee, the Holders of a majority in aggregate principal amount of Bonds then Outstanding may designate a successor Trustee by an instrument or document or concurrent instruments or documents in writing signed by or on behalf of those Holders. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within 60 days, the Holder of any Bond Outstanding hereunder or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Every successor Trustee appointed pursuant to this Section (a) shall be a trust company or a bank having the powers of a trust company, (b) shall be in good standing within the State, (c) shall be duly authorized to exercise trust powers within the State, (d) shall have a reported capital, surplus and retained earnings of not less than \$100,000,000, and (e) shall be willing to accept the trusteeship under the terms and conditions of this Indenture.

Every successor Trustee appointed hereunder shall execute and acknowledge, and shall deliver to its predecessor, the Issuer and the Borrower an instrument or document in writing accepting the appointment. Thereupon, without any further act, the successor shall become vested with all of the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens of its

predecessor. Upon the written request of its successor, the Issuer or the Borrower, and payment of all fees and expenses owed to it, the predecessor Trustee (a) shall execute and deliver an instrument or document transferring to its successor all of the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens of the predecessor Trustee hereunder, and (b) shall take any other action necessary to duly assign, transfer and deliver to its successor all property (including without limitation, all securities and moneys) held by it as Trustee. Should any instrument or document in writing from the Issuer be requested by any successor Trustee for vesting and conveying more fully and certainly in and to that successor the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens vested or conveyed or intended to be vested or conveyed hereby in or to the predecessor Trustee, the Issuer shall execute, acknowledge and deliver that instrument or document.

In the event of a change in the Trustee, the predecessor Trustee shall cease to be custodian of any moneys which it may hold pursuant to this Indenture and shall cease to be registrar, authenticating agent and paying agent for any of the Bonds, to the extent it served in any of those capacities. The rights of the predecessor Trustee to indemnification and reimbursement of fees and expenses shall survive the Trustee's resignation or removal.

Section 5.10. Adoption of Authentication. In case any of the Bonds shall have been authenticated, but shall not have been delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee and may deliver those Bonds so authenticated as provided herein. In case any Bonds shall not have been authenticated, any successor Trustee may authenticate those Bonds either in the name of any predecessor or in its own name. In all cases, the certificate of authentication shall have the same force and effect as provided in the Bonds or in this Indenture with respect to the certificate of authentication of the predecessor Trustee.

Section 5.11. Dealing in Bonds. The Trustee, its Affiliates, and any directors, officers, employees or agents thereof, in good faith, may become the owners of Bonds secured hereby with the same rights which it or they would have hereunder if the Trustee did not serve in that capacity.

Section 5.12. Representations, Agreements and Covenants of Trustee. The Trustee hereby represents that it is a national banking association duly organized and validly existing under the laws of the United States of America, in good standing and duly authorized to exercise corporate trust powers in the State, and that it has an unimpaired reported capital, surplus and retained earnings of not less than \$100,000,000. The Trustee covenants that it will take such action, if any, as is necessary to remain in good standing and duly authorized to exercise corporate trust powers in the State, and that it will maintain an unimpaired reported capital, surplus and retained earnings of not less than \$100,000,000. The Trustee accepts and agrees to observe and perform the duties and obligations of the Trustee to which reference is made in any other instrument or document providing security for any of the Bonds expressly subject to this Indenture, including this Article V.

Section 5.13. Reserved.

Section 5.14. Interpleader. In the event of a dispute between any of the parties hereto with respect to the disposition of any funds held by the Trustee hereunder, or the Trustee receives conflicting demands made upon the Trustee with respect to the Trustee's duties hereunder or any other document related to the Bonds, the Trustee shall be entitled to file a suit in interpleader in a court in the State of Texas seeking to require the parties to interplead and litigate in such court their several claims and rights among themselves. Upon the filing of such a suit and the deposit of the applicable funds to such court, the Trustee will ipso facto be fully released and discharged from all obligations to further perform any and all duties imposed hereunder or any other document related to the Bonds regarding such matter and/or such funds that are the subject of such interpleader suit. In the event that the Trustee remains as Trustee under this Indenture and receives a court order, directive or other request regarding the interpleader suit, the Trustee shall be entitled to rely upon such instruction without incurring any obligation or liability and the parties hereto release, hold harmless and indemnify the Trustee for any obligation or liability for so relying on such court instruction.

Section 5.15. Survival of Certain Provisions. The provisions of Sections 5.01 through 5.14 of this Indenture shall survive the release, discharge and satisfaction of this Indenture.

Section 5.16. Concerning the Remarketing Agent.

The Remarketing Agent identified in Section 1.01 hereof shall serve as the Remarketing Agent for the Bonds. The Remarketing Agent shall designate to the Trustee its Designated Office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer, the Borrower and the Trustee. In addition, the Remarketing Agent will agree particularly to:

- (a) keep such records relating to its computations of interest rates for the Bonds as shall be consistent with prudent industry practice and to make such records available for inspection by the Issuer, the Trustee and the Borrower at all reasonable times; and
- (b) perform all of its functions and duties under this Indenture.

The Remarketing Agent shall be entitled to advice of legal counsel on any matter relating to the Remarketing Agent's obligations hereunder and shall be entitled to act upon the opinion of such counsel in the exercise of reasonable care in fulfilling such obligations.

The Remarketing Agent shall be entitled to appoint additional co-Remarketing Agents to assist in the performance of the Remarketing Agent's obligations under this Indenture, and any such appointment shall be effective without any action by the Issuer or the Borrower being necessary; provided that any such co-Remarketing Agent, shall have a capitalization of at least \$5,000,000, or shall have a line of credit with a commercial bank in the amount of at least \$5,000,000, shall be in conformity with all standards and requirements of the Municipal Securities Rulemaking Board and the Securities and Exchange Commission, and shall be authorized by law to perform all the duties imposed upon it by this Indenture. The Remarketing Agent shall take responsibility for any co-Remarketing Agent it appoints.

Section 5.17. Qualification of Remarketing Agent.

The Remarketing Agent shall be a member in good standing of the Financial Industry Regulatory Authority having a capitalization of at least \$5,000,000, or shall have a line of credit with a commercial bank in the amount of at least \$5,000,000, and shall be authorized by law to perform all the duties imposed upon it by this Indenture. Subject to the terms of the Remarketing Agreement, the Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 30 days' notice of such resignation to the Issuer, the Borrower and the Trustee. The Remarketing Agent may be removed, with prior notice to the Issuer, at any time by the Borrower, with at least 30 days' notice of such removal to the Remarketing Agent.

Upon any resignation or removal of the Remarketing Agent, the departing Remarketing Agent shall pay over, assign and deliver any money and Bonds held by it in such capacity to its successor.

The Trustee, within 30 days of the resignation or removal of the Remarketing Agent or the appointment of a successor Remarketing Agent, shall give notice thereof by registered or certified mail or by overnight courier service, delivery charges pre-paid, to the Rating Agency (if the Bonds are then rated) and to the Holders of the Bonds. If the Bonds are in Book Entry Form, such notice shall be given in accordance with the applicable procedures of the Depository.

Section 5.18. Additional Duties. Notwithstanding any provisions hereof to the contrary, the Trustee shall have the following additional duties:

(a) The Trustee shall provide the Rating Agency such information within its possession as the Rating Agency shall reasonably require from time to time in order to maintain the rating on the Bonds; and

(b) The Trustee shall provide to the Underwriter upon its written request a list of the names and addresses of the registered Holders of all Bonds then outstanding at the sole cost and expense of the Underwriter or, if the Bonds are held in Book Entry Form, the special position report (or similar list of Beneficial Owners) from the Depository.

Section 5.19. Notices to Rating Agency and Remarketing Notice Parties. The Trustee shall notify the Rating Agency and the Remarketing Notice Parties of (a) the occurrence of an Event of Default of which the Trustee has actual notice, (b) the occurrence of any monetary or other material default under the Loan of which the Trustee has actual notice, (c) any change in the identity of the Trustee, (d) any amendments, modifications, supplements or changes to this Indenture, the Loan Agreement, the Note or the Bonds, including any extension of principal or modification of interest or redemption premium due on any of the Bonds, in each case only in the event the Trustee has actual notice, (e) any change or proposed change in the structure or identity of the Borrower of which the Trustee has actual knowledge, (f) any partial prepayment of the Loan or the giving of notice of the call for redemption of any Bonds, (g) any change or notification of proposed change of the Mandatory Tender Date pursuant to a remarketing of the Bonds, (h) any change in the investment of funds subject to the lien of this Indenture other than in Eligible Investments, (i) any defeasance or acceleration of the Bonds hereunder, or (j) any change in the Remarketing Agent of which the Trustee has actual knowledge.

Section 5.20. Compliance with Texas Government Code. Pursuant to Section 2270.002, Texas Government Code, and subject to or as otherwise required by applicable federal law, the Trustee hereby represents that the Trustee does not boycott Israel and will not boycott Israel through the term of this Indenture, the Regulatory Agreement and the Tax Exemption Agreement, and such representation is hereby incorporated by reference into each of the documents referenced herein. For purposes of this representation, “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

Pursuant to Subchapter F, Chapter 2252, Texas Government Code, to the extent applicable to this Indenture, the Loan Agreement, the Regulatory Agreement and the Tax Exemption Agreement, the Trustee represents that neither they nor any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of the Trustee, is a company engaged in business with Iran, Sudan, or a foreign terrorist organization or on a list prepared and maintained by the Comptroller of Public Accounts of the State of Texas under Section 806.051, 807.051, or 2252.153, Texas Government Code.

(End of Article V)

ARTICLE VI

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND HOLDERS

Section 6.01. Defaults; Events of Default. The occurrence of any of the following events is defined as and declared to be and to constitute an “Event of Default” hereunder:

(a) Payment of any interest on any Bond shall not be made when and as that interest shall become due and payable;

(b) Payment of the principal of any Bond shall not be made when and as that principal shall become due and payable, whether at stated maturity, upon Mandatory Tender, upon redemption, acceleration or otherwise;

(c) Failure by the Issuer to observe or perform any other covenant, agreement or obligation on its part required to be observed or performed as set forth in this Indenture, the Tax Exemption Agreement or in the Bonds, which failure shall have continued for a period of 30 days after written notice, by registered or certified mail, to the Issuer, the Borrower, and the Investor Member specifying the failure and requiring that it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Holders of not less than 25% in aggregate principal amount of Bonds then Outstanding; and

(d) The occurrence and continuance of an Event of Default as defined in Section 7.1 of the Loan Agreement.

The term “default” or “failure” as used in this Article means (i) a default or failure by the Issuer in the observance or performance of any of the covenants, agreements or obligations on its part to be observed or performed contained in this Indenture or in the Bonds, or (ii) a default or failure by the Borrower under the Loan Agreement, exclusive of any period of grace or notice required to constitute an Event of Default, as provided above or in the Loan Agreement.

Section 6.02. Notice of Default. If an Event of Default shall occur which the Trustee has notice of or is deemed to have notice of pursuant to Section 5.02(f) hereof, the Trustee shall give written notice of the Event of Default, by registered or certified mail or by overnight courier service, delivery charges pre-paid, to the Issuer, the Borrower, the Investor Member and the Remarketing Agent, within five (5) business days after the Trustee has notice of or is deemed to have notice of the Event of Default. Within 30 days after the Trustee has notice of or is deemed to have notice of the Event of Default, the Trustee shall give written notice thereof to the Holders of all Bonds then Outstanding as shown by the Register at the close of business 15 days prior to the notice being sent; provided, that except in the case of an Event of Default described in paragraphs (a) and (b) of Section 6.01 hereof, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors or responsible officers of the Trustee in good faith determines that the withholding of notice to the Holders is in the interests of the Holders.

Section 6.03. Acceleration. Upon the occurrence of an Event of Default described in Section 6.01(a) and (b), the Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding shall, subject to Section

5.02(j), by written notice delivered to the Borrower, the Rating Agency and the Issuer, declare the principal of all Bonds then Outstanding (if not then due and payable), and the interest accrued thereon, to be due and payable immediately; provided, however, that the Trustee shall make such declaration only if the Trustee has determined that it will have sufficient funds available to pay the full amount of the principal and accrued but unpaid interest to the Holders of the Bonds as of the date of acceleration. If the Trustee is unable to determine that sufficient funds will be available, the Trustee shall declare the principal of the Bonds immediately due and payable only upon written direction of all Holders of the Bonds then Outstanding. Upon the occurrence of any Event of Default other than those described in Section 6.01(a) and (b), the Trustee may, and upon the written request of all Holders of Bonds then Outstanding shall, subject to Section 5.02(j), declare by a notice in writing delivered to the Borrower and the Issuer, the principal of all Bonds then Outstanding (if not then due and payable), and the interest thereon, to be due and payable immediately. Upon such declaration, principal and interest on the Bonds shall become and be due and payable immediately. Interest on the Bonds shall accrue to the date determined by the Trustee for the tender of payment to the Holders pursuant to that declaration; provided that interest on any unpaid principal of Bonds Outstanding shall continue to accrue from the date determined by the Trustee for the tender of payment to the Holders of those Bonds.

The provisions of the preceding paragraph are subject, however, to the condition that if, at any time after declaration of acceleration and prior to the entry of a judgment in a court for enforcement hereunder (after an opportunity for hearing by the Issuer and the Borrower), (i) all sums payable hereunder (except the principal of and interest on Bonds which have not reached their stated maturity dates but which are due and payable solely by reason of that declaration of acceleration), plus interest to the extent permitted by law on any overdue installments of interest at the rate borne by the Bonds in respect of which the Event of Default shall have occurred, shall have been duly paid or provision shall have been duly made therefor by deposit with the Trustee, and (ii) all existing Events of Default shall have been cured, then and in every case, the Trustee shall waive the Event of Default and its consequences and shall rescind and annul that declaration. No waiver or rescission and annulment shall extend to or affect any subsequent Event of Default or shall impair any rights consequent thereon.

The Investor Member shall be entitled to cure any default or Event of Default hereunder within the time frame provided to the Borrower hereunder. The Issuer and the Trustee agree that a cure of any default or Event of Default made or tendered by the Investor Members shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Section 6.04. Other Remedies; Rights of Holders. With or without taking action under Section 6.03 hereof, upon the occurrence and continuance of an Event of Default, the Trustee may pursue any available remedy, including without limitation actions at law or equity to enforce the payment of Bond Service Charges or the observance and performance of any other covenant, agreement or obligation under this Indenture, the Loan Agreement, the Regulatory Agreement or the Note or any other instrument providing security, directly or indirectly, for the Bonds.

If, upon the occurrence and continuance of an Event of Default, the Trustee is requested so to do by the Holders of at least a majority in aggregate principal amount of Bonds Outstanding, the Trustee (subject to the provisions of Sections 5.01 and 5.02 and particularly subparagraph

Section 5.01(c)(iv) and Subsection 5.02(j) of those Sections), shall exercise any rights and powers conferred by this Section.

No remedy conferred upon or reserved to the Trustee (or to the Holders) by this Indenture is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to every other remedy given hereunder or otherwise to the Trustee or to the Holders now or hereafter existing.

No delay in exercising or omission to exercise any remedy, right or power accruing upon any default or Event of Default shall impair that remedy, right or power or shall be construed to be a waiver of any default or Event of Default or acquiescence therein. Every remedy, right and power may be exercised from time to time and as often as may be deemed to be expedient.

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any remedy, right or power consequent thereon.

As the assignee of all right, title and interest of the Issuer in and to the Loan Agreement (except for the Reserved Rights), the Trustee is empowered to enforce each remedy, right and power granted to the Issuer under the Loan Agreement. In exercising any remedy, right or power thereunder or hereunder, the Trustee shall take any action which would best serve the interests of the Holders in the judgment of the Trustee, applying the standards described in Sections 5.01 and 5.02 hereof.

Section 6.05. Right of Holders to Direct Proceedings. The Holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right at any time to direct, by an instrument or document in writing executed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture or any other proceedings hereunder; provided, that (a) any direction shall not be other than in accordance with the provisions of law and of this Indenture, (b) the Trustee shall be indemnified as provided in Sections 5.01 and 5.02, and (c) the Trustee may take any other action which it deems to be proper and which is not inconsistent with the direction.

Section 6.06. Application of Money. If at any time after the occurrence of an Event of Default the moneys held by the Trustee under this Indenture (other than amounts in the Rebate Fund) shall not be sufficient to pay the principal of and interest on the Bonds as the same become due and payable, such moneys, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of remedies in this Article or otherwise, shall be applied by the Trustee as set forth in this Section 6.06. After payment of any costs, expenses, liabilities and advances paid, incurred or made by the Trustee in the collection of money and to all Ordinary Trustee Fees and Expenses and fees of the Trustee for Extraordinary Services and Extraordinary Expenses (including without limitation, reasonable attorneys' fees and expenses, except as limited by law or judicial order or decision entered in any action taken under this Article VI), all money received by the Trustee on deposit in the Special Funds shall be applied as follows, subject to Section 2.05 hereof and any provision made pursuant to Section 4.10 or 4.11 hereof:

(a) Unless the principal of all of the Bonds shall have become, or shall have been declared to be, due and payable, all of such money shall be deposited in the Bond Fund and shall be applied:

First -- To the payment to the Holders entitled thereto of all installments of interest then due on the Bonds, in the order of the dates of maturity of the installments of that interest, beginning with the earliest date of maturity and, if the amount available is not sufficient to pay in full any particular installment, then to the payment thereof ratably, according to the amounts due on that installment, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds; and

Second -- To the payment to the Holders entitled thereto of the unpaid installments of principal of any of the Bonds which shall have become due, in the order of their due dates, beginning with the earliest due date, with interest on those Bonds from the respective dates upon which they became due at the rates specified in those Bonds, and if the amount available is not sufficient to pay in full all Bonds due on any particular date, together with that interest, then to the payment thereof ratably, according to the amounts of principal due on that date, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

(b) If the principal of all of the Bonds shall have become due or shall have been declared to be due and payable pursuant to this Article, all of such money shall be deposited into the Bond Fund and shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest, of interest over principal, of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

(c) If the principal of all of the Bonds shall have been declared to be due and payable pursuant to this Article, and if that declaration thereafter shall have been rescinded and annulled under the provisions of Section 6.03 or 6.10 hereof, subject to the provisions of paragraph (b) of this Section in the event that the principal of all of the Bonds shall become due and payable later, the money on deposit in the Special Funds shall remain in such funds and accounts and shall be applied in accordance with the provisions of this Indenture.

(d) Whenever money on deposit in the Special Funds is to be applied pursuant to the provisions of this Section, such money shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of money available for application and the likelihood of additional money becoming available for application in the future. Whenever the Trustee shall direct the application of such money, it shall fix the date upon which the application is to be made, and upon that date, interest shall cease to accrue on the amounts of principal, if any, to be paid on that date, provided the money is available therefor. The Trustee shall give notice of the deposit with it of any money and of the fixing of that date, all consistent with the requirements of Section 2.05 hereof for the establishment of, and for giving notice with respect to, a Special Record Date for the payment of overdue interest. The Trustee shall not be

required to make payment of principal of a Bond to the Holder thereof, until the Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if it is paid fully.

Section 6.07. Remedies Vested in Trustee. All rights of action (including without limitation, the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto. Any suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining any Holders as plaintiffs or defendants. Any recovery of judgment shall be for the benefit of the Holders of the Outstanding Bonds, subject to the provisions of this Indenture.

Section 6.08. Rights and Remedies of Holders. A Holder shall not have any right to institute any suit, action or proceeding for the enforcement of this Indenture, for the execution of any trust hereof, or for the exercise of any other remedy hereunder, unless:

(a) there has occurred and is continuing an Event of Default of which the Trustee has been notified, as provided in Section 5.02(f) hereof, or of which it is deemed to have notice under that paragraph,

(b) the Holders of at least a majority in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee to exercise the remedies, rights and powers granted herein or to institute the suit, action or proceeding in its own name and shall have furnished indemnity to the Trustee as provided in Sections 5.01 and 5.02 hereof, and

(c) the Trustee thereafter shall have failed or refused to exercise the remedies, rights and powers granted herein or to institute the suit, action or proceeding in its own name.

At the option of the Trustee, that notification (or notice), request, opportunity and furnishing of indemnity are conditions precedent in every case, to the institution of any suit, action or proceeding described above.

No one or more Holders of the Bonds shall have any right to affect, disturb or prejudice in any manner whatsoever the security or benefit of this Indenture by its or their action, or to enforce, except in the manner provided herein, any remedy, right or power hereunder. Any suit, action or proceedings shall be instituted, had and maintained in the manner provided herein for the benefit of the Holders of all Bonds then Outstanding. Nothing in this Indenture shall affect or impair, however, the right of any Holder to enforce the payment of the Bond Service Charges on any Bond owned by that Holder at and after the maturity thereof, at the place, from the sources and in the manner expressed in that Bond.

Section 6.09. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any remedy, right or power under this Indenture in any suit, action or proceedings, and the suit, action or proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, the Issuer, the Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as if no suit, action or proceedings had been taken.

Section 6.10. Waivers of Events of Default. Except for those Events of Default described in paragraphs (a) and (b) of Section 6.01, at any time, in its discretion, the Trustee may waive any Event of Default hereunder and its consequences and may rescind and annul any declaration of maturity of principal or interest on, the Bonds, and the Trustee shall do so upon the written request of the Holders of at least a majority in aggregate principal amount of all Bonds then Outstanding.

There shall not be so waived any Event of Default described in paragraphs (a) or (b) of Section 6.01 hereof or any declaration of acceleration in connection therewith rescinded or annulled, unless at the time of that waiver or rescission and annulment, payments of the amounts provided in Section 6.03 hereof for waiver and rescission and annulment in connection with acceleration of maturity have been made or provision has been made therefor. In the case of the waiver or rescission and annulment, or in case any suit, action or proceedings taken by the Trustee on account of any Event of Default shall have been discontinued, abandoned or determined adversely to it, the Issuer, the Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively. No waiver or rescission shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

Section 6.11. Foreclosure of Bond Mortgage. Notwithstanding anything contained this Indenture or in the Bond Mortgage to the contrary, upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action which may subject the Trustee to liability under any environmental law, statute, regulation or similar requirement relating to the environment, the Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action.

(End of Article VI)

ARTICLE VII

SUPPLEMENTAL INDENTURES

Section 7.01. Supplemental Indentures Generally. The Issuer and the Trustee may enter into indentures supplemental to this Indenture, as provided in this Article and pursuant to the other provisions therefor in this Indenture.

Section 7.02. Supplemental Indentures Not Requiring Consent of Holders. Without the consent of, or notice to, any of the Holders, the Issuer and the Trustee may enter into indentures supplemental to this Indenture which shall not, in the opinion of the Issuer, be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

- (a) To cure any ambiguity, inconsistency or formal defect or omission in this Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that lawfully may be granted to or conferred upon the Holders or the Trustee;
- (c) To assign additional revenues under this Indenture;
- (d) To accept additional security and instruments and documents of further assurance with respect to the Project;
- (e) To add to the covenants, agreements, obligations and rights of the Issuer under this Indenture, other covenants, agreements and obligations to be observed or rights to be exercised for the protection of the Holders, or to surrender or limit any right, power or authority reserved to or conferred upon the Issuer in this Indenture;
- (f) To evidence any succession to the Issuer and the assumption by its successor of the covenants, agreements and obligations of the Issuer under this Indenture, the Loan Agreement and the Bonds;
- (g) To facilitate (i) the transfer of Bonds issued by the Issuer under this Indenture and held in Book Entry Form from one Depository to another and the succession of Depositories, or (ii) the withdrawal of Bonds issued by the Issuer under this Indenture and delivered to a Depository for use in a Book Entry System and the issuance of replacement Bonds in fully registered form and in the form of physical certificates to others than a Depository;
- (h) To permit the Trustee to comply with any obligations imposed upon it by law;
- (i) To specify further the duties and responsibilities of the Trustee;
- (j) To achieve compliance of this Indenture with any applicable federal securities or tax law; and
- (k) To make amendments to the provisions hereof relating to arbitrage matters under Section 148 of the Code, if, in the Opinion of Bond Counsel, those amendments would not

adversely affect the Federal Tax Status of the Bonds, which amendments may, among other things, change the responsibility for making the relevant calculations, provided that in no event shall such amendment delegate to the Trustee, without its consent, in its sole discretion, the obligation to make or perform the calculations required under Section 148 of the Code.

The provisions of Subsections 7.02(h) and (j) shall not be deemed to constitute a waiver by the Trustee, the Issuer or any Holder of any right which it may have in the absence of those provisions to contest the application of any change in law to this Indenture or the Bonds.

Section 7.03. Supplemental Indentures Requiring Consent of Holders. Exclusive of Supplemental Indentures to which reference is made in Section 7.02 hereof and subject to the terms, provisions and limitations contained in this Section, and not otherwise, with the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, evidenced as provided in this Indenture, and with the consent of the Borrower if required by Section 7.04 hereof, the Issuer and the Trustee may execute and deliver Supplemental Indentures adding any provisions to, changing in any manner or eliminating any of the provisions of this Indenture or any Supplemental Indenture or restricting in any manner the rights of the Holders. Nothing in this Section or Section 7.02 hereof shall permit, however, or be construed as permitting:

(a) without the consent of the Holder of each Bond so affected, (i) an extension of the maturity of the principal of or the interest on any Bond or (ii) a reduction in the principal amount of any Bond or the rate of interest thereon, or

(b) without the consent of the Holders of all Bonds then Outstanding, (i) the creation of a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (ii) a reduction in the aggregate principal amount of the Bonds required for consent to a Supplemental Indenture.

If the Issuer shall request that the Trustee execute and deliver any Supplemental Indenture for any of the purposes of this Section, upon (i) being satisfactorily indemnified with respect to its expenses in connection therewith, and (ii) if required by Section 7.04 hereof, receipt of the Borrower's consent to the proposed execution and delivery of the Supplemental Indenture, the Trustee shall cause notice of the proposed execution and delivery of the Supplemental Indenture to be mailed by first-class mail, postage prepaid (or sent pursuant to the applicable procedures of the Depository), to all Holders of Bonds then Outstanding at their addresses as they appear on the Register at the close of business on the fifteenth day preceding such delivery.

The Trustee shall not be subject to any liability to any Holder by reason of the Trustee's failure to mail, or the failure of the Depository to send, or the failure of any Holder to receive, the notice required by this Section. Any failure of that nature shall not affect the validity of the Supplemental Indenture when there has been consent thereto as provided in this Section. The notice shall set forth briefly the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Designated Office of the Trustee for inspection by all Holders.

If the Trustee shall receive, within a period prescribed by the Borrower, of not less than 60 days, but not exceeding one year, following the sending of the notice, an instrument or document or instruments or documents, in form to which the Trustee does not reasonably object, purporting

to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding (which instrument or document or instruments or documents shall refer to the proposed Supplemental Indenture in the form described in the notice and specifically shall consent to the Supplemental Indenture in substantially that form), the Trustee shall, but shall not otherwise, execute and deliver the Supplemental Indenture in substantially the form to which reference is made in the notice as being on file with the Trustee, without liability or responsibility to any Holder, regardless of whether that Holder shall have consented thereto.

Any consent shall be binding upon the Holder of the Bond giving the consent and, anything herein to the contrary notwithstanding, upon any subsequent Holder of that Bond and of any Bond issued in exchange therefor (regardless of whether the subsequent Holder has notice of the consent to the Supplemental Indenture). A consent may be revoked in writing, however, by the Holder who gave the consent or by a subsequent Holder of the Bond by a revocation of such consent received by the Trustee prior to the execution and delivery by the Trustee of the Supplemental Indenture. At any time after the Holders of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the Issuer a written statement that the Holders of the required percentage of Bonds have filed those consents. That written statement shall be conclusive evidence that the consents have been so filed.

If the Holders of the required percentage in aggregate principal amount of Bonds Outstanding shall have consented to the Supplemental Indenture, as provided in this Section, no Holder shall have any right (a) to object to (i) the execution or delivery of the Supplemental Indenture, (ii) any of the terms and provisions contained therein, or (iii) the operation thereof, (b) to question the propriety of the execution and delivery thereof, or (c) to enjoin or restrain the Trustee or the Issuer from that execution or delivery or from taking any action pursuant to the provisions thereof.

Section 7.04. Consent of Borrower. Anything contained herein to the contrary notwithstanding, a Supplemental Indenture executed and delivered in accordance with this Article VII which affects in any material respect any rights or obligations of the Borrower shall not become effective unless and until the Borrower and Investor Member shall have consented in writing to the execution and delivery of that Supplemental Indenture. The Trustee shall cause notice of the proposed execution and delivery of any Supplemental Indenture and a copy of the proposed Supplemental Indenture to be mailed to the Borrower and Investor Member, as provided in Section 12.03 hereof, (a) at least 30 days (unless waived by the Borrower and Investor Member) before the date of the proposed execution and delivery in the case of a Supplemental Indenture to which reference is made in Section 7.02 hereof, and (b) at least 30 days (unless waived by the Borrower and Investor Member) before the giving of the notice of the proposed execution and delivery in the case of a Supplemental Indenture for which provision is made in Section 7.03 hereof.

Section 7.05. Responsibilities of Trustee. Notwithstanding anything else contained herein, the Trustee shall not be required to enter into any Supplemental Indenture which contains provisions adverse to the Trustee or affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, or to determine whether a Supplemental Indenture affects in any material respect the rights and obligations of the Borrower. Any such determination shall be evidenced by a certificate to that effect delivered by the Borrower to the Trustee and Issuer.

Section 7.06. Authorization to Trustee; Effect of Supplement. The Trustee is authorized to join with the Issuer in the execution and delivery of any Supplemental Indenture in accordance with this Article and to make the further agreements and stipulations which may be contained therein. Thereafter,

(a) That Supplemental Indenture shall form a part of this Indenture;

(b) All terms and conditions contained in that Supplemental Indenture as to any provision authorized to be contained therein shall be deemed to be a part of the terms and conditions of this Indenture for any and all purposes;

(c) This Indenture shall be deemed to be modified and amended in accordance with the Supplemental Indenture; and

(d) The respective rights, duties and obligations under this Indenture of the Issuer, the Borrower, the Trustee and all Holders of Bonds then Outstanding shall be determined, exercised and enforced hereunder in a manner which is subject in all respects to those modifications and amendments made by the Supplemental Indenture.

Express reference to any executed and delivered Supplemental Indenture may be made in the text of any Bonds issued thereafter, if that reference is deemed necessary or desirable by the Trustee or the Issuer. A copy of any Supplemental Indenture for which provision is made in this Article, except a Supplemental Indenture described in clause (g) of Section 7.02 hereof, shall be mailed by the Trustee to all Holders, Borrower, Investor Member and Rating Agency.

Section 7.07. Opinion of Counsel. The Trustee shall receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it as conclusive evidence that all conditions precedent under this Indenture to enter into any proposed Supplemental Indenture described in Sections 7.02 and 7.03 have been satisfied and that the Supplemental Indenture is authorized or permitted by this Indenture. That counsel may be counsel for the Issuer or the Borrower.

Before the Issuer and the Trustee shall enter into any Supplemental Indenture, there shall have been delivered to the Trustee an Opinion of Bond Counsel to the effect that such Supplemental Indenture will not adversely affect the Federal Tax Status of the Bonds.

Section 7.08. Modification by Unanimous Consent. Notwithstanding anything contained elsewhere in this Indenture, the rights and obligations of the Issuer and of the Holders, and the terms and provisions of the Bonds and this Indenture or any Supplemental Indenture, may be modified or altered in any respect with the consent of (a) the Issuer, (b) the Holders of all of the Bonds then Outstanding, (c) the Borrower and Investor Member and (d) if such modification or alteration contains provisions adverse to the Trustee, the Trustee.

(End of Article VII)

ARTICLE VIII

DEFEASANCE

Section 8.01. Release of Indenture. If (a) the Issuer shall pay all of the Outstanding Bonds, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Holders of the Outstanding Bonds, all Bond Service Charges due or to become due thereon, and (b) provision also shall be made for the payment of all other sums payable hereunder or under the Loan Agreement, the Tax Exemption Agreement, the Regulatory Agreement and the Note, then this Indenture shall cease, determine and become null and void (except for those provisions surviving by reason of Section 8.03 hereof in the event the Bonds are deemed paid and discharged pursuant to Section 8.02 hereof), and the covenants, agreements and obligations of the Issuer hereunder shall be released, discharged and satisfied.

Thereupon, and subject to the provisions of Section 8.03 hereof, if applicable,

(a) the Trustee shall release this Indenture (except for those provisions surviving by reason of Section 8.03 hereof in the event the Bonds are deemed paid and discharged pursuant to Section 8.02 hereof), and shall execute and deliver to the Issuer any instruments or documents in writing as shall be requisite to evidence that release and discharge or as reasonably may be requested by the Issuer, and

(b) the Trustee shall assign and deliver to the Issuer any property subject at the time to the lien of this Indenture which then may be in its possession, except amounts in the Bond Fund required (i) to be paid to the Borrower under Section 4.14 hereof, or (ii) to be held by the Trustee under Section 4.13 hereof or otherwise for the payment of Bond Service Charges.

Section 8.02. Payment and Discharge of Bonds. All or any part of the Bonds shall be deemed to have been paid and discharged within the meaning of this Indenture, including without limitation, Section 8.01 hereof, if the Trustee as paying agent shall have received, in trust for and irrevocably committed thereto (i) sufficient money or (ii) noncallable Government Obligations which are certified by an Independent public accounting firm of national reputation to be of such maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient, together with any money described in (i) hereof, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so committed, except as provided herein), for the payment of all Bond Service Charges on those Bonds to their maturity.

Any money held by the Trustee in accordance with the provisions of this Section may be invested by the Trustee only in noncallable Government Obligations having maturity dates, or having redemption dates which, at the option of the holder of those obligations, shall be not later than the date or dates at which money will be required for the purposes described above. To the extent that any income or interest earned by, or increment to, the investments held under this Section is determined from time to time by the Trustee to be in excess of the amount required to be held by the Trustee for the purposes of this Section, that income, interest or increment shall be transferred at the time of that determination in the manner provided in Section 4.14 hereof for transfers of amounts remaining in the Bond Fund.

If any Bonds shall be deemed paid and discharged pursuant to this Section 8.02, then within 15 days after such Bonds are so deemed paid and discharged the Trustee shall cause a written notice to be given to each Holder as shown on the Register on the date on which such Bonds are deemed paid and discharged. Such notice shall state the numbers of the Bonds deemed paid and discharged or state that all Bonds are deemed paid and discharged and set forth a description of any obligations held pursuant to this Section 8.02.

Section 8.03. Survival of Certain Provisions. Notwithstanding the foregoing, any provisions of the Bond Resolution and this Indenture which relate to the maturity of Bonds, interest payments and dates thereof, exchange, transfer and registration of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, the holding of money in trust, and repayments to the Borrower from the Bond Fund, the rebate of money to the United States in accordance with Section 4.09 hereof and the Tax Exemption Agreement, payment of Issuer's Fees and the rights and duties of the Trustee in connection with all of the foregoing, shall remain in effect and be binding upon the Trustee and the Holders notwithstanding the release and discharge of this Indenture. The provisions of this Article shall survive the release, discharge and satisfaction of this Indenture. The obligations of the Borrower to pay the Trustee its fees and expenses hereunder shall survive the release, discharge and satisfaction of this Indenture and the resignation or removal of the Trustee.

(End of Article VIII)

ARTICLE IX

GENERAL COVENANTS AND REPRESENTATIONS

Section 9.01. Covenants and Agreements of the Issuer. In addition to any other covenants and agreements of the Issuer contained in this Indenture or the Bond Resolution, the Issuer further covenants and agrees with the Holders and the Trustee as follows:

(a) Payment of Bond Service Charges. The Issuer will cause all Bond Service Charges to be paid solely from the sources provided herein, on the dates, at the places and in the manner provided in this Indenture.

(b) Revenues and Assignment of Revenues. The Issuer will not assign the Revenues or create or authorize to be created any debt, lien or charge thereon, other than the assignment thereof under this Indenture.

(c) Recordings and Filings. At the expense of the Borrower, the Issuer will cause this Indenture, and any related instruments or documents relating to the assignment made by it under this Indenture to secure the Bonds, to be recorded and filed in the manner and in the places which may be required by law in order to preserve and protect fully the security of the Holders and the rights of the Trustee hereunder.

(d) Inspection of Project Books. All books, instruments and documents in the Issuer's possession relating to the Project and the Revenues shall be open to inspection and copying at all times during the Issuer's regular business hours by any accountants or other agents of the Trustee which the Trustee may designate from time to time.

Section 9.02. Issuer's Tax Representations and Covenants. The Issuer represents, covenants and agrees that:

(a) the Issuer will comply with all applicable requirements of the Code that are necessary to preserve the Federal Tax Status of the Bonds, as further set forth in the Tax Exemption Agreement; and

(b) the Issuer will not take any action inconsistent with its expectations stated in the Tax Exemption Agreement and will comply with the covenants and requirements stated therein and incorporated by reference herein.

Section 9.03. Observance and Performance of Issuer Covenants, Agreements, Authority and Actions. The Issuer will observe and perform faithfully at all times all covenants, agreements, authority, actions, undertakings, stipulations and provisions to be observed or performed on its part under the Bond Resolution, the Issuer Documents and the Bonds which are executed, authenticated and delivered under this Indenture, and under all proceedings of its Governing Body pertaining thereto.

Section 9.04. Representations and Warranties of the Issuer. The Issuer hereby represents and warrants as follows:

(a) The Issuer is a public and official agency of the State.

(b) The Issuer has all necessary power and authority to issue the Bonds and to execute and deliver the Issuer Documents, and to perform its duties and discharge its obligations hereunder and thereunder.

(c) The revenues and assets pledged for the repayment of the Bonds are and will be free and clear of any pledge, lien or encumbrance prior to, or equal with, the pledge created by this Indenture, and all action on the part of the Issuer to that end has been duly and validly taken.

(d) The Issuer Documents have been validly authorized, executed and delivered by the Issuer, and assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws affecting creditors' rights generally and the application of equitable principles and principles of sovereign immunity.

Section 9.05. Trustee's Representations and Covenants. The Trustee represents, covenants and agrees that:

(a) The Trustee will invest funds held under this Indenture in accordance with the terms of this Indenture and the Tax Exemption Agreement and the written instructions of the Borrower.

(b) For the benefit of the owner of the Bonds, notwithstanding any other provisions of this Indenture or of any other instrument, the Trustee will not make or cause to be made any investment or other use of the moneys in the funds or accounts which would cause the Bonds to be classified as "arbitrage bonds" within the meaning of Sections 103(b) and 148 of the Code or would adversely affect the Federal Tax Status of the Bonds; provided that the Trustee shall be deemed to have complied with such requirements and shall have no liability to the extent it materially follows the written directions of the Borrower, the Issuer or the Rebate Analyst. This covenant shall extend, throughout the term of the Bonds, to all funds created under this Indenture and all moneys on deposit to the credit of any fund. Pursuant to this covenant, with respect to the investments of the funds and accounts under this Indenture, the Trustee obligates itself to comply throughout the term of the issue of the Bonds with the requirements of Sections 103(b) and 148 of the Code; provided that the Trustee shall be deemed to have complied with such requirements and shall have no liability to the extent it materially follows the written directions of the Borrower, the Issuer or the Rebate Analyst.

(c) Should the Issuer or the Borrower file with the Trustee (it being understood that neither the Issuer nor the Borrower has an obligation to so file) or should the Trustee receive an Opinion of Bond Counsel to the effect that any proposed investment or other use of proceeds of the Bonds would cause the Bonds to become "arbitrage bonds" within the meaning of Sections 103(b) and 148 of the Code, then the Trustee will comply with any written instructions of the Borrower regarding such investment or use so as to prevent the Bonds from becoming "arbitrage bonds." The Trustee will bear no liability to the Issuer, the Borrower or the Owners of the Bonds for investments made in accordance with such instructions. The Trustee shall not be liable or responsible for monitoring the compliance by the Borrower, the Issuer or

Remarketing Agent of any of the requirements of Section 148 of the Code or any applicable regulation, ruling, or other judicial or administrative interpretation thereof, it being acknowledged and agreed that the sole obligation of the Trustee in this regard shall be (i) to invest the moneys received by the Trustee pursuant to the written instructions of the Borrower, Issuer, or Remarketing Agent in the specific investments identified by the Borrower or, in the absence of such identification, to make investments as otherwise provided herein and to disburse said moneys in accordance with the terms of this Indenture and (ii) to follow investment instructions as provided in this Indenture. The Trustee shall not be liable for the Bonds becoming "arbitrage bonds" within the meaning of the Code, as a result of investments it makes in compliance with the instructions it receives or pursuant to or in compliance with the terms of this Indenture.

By its acceptance of this Indenture the Trustee acknowledges the incorporation of the Tax Exemption Agreement into this Indenture by this reference.

Section 9.06. Right to Inspect Register. At reasonable times and under reasonable regulations established by the Trustee, the Register may be inspected and copied (at the expense of the person making such copies) by the Borrower, the Issuers, Holders of 25% or more in aggregate principal amount of the Bonds then Outstanding, or a designated representative thereof.

Section 9.07. Rights and Enforcement of the Loan Agreement. The Trustee may enforce, in its name or in the name of the Issuer, all rights of the Issuer for and on behalf of the Holders, except for Reserved Rights, and may enforce all covenants, agreements and obligations of the Borrower under and pursuant to the Loan Agreement, regardless of whether the Issuer is in default in the pursuit or enforcement of those rights, covenants, agreements or obligations. The Issuer, however, will do all things and take all actions on its part necessary to comply with covenants, agreements, obligations, duties and responsibilities on its part to be observed or performed under the Loan Agreement, and will take all actions within its authority to keep the Loan Agreement in effect in accordance with the terms thereof.

Section 9.08. Change in Law. To the extent that published rulings of the Internal Revenue Service or amendments to the Code or the Regulations modify the covenants of the Issuer or the Trustee that are set forth in this Indenture or the Tax Exemption Agreement or that are necessary to maintain the Federal Tax Status on the Bonds, the Trustee and the Issuer will comply with such modifications upon the direction of Bond Counsel specifying such modifications.

Section 9.09. Limitations on Liability. Notwithstanding any other provision of this Indenture to the contrary:

ANY OBLIGATION WHICH THE ISSUER MAY INCUR UNDER THIS INDENTURE OR UNDER ANY INSTRUMENT EXECUTED IN CONNECTION HERewith WHICH SHALL ENTAIL THE EXPENDITURE OF MONEY SHALL NOT BE A GENERAL OBLIGATION OF THE ISSUER BUT SHALL BE A SPECIAL LIMITED OBLIGATION PAYABLE SOLELY FROM THE TRUST ESTATE. THE BONDS SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE HOLDERS THEREOF AGAINST THE TRUST ESTATE, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE BOND SERVICE CHARGES AND WHICH SHALL BE UTILIZED

FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THIS INDENTURE. THE BONDS SHALL BE LIMITED OBLIGATIONS OF THE ISSUER GIVING RISE TO NO CHARGE AGAINST THE ISSUER'S GENERAL CREDIT AND PAYABLE SOLELY FROM, AND CONSTITUTE CLAIMS OF THE HOLDERS THEREOF AGAINST ONLY, THE TRUST ESTATE. THE BOND SERVICE CHARGES SHALL NOT BE DEEMED TO CONSTITUTE DEBT OF THE ISSUER (EXCEPT TO THE EXTENT OF THE TRUST ESTATE). THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH, CREDIT, OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS AGAINST ANY PAST, PRESENT, OR FUTURE BOARD MEMBER, OFFICER OR EMPLOYEE OF THE ISSUER, OR OF ANY SUCCESSOR TO THE ISSUER, AS SUCH, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR TO THE ISSUER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE, OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH BOARD MEMBERS, OFFICERS OR EMPLOYEES, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF AND CONSIDERATION FOR THE EXECUTION AND ISSUANCE OF THE BONDS.

Anything in this Indenture to the contrary notwithstanding, it is expressly understood by the parties to this Indenture that (a) the Issuer and the Trustee may rely exclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee or any Holder as to the existence of any fact or state of affairs, (b) the Issuer shall not be under any obligation under this Indenture to perform any record keeping or to provide any legal services, it being understood that such services shall be performed or caused to be performed by the Trustee or by the Holders, and (c) none of the provisions of this Indenture shall require the Issuer or the Trustee to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under this Indenture, unless it shall first have been adequately indemnified to its satisfaction against any costs, expenses and liability which it may incur as a result of taking such action.

(End of Article IX)

ARTICLE X

AMENDMENTS TO LOAN AGREEMENT, NOTE, REGULATORY AGREEMENT AND BOND MORTGAGE

Section 10.01. Amendments Not Requiring Consent of Holders. Without the consent of or notice to the Holders, the Issuer, the Borrower, Investor Member and the Trustee may consent to any amendment, change or modification of the Loan Agreement, the Note, the Regulatory Agreement, or the Bond Mortgage, as may be required (a) by the provisions of the Note, the Loan Agreement, the Regulatory Agreement, or the Bond Mortgage, (b) for the purpose of curing any ambiguity, inconsistency or formal defect or omission in the Loan Agreement, the Note, the Regulatory Agreement, or the Bond Mortgage, (c) in connection with an amendment or to effect any purpose for which there could be an amendment of this Indenture pursuant to Section 7.02 hereof, or (d) in connection with any other change therein which is not to the prejudice of the Trustee or the Holders of the Bonds.

Section 10.02. Amendments Requiring Consent of Holders. Except for the amendments, changes or modifications contemplated in Section 10.01 hereof, neither the Issuer nor the Trustee shall consent to:

(a) any amendment, change or modification of the Loan Agreement, the Note, or the Bond Mortgage which would change the amount or time as of which Loan Payments and Eligible Funds are required to be paid or delivered, without the giving of notice as provided in this Section of the proposed amendment, change or modification and receipt of the written consent thereto of the Holders of all of the then Outstanding Bonds affected by such amendment, change or modification, or

(b) any other amendment, change or modification of the Loan Agreement, the Note, the Regulatory Agreement, or the Bond Mortgage without the giving of notice as provided in this Section of the proposed amendment, change or modification and receipt of the written consent thereto of the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding affected by such amendment, change or modification.

The consent of the Holders shall be obtained as provided in Section 7.03 hereof with respect to Supplemental Indentures.

If the Issuer or the Borrower shall request at any time the consent of the Trustee to any proposed amendment, change or modification of the Loan Agreement, the Note, the Regulatory Agreement, or the Bond Mortgage contemplated in subparagraphs (a) or (b) of this Section, upon being indemnified satisfactorily with respect to expenses, the Trustee shall cause notice of the proposed amendment, change or modification to be provided in the manner which is required by Section 7.03 hereof with respect to notice of Supplemental Indentures. The notice shall set forth briefly the nature of the proposed amendment, change or modification and shall state that copies of the instrument or document embodying it are on file at the Designated Office of the Trustee for inspection by all Holders.

Section 10.03. Opinion of Counsel. The Trustee shall receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it as conclusive evidence that all conditions precedent under this Indenture to any proposed amendment, change or modification of any of the documents described in Sections 10.01 and 10.02 have been satisfied and that such amendment, change or modification is authorized by this Indenture and the such applicable document or documents. That counsel may be counsel for the Issuer or the Borrower.

Before the Issuer and the Trustee shall consent to any amendment, change or modification of any of the documents described in Sections 10.01 and 10.02 there shall be delivered to the Trustee an Opinion of Bond Counsel to the effect that such amendment, change or modification will not adversely affect the Federal Tax Status of the Bonds.

Section 10.04. Responsibilities of the Trustee. Notwithstanding anything else contained herein, the Trustee shall not be required to enter into any amendment, change, or modification of any of the documents described in Section 10.01 and 10.02 which affects the Trustee's own rights, duties or immunities under this Indenture or any other Financing Document.

(End of Article X)

ARTICLE XI

MEETINGS OF HOLDERS

Section 11.01. Purposes of Meetings. A meeting of Holders may be called at any time and from time to time pursuant to the provisions of this Article XI, to take any action (a) authorized to be taken by or on behalf of the Holders of any specified aggregate principal amount of the Bonds, (b) under any provision of this Indenture or (c) authorized or permitted by law.

Section 11.02. Call of Meetings. The Trustee may (but shall not be obligated to) call at any time a meeting of Holders pursuant to Section 11.01 to be held at any reasonable time and place the Trustee shall determine. Notice of such meeting, setting forth the time, place and generally the subject thereof, shall be mailed by first-class mail, postage prepaid (or, when the Bonds are in Book Entry Form, sent pursuant to the applicable procedures of the Depository), not fewer than 15 nor more than 90 days prior to the date of the meeting to the Holders at their addresses as they appear on the Register on the fifteenth day preceding such mailing, which fifteenth day, preceding the mailing, shall be the record date for the meeting.

At any time, the Issuer or the Borrower, or the Holders of at least 25% in aggregate principal amount of the Bonds then Outstanding, shall have requested the Trustee to call a meeting of Holders, by written request setting forth the purpose of the meeting, and the Trustee shall not have mailed the notice of the meeting within 20 days after receipt of the request, then the Issuer, the Borrower and Investor Member or the Holders of Bonds in the amount above specified may determine the time and the place of the meeting and may call the meeting to take any action authorized in Section 12.01, by mailing notice thereof as provided above.

Any meetings of Holders shall be valid without notice, if the Holders of all Bonds then Outstanding are present in person or by proxy, or if notice is waived before or after the meeting by the Holders of all Bonds Outstanding who were not so present at the meeting, and if the Issuer, the Borrower and the Trustee are either present by duly authorized representatives or have waived notice, before or after the meeting.

Section 11.03. Voting. To be entitled to vote at any meeting of Holders, a Person shall (a) be a Holder of one or more Outstanding Bonds as of the record date for the meeting as determined above, or (b) be a person appointed by an instrument or document in writing as proxy by a Person who is a Holder as of the record date for the meeting, of one or more Outstanding Bonds. Each Holder or proxy shall be entitled to one vote for each \$100,000 principal amount of Bonds held or represented by it.

The vote upon any resolution submitted to any meeting of Holders shall be by written ballots on which shall be subscribed the signatures of the Holders of Bonds or of their representatives by proxy and the identifying number or numbers of the Bonds held or represented by them.

Section 11.04. Meetings. Notwithstanding any other provisions of this Indenture, the Trustee may make any reasonable regulations which it may deem to be advisable for meetings of Holders, with regard to:

- (a) proof of the holding of Bonds and of the appointment of proxies,
- (b) the appointment and duties of inspectors of votes,
- (c) recordation of the proceedings of those meetings,
- (d) the execution, submission and examination of proxies and other evidence of the right to vote, and
- (e) any other matters concerning the conduct, adjournment or reconvening of meetings which it may think fit.

The Trustee shall appoint a temporary chair of the meeting by an instrument or document in writing, unless the meeting shall have been called by the Issuer, the Borrower or by the Holders, as provided in Section 11.01, in which case the Issuer, the Borrower or the Holders calling the meeting, as the case may be, shall appoint a temporary chair in like manner. A permanent chair and a permanent secretary of the meeting shall be elected by vote of the Holders of a majority in principal amount of the Bonds represented at the meeting and entitled to vote.

The only Persons who shall be entitled to be present or to speak at any meeting of Holders shall be the Persons entitled to vote at the meeting and their counsel, any representatives of the Trustee and its counsel, any representatives of the Issuer and its counsel and any representatives of the Borrower and their counsel.

Section 11.05. Miscellaneous. Nothing contained in this Article XI shall be deemed or construed to authorize or permit any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Holders under any of the provisions of this Indenture or of the Bonds by reason of any call of a meeting of Holders or any rights conferred expressly or impliedly hereunder to make a call.

(End of Article XI)

ARTICLE XII

MISCELLANEOUS

Section 12.01. Limitation of Rights. With the exception of rights conferred expressly in this Indenture, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto, the Borrower, the Investor Member, the Remarketing Agent and the Holders of the Bonds any legal or equitable right, remedy, power or claim under or with respect to this Indenture or any covenants, agreements, conditions and provisions contained herein. This Indenture and all of those covenants, agreements, conditions and provisions are intended to be, and are, for the sole and exclusive benefit of the parties hereto, the Borrower, the Investor Member, the Remarketing Agent and the Holders of the Bonds, as provided herein.

Section 12.02. Severability. In case any Section or provision of this Indenture, or any covenant, agreement, stipulation, obligation, act or action, or part thereof, made, assumed, entered into or taken under this Indenture, or any application thereof, is held to be illegal or invalid for any reason, or is inoperable at any time, that illegality, invalidity or inoperability shall not affect the remainder thereof or any other section or provision of this Indenture or any other covenant, agreement, stipulation, obligation, act or action, or part thereof, made, assumed, entered into or taken under this Indenture, all of which shall be construed and enforced at the time as if the illegal, invalid or inoperable portion were not contained therein.

Any illegality, invalidity or inoperability shall not affect any legal, valid and operable Section, provision, covenant, agreement, stipulation, obligation, act, action, part or application, all of which shall be deemed to be effective, operative, made, assumed, entered into or taken in the manner and to the full extent permitted by law from time to time.

Section 12.03. Notices. Except as provided in Section 6.02 hereof, it shall be sufficient service or giving of any notice, request, complaint, demand or other instrument or document, if it is duly mailed by first-class mail, postage pre-paid, or is forwarded by overnight courier service, delivery charges pre-paid. Notices to the Issuer, the Borrower, the Investor Member, the Remarketing Agent and the Trustee shall be delivered to their respective Notice Address.

Duplicate copies of each notice, request, complaint, demand or other instrument or document given hereunder by the Issuer, the Trustee or the Borrower or the Investor Member to one or both of the others also shall be given to the others.

The Issuer, the Trustee, the Borrower, the Investor Member, the Remarketing Agent and the Rating Agency may, by notice given hereunder, designate any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or Persons to whose attention the same shall be directed.

In connection with any notice mailed pursuant to the provisions of this Indenture, a certificate of the Trustee, the Issuer, the Borrower, the Investor Member or the Holders of the Bonds, whichever or whoever mailed that notice, that the notice was so mailed shall be conclusive evidence of the proper mailing of the notice.

Section 12.04. Suspension of Mail and Courier Service. If because of the suspension of delivery of first-class mail or of delivery by overnight courier services, or for any other reason, the Trustee shall be unable to mail by the required class of mail or forward by overnight courier service any notice required to be given by the provisions of this Indenture, the Trustee shall give such notice in such other manner as in the judgment of the Trustee shall most effectively approximate the required mailing or forwarding thereof, and the giving of that notice in that manner for all purposes of this Indenture shall be deemed to be in compliance with the requirement of Section 12.03. Except as otherwise provided herein, the mailing of any notice shall be deemed complete upon deposit of that notice in the mail and the giving of any notice by any other means of delivery shall be deemed complete upon receipt of the notice by the delivery service.

Section 12.05. Payments Due on Saturdays, Sundays and Holidays. If any Interest Payment Date, the Maturity Date or Mandatory Tender Date for the Bonds is not a Business Day, then payment of interest and principal need not be made by the Trustee on that date, but that payment may be made on the next succeeding Business Day on which the Designated Office of the Trustee is open for business with the same force and effect as if that payment were made on the Interest Payment Date, Maturity Date or Mandatory Tender Date or date of maturity, and no interest shall accrue for the period after that date.

Section 12.06. Instruments of Holders. Any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, required under this Indenture to be executed by any Holder may be in any number of concurrent writings of similar tenor and may be executed by that Holder in person or by an agent or attorney appointed in writing. Proof of (a) the execution of any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, (b) the execution of any writing appointing any agent or attorney, and (c) the ownership of Bonds, shall be sufficient for any of the purposes of this Indenture, if made in the following manner, and if so made, shall be conclusive in favor of the Trustee with regard to any action taken thereunder, namely:

(i) The fact and date of the execution by any Person of any writing may be proved by the certificate of any officer in any jurisdiction, who has power by law to take acknowledgments within that jurisdiction, that the Person signing the writing acknowledged that execution before that officer, or by affidavit of any witness to that execution; and

(ii) The fact of ownership of Bonds shall be proved by the Register maintained by the Trustee.

Nothing contained herein shall be construed to limit the Trustee to the foregoing proof, and the Trustee may accept any other evidence of the matters stated therein which it deems to be sufficient. Any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, of the Holder of any Bond shall bind every future Holder of the same Bond, with respect to anything done or suffered to be done by the Issuer, the Borrower or the Trustee pursuant to that writing.

Section 12.07. Priority of this Indenture. This Indenture shall be superior to any liens which may be placed upon the Revenues or any other funds or accounts created pursuant to this Indenture.

Section 12.08. Extent of Covenants; No Personal Liability. All covenants, stipulations, obligations and agreements of the Issuer contained in this Indenture are and shall be deemed to be covenants, stipulations, obligations and agreements of the Issuer to the full extent authorized by the Act and permitted by the Constitution of the State. No covenant, stipulation, obligation or agreement of the Issuer contained in this Indenture shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Issuer or the Governing Body in other than that person's official capacity. Neither the members of the Governing Body nor any official executing the Bonds, this Indenture, the Loan Agreement or any amendment or supplement hereto or thereto shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance or execution hereof or thereof.

Section 12.09. Binding Effect. This Indenture shall inure to the benefit of and shall be binding upon the Issuer and the Trustee and their respective successors and assigns, subject, however, to the limitations contained herein.

Section 12.10. Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

Section 12.11. Governing Law. This Indenture and the Bonds shall be deemed to be contracts made under the laws of the State and for all purposes shall be governed by and construed in accordance with the laws of the State.

(End of Article XII)

IN WITNESS WHEREOF, the Issuer and the Trustee have caused this Trust Indenture to be executed and delivered by duly authorized officers thereof as of the day and year first written above.

**TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS**

By: _____
Name: J.B. Goodwin
Title: Chair

U.S. BANK, NATIONAL ASSOCIATION

By: _____
Name: Brian Jensen
Title: Vice President

EXHIBIT A
[BOND FORM]

REGISTERED
NO. ____

REGISTERED
\$ _____

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MULTIFAMILY HOUSING REVENUE BOND
(PARK YELLOWSTONE) SERIES 2019

THE STATE OF TEXAS IS NOT OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THIS BOND. THE FAITH, CREDIT OR TAXING POWER OF THE STATE OF TEXAS IS NOT PLEDGED, GIVEN OR LOANED TO PAYMENT OF THIS BOND'S PRINCIPAL OR INTEREST.

INITIAL INTEREST RATE:	MATURITY DATE:	DATED DATE:	CUSIP
_____%	February 1, 2022	January __, 2019	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ AND NO/100
DOLLARS

INITIAL MANDATORY TENDER DATE: _____ 1, 20__

The Texas Department of Housing and Community Affairs (the “**Issuer**”), a public body and official agency of the State of Texas (the “**State**”) for value received, promises (but solely from the sources and in the manner provided for in the hereinafter defined Indenture) to pay to the Registered Owner specified above or registered assigns, the Principal Amount specified above on the Maturity Date specified above (subject to the rights of redemption set forth herein), and to pay from those sources interest on the unpaid principal balance of said Principal Amount calculated at the aforesaid Interest Rate on (a) February 1 and August 1 of each year beginning August 1, 2019, (b) each Redemption Date and (c) each Mandatory Tender Date (the “**Interest Payment Dates**”) until the principal amount is paid or duly provided for. This Bond will bear interest from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from its date.

This Bond shall bear interest from the date of issuance to, but not including, the Initial Mandatory Tender Date specified above at a rate per annum equal to the Initial Interest Rate specified above and thereafter this Bond shall bear interest at the Remarketing Rate for each subsequent Remarketing Period (as defined in the Indenture). Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months, for the actual number of days elapsed.

The principal of this Bond is payable upon presentation and surrender hereof at the designated corporate trust office of the trustee, presently U.S. Bank, National Association (the “Trustee”). Interest is payable on each Interest Payment Date by check or draft mailed to the Person in whose name this Bond (or one or more predecessor bonds) is registered (the “Holder”) at the close of business on the 5th day of the calendar month next preceding the Interest Payment Date (whether or not such date is a Business Day) (the “Regular Record Date”) on the registration books for this issue maintained by the Trustee, as registrar, at the address appearing therein. Any interest which is not timely paid or duly provided for shall cease to be payable to the Holder hereof (or of one or more predecessor bonds) as of the Regular Record Date, and shall be payable to the Holder hereof (or of one or more predecessor bonds) at the close of business on a Special Record Date to be fixed by the Trustee for the payment of that overdue interest. Notice of the Special Record Date shall be sent to Holders not fewer than ten (10) days prior thereto. The principal of and interest on this Bond are payable in lawful money of the United States of America, without deduction for the services of the paying agent. While the Bonds are held in a book-entry system of the Depository or its nominee, as provided in the Indenture, all payments with respect to principal of, premium, if any, and interest on, the Bonds and all notices with respect to the Bonds shall be made and given in accordance with the policies and procedures of the Depository.

NOTWITHSTANDING ANYTHING HEREIN CONTAINED TO THE CONTRARY, ANY OBLIGATION THAT THE ISSUER MAY INCUR UNDER THE INDENTURE OR UNDER ANY INSTRUMENT EXECUTED IN CONNECTION THEREWITH THAT SHALL ENTAIL THE EXPENDITURE OF MONEY SHALL NOT BE A GENERAL OBLIGATION OF THE ISSUER, BUT SHALL BE A SPECIAL LIMITED OBLIGATION PAYABLE SOLELY FROM THE TRUST ESTATE. THIS BOND SHALL CONSTITUTE A VALID CLAIM OF THE HOLDER HEREOF AGAINST THE TRUST ESTATE, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE BOND SERVICE CHARGES AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THE INDENTURE. THIS BOND SHALL BE A LIMITED OBLIGATION OF THE ISSUER GIVING RISE TO NO CHARGE AGAINST THE ISSUER’S GENERAL CREDIT AND PAYABLE SOLELY FROM, AND CONSTITUTE CLAIMS OF THE HOLDERS THEREOF AGAINST ONLY, THE TRUST ESTATE. THE BOND SERVICE CHARGES SHALL NOT BE DEEMED TO CONSTITUTE DEBT OF THE ISSUER (EXCEPT TO THE EXTENT OF THE TRUST ESTATE). THIS BOND IS NOT AND DOES NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH, CREDIT, OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THIS BOND OR FOR ANY CLAIM BASED ON THIS BOND, OR OTHERWISE IN RESPECT OF THIS BOND, OR BASED ON OR IN RESPECT OF THE INDENTURE OR ANY SUPPLEMENTAL INDENTURE, AGAINST THE GENERAL CREDIT OF THE ISSUER OR AGAINST ANY PAST,

PRESENT OR FUTURE GOVERNING BOARD MEMBER, DIRECTOR, OFFICER, AGENT OR EMPLOYEE OF THE ISSUER, OR OF ANY SUCCESSOR TO THE ISSUER, AS SUCH, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR TO THE ISSUER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS OR EMPLOYEES, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS BOND.

This Bond is one of a duly authorized issue of Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Park Yellowstone) Series 2019 (the “**Bonds**”), issuable under the Trust Indenture dated as of January 1, 2019 (the “**Indenture**”), between the Issuer and the Trustee, aggregating in principal amount \$_____ and used for the purpose of financing a mortgage loan (the “**Loan**”) to be made to Yellowstone Boulevard LLC, a Texas limited liability company (the “**Borrower**”). The Loan will be used by the Borrower to pay a portion of the costs of acquiring, equipping and rehabilitating the Project, as defined in the Indenture, as further provided in a Loan Agreement, dated as of even date with the Indenture (the “**Loan Agreement**”), between the Issuer and the Borrower. The Bonds are special, limited obligations of the Issuer, issued under and secured and entitled equally and ratably to the protection given by the Indenture. The Bonds are issued under and pursuant to the Constitution and the laws of the State, particularly Chapter 2306, Texas Government Code, as amended (the “**Act**”) and a bond resolution adopted by the Issuer (the “**Resolution**”). The obligations of the Borrower under the Loan Agreement are secured by a Multifamily Deed of Trust, Security Agreement and Fixture Filing, dated as of January 1, 2019 (the “**Bond Mortgage**”), from the Borrower to the Issuer, and assigned by the Issuer to the Trustee.

The Bonds are subject to redemption and mandatory tender prior to their stated maturity as follows:

(a) Redemption. The Bonds are subject to optional and mandatory redemption in accordance with the provisions of the Indenture. The Bonds shall be redeemed in Authorized Denominations.

(b) Mandatory Tender. The Bonds are subject to mandatory tender in accordance with the provisions of the Indenture.

Reference is made to the Indenture for a more complete description of the Project, the provisions, among others, with respect to the nature and extent of the security for the Bonds, the rights, duties and obligations of the Issuer, the Trustee and the Holders of the Bonds, and the terms and conditions upon which the Bonds are issued and secured. Each Holder assents, by its acceptance hereof, to all of the provisions of the Indenture.

The Borrower is required by the Loan Agreement to make Loan Payments in the amounts and at the times necessary to pay the principal of, premium, if any and interest on the Bonds (the

“**Bond Service Charges**”), provided however that the Borrowers shall be entitled to a credit against the required Loan Payments in an amount equal to the available money in the Bond Fund for the payment of Bond Service Charges. In the Indenture, the Issuer has assigned to the Trustee, to provide for the payment of the Bond Service Charges on the Bonds, the Issuer’s right, title and interest in and to the Loan Agreement, except for Reserved Rights as defined in the Indenture. To secure its compliance with certain covenants in the Loan Agreement, the Borrower has executed and delivered the Tax Exemption Agreement (the “Tax Exemption Agreement”) and the Regulatory and Land Use Restriction Agreement (the “**Regulatory Agreement**”) between the Borrower, the Trustee and the Issuer, each dated as of even date with the Indenture.

Copies of the Indenture, the Loan Agreement, the Tax Exemption Agreement, the Regulatory Agreement, and the Bond Mortgage are on file in the designated corporate trust office of the Trustee.

The Bond Service Charges on the Bonds are payable solely from the Trust Estate, as defined and as provided in the Indenture, and are an obligation of the Issuer only to the extent of the Trust Estate. The Bonds are not secured by an obligation or pledge of any money raised by taxation and do not represent or constitute a debt or pledge of the faith and credit of the Issuer.

The Indenture permits certain amendments or supplements to the Indenture to the extent and in the circumstances set forth therein.

The Holder of each Bond has only those remedies provided in the Indenture.

The Bonds shall not constitute the personal obligation, either jointly or severally, of the members of the Governing Body or of any other officer or official of the Issuer.

This Bond shall not be entitled to any security or benefit under the Indenture or be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed.¹

It is certified and recited that there have been performed and have happened in regular and due form, as required by law, all acts and conditions necessary to be done or performed by the Issuer or to have happened (a) precedent to and in the issuing of the Bonds in order to make them legal, valid and binding special obligations of the Issuer, and (b) precedent to and in the execution and delivery of the Indenture and the Loan Agreement; that payment in full for the Bonds has been received; and that the Bonds do not exceed or violate any constitutional or statutory limitation.

¹ Omit this paragraph in the Initial Bond.

IN WITNESS OF THE ABOVE, the Issuer has caused this Bond to be executed in the name of the Issuer under its official seal and by the manual or facsimile signature of its Chair, and attested by the manual or facsimile signature of its Secretary, as of the date shown above.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

(SEAL)

By: _____
Chair

ATTEST:

By: _____
Secretary

[Form of Trustee's Certificate of Authentication²]

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds issued under the provisions of and described in the within-mentioned Indenture.

Date of Authentication: _____

U.S. BANK, NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Signatory

² Do not include on the Initial Bond.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and irrevocably constitutes and appoints _____ attorney to transfer that Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agent Medallion Program or in such other guarantee program acceptable to the Registrar.

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Please insert social security number or other tax identification number of transferee

FINANCING AGREEMENT

by and among

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,
as Issuer,

U.S. BANK, NATIONAL ASSOCIATION,
as Trustee,

KEYBANK REAL ESTATE CAPITAL,
as Lender

and

YELLOWSTONE BOULEVARD LLC,
as Borrower

relating to

[\$12,500,000]
Texas Department of Housing and Community Affairs
Multifamily Tax-Exempt Bonds
(M-TEMS) (Park Yellowstone) Series 2019 (FN)

Dated as of January 1, 2019

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FINANCING AGREEMENT

THIS **FINANCING AGREEMENT** (this “**Financing Agreement**”), is dated as of January 1, 2019, and entered into by and among the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**, a public and official agency of the State of Texas (the “**Issuer**”), **U.S. BANK, NATIONAL ASSOCIATION**, a national banking association, as trustee under the Indenture referred to below (together with its successors and assigns, the “**Trustee**”), **KEYBANK REAL ESTATE CAPITAL**, a national banking association (together with its successors and assigns, the “**Lender**”), and **YELLOWSTONE BOULEVARD LLC**, a Texas limited liability company (together with its successors and assigns, the “**Borrower**”).

RECITALS:

A. Pursuant to the Act (as defined herein), the Issuer is authorized to issue revenue bonds, notes or other evidences of indebtedness for the purpose of, among other things, financing the acquisition, construction, rehabilitation and equipping of multifamily rental housing and for the provision of capital improvements in connection therewith and determined to be necessary thereto.

B. As more fully set forth in the Indenture of Trust, of even date herewith, between the Issuer and the Trustee (the “**Indenture**”), the Issuer is issuing its Texas Department of Housing and Community Affairs Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN), in the aggregate principal amount of \$[12,500,000] (herein, the “**Bonds**”).

C. Pursuant to this Financing Agreement, the Issuer will use the proceeds of the Bonds to make a loan or loans to the Borrower (the “**Bond Loan**”) to finance the acquisition, rehabilitation and equipping of the Project.

D. To secure the payment of all of the principal of and premium, if any, and interest on the Bonds, the Issuer has assigned (with certain exceptions described herein) its rights, title and interests in, and delegated its duties under, this Financing Agreement, without recourse, to the Trustee.

E. The obligation of the Borrower to pay all amounts necessary to pay principal of, premium, if any, and interest on the Bonds will be evidenced by this Financing Agreement and one or more promissory notes, each in the form attached hereto as Exhibit B, dated the date of delivery of the Bonds as amended from time to time (the “**Bond Loan Note**”) from the Borrower to the Issuer.

F. The parties hereto acknowledge the matters set forth in the Recitals to the Indenture.

NOW, THEREFORE, the parties hereto, in consideration of the premises and the mutual covenants and commitments of the parties set forth herein, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, hereby agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.01. Definitions. Capitalized terms used herein without definition shall have the respective meanings set forth in the Indenture. In addition to the terms elsewhere defined in this Financing Agreement, the following terms used in this Financing Agreement (including the Recitals) shall have the following meanings unless the context indicates another or different meaning or intent, and such definitions shall be equally applicable to both the singular and plural forms of any of the terms herein defined:

“Determination of Taxability” means the receipt by the Trustee of (1) a copy of written notice from the Commissioner or any District Director of the Internal Revenue Service or a determination by any court of competent jurisdiction, or (2) an opinion of Bond Counsel, in either case to the effect that interest on the Bonds is not excludable for regular federal income tax purposes under Section 103(a) of the Code from gross income of any Bondholder (other than a Bondholder who is a substantial user of the Project or a related person as defined in the Code).

“Event of Default” means any event of default specified and defined in Section 8.01 of this Financing Agreement.

“Managing Member” means Yellowstone Boulevard I LLC, a Texas limited liability company.

“Mortgage Note Rate” means a per annum rate of interest calculated in accordance with the Mortgage Note.

“Permitted Liens” shall mean any easements and restrictions listed in a schedule of exceptions to coverage in the title insurance policy delivered with respect to the Project as required by the Mortgage Loan Documents, including without limitation the Subordinate Mortgage.

“Person” means any natural person, firm, partnership, association, limited liability company, corporation or public body.

“Placed in Service Date” means the date the Project is placed in service for purposes of Section 142 of the Code.

“Single Purpose Entity” means an entity that (i) is formed solely for the purpose of financing, acquiring, rehabilitating, leasing, owning, operating and disposing of a single asset; (ii) does not engage in any business unrelated to such asset, (iii) keeps its own books and records and its own accounts separate and apart from the books, records and accounts of any other Person, and (iv) holds itself out as being a legal entity, separate and apart from any other Person.

“Subordinate Mortgage” means the Subordinate Forward Fifth Multifamily Deed of Trust, Security Agreement and Fixture Filing dated as of January 1, 2019, executed by the Borrower for the benefit of the Issuer, as it may be amended or supplemented from time to time.

“**Subordination Agreement**” means Priority and Subordination Agreement dated the Closing Date, by and among the Lender, the Lender, the City, Vesta Corporation, a Connecticut corporate, as sponsor, the Issuer, the Trustee, and the Borrower, relating to the subordination of the Subordinate Mortgage to the Mortgage Loan Documents

Section 1.02. Rules of Construction.

(a) The singular form of any word used herein, including the terms defined in Section 1.01, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include correlative words of the other genders.

(b) All references herein to “Articles,” “Sections” and other subdivisions hereof are to the corresponding Articles, Sections or subdivisions of this Financing Agreement as originally executed; and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Financing Agreement as a whole and not to any particular Article, Section or subdivision hereof.

(c) The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not limit or otherwise affect the meaning, construction or effect of this Financing Agreement or describe the scope or intent of any provisions hereof.

(d) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with applicable generally accepted accounting principles as in effect from time to time.

(e) Every “request,” “order,” “demand,” “application,” “appointment,” “notice,” “statement,” “certificate,” “consent,” or similar action hereunder by any party shall, unless the form thereof is specifically provided, be in writing signed by a duly authorized representative of such party with a duly authorized signature.

(f) The parties hereto acknowledge that each such party and their respective counsel have participated in the drafting and revision of this Financing Agreement and the Indenture. Accordingly, the parties agree that any rule of construction which disfavors the drafting party shall not apply in the interpretation of this Financing Agreement or the Indenture or any amendment or supplement or exhibit hereto or thereto.

Section 1.03. Effective Date. The provisions of this Financing Agreement shall be effective on and as of the Closing Date, immediately upon the effectiveness of the Indenture.

ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 2.01. Representations, Warranties and Covenants by the Borrower. The Borrower represents, warrants and covenants as follows:

(a) The Borrower is a limited liability company and is qualified to do business in the State and in every other state in which the nature of its business requires such qualification. The Managing Member is a limited liability company and is qualified to do business in the State and in every other state in which the nature of its business requires such qualification. Each of the Borrower and the Managing Member has full power and authority to own its properties and to carry on its business as now being conducted and as contemplated to be conducted with respect to the Project, and to enter into, and to perform and carry out the transactions provided for in this Financing Agreement, all other Financing Documents contemplated hereby to be executed by the Borrower and/or the Managing Member and the Mortgage Loan Documents. This Financing Agreement, the other Financing Documents to which the Borrower or the Managing Member is a party, the Mortgage Loan Documents and all other documents to which the Borrower or the Managing Member is a party and contemplated hereby or thereby have been duly authorized, executed and delivered by the Borrower or the Managing Member and constitute the legal, valid and binding obligations of the Borrower or the Managing Member, respectively, enforceable against the Borrower or the Managing Member, each in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and general equitable principles. The officers of the Borrower and/or the Managing Member executing this Financing Agreement, all other Financing Documents contemplated hereby to be executed by the Borrower or the Managing Member and the Mortgage Loan Documents are duly and properly in office and fully authorized to execute the same.

(b) Neither the execution and delivery of this Financing Agreement, all other Financing Documents to be executed by the Borrower, the Mortgage Loan Documents or any other documents contemplated hereby or thereby, the consummation of the transactions contemplated hereby or thereby, nor the fulfillment of or compliance with the terms and conditions of this Financing Agreement, all other Financing Documents to be executed by the Borrower, the Mortgage Loan Documents or any other documents contemplated hereby or thereby, will violate or contravene any provision of law, any order of any court or other agency of government, or any of the organizational or other governing documents of the Borrower, or any indenture, agreement or other instrument to which the Borrower is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument or any license, judgment, decree, law, statute, order, rule or regulation of any governmental agency or body having jurisdiction over the Borrower or any of its activities or properties, or, except as provided hereunder, result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, except for Permitted Liens.

(c) The Borrower has and will have fee simple title to the Project, subject to the Permitted Liens. The Borrower is the sole borrower under the Mortgage Loan. The Borrower enjoys the peaceful and undisturbed possession of all of the premises upon which it is operating its facilities. The Borrower possesses or will timely obtain, and will at all times possess, all franchises, patents, copyrights, trademarks, trade names, licenses and

permits, and rights in respect of the foregoing, adequate for the conduct of its business substantially as now conducted or as it is intended to be conducted with respect to the Project, without known conflict with any rights of others.

(d) As of the Closing Date, no litigation or proceeding is pending or, to the knowledge of the Borrower or the Managing Member, threatened against or affecting the Borrower or its managing member or any of the Borrower's properties (including, without limitation, the Project) which has a reasonable probability of having a material adverse effect on its financial condition or business, or the transactions contemplated by this Financing Agreement, the Indenture, the other Financing Documents or the Mortgage Loan Documents, or which in any way would adversely affect the validity or enforceability of the Bonds, the Indenture, this Financing Agreement, the other Financing Documents or the Mortgage Loan Documents, or the exclusion from gross income for federal income tax purposes of interest on the Bonds, or the ability of the Borrower to perform its obligations under this Financing Agreement, the other Financing Documents or the Mortgage Loan Documents executed by the Borrower.

(e) Upon completion of the rehabilitation of the Project, the Project and the operation of the Project (in the manner contemplated by the Financing Documents) will conform in all material respects with all applicable zoning (or a legal non-conforming use), planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction over the Project, all necessary utilities are available to the Project, and the Borrower will obtain all requisite zoning, planning, building and environmental and other permits which may become necessary with respect to the Project. The Borrower has obtained or will timely obtain all licenses, permits and approvals necessary for the ownership, operation and management of the Project, including all approvals essential to the transactions contemplated by this Financing Agreement, the Indenture, the other Financing Documents, the Mortgage Loan Documents and any other documents contemplated hereby or thereby.

(f) The financial statements which have been furnished by or on behalf of the Borrower to the Issuer, are complete and accurate in all material respects and present fairly the financial condition of the Borrower as of their respective dates in accordance with generally accepted accounting methods applied by the Borrower on a consistent basis, and since the date of the most recent of such financial statements there has not been any material adverse change, financial or otherwise, in the condition of the Borrower, and there have not been any material transactions entered into by the Borrower other than transactions in the ordinary course of business, and the Borrower does not have any material contingent obligations which are not otherwise disclosed in its financial statements. There (i) is no completed, pending or threatened bankruptcy, reorganization, receivership, insolvency or like proceeding, whether voluntary or involuntary, affecting the Project, the Borrower, or any managing member of the Borrower; and (ii) has been no assertion or exercise of jurisdiction over the Project, the Borrower or any managing member of the Borrower by any court empowered to exercise bankruptcy powers.

(g) No event has occurred and no condition exists with respect to the Borrower or the Project that would constitute an Event of Default or which, with the lapse of time, if

not cured, or with the giving of notice, or both, would become an Event of Default. The Borrower is not in default under the Regulatory Agreement.

(h) The Borrower has complied with all the terms and conditions of the Tax Exemption Agreement, including the terms and conditions of the exhibits thereto, and the representations and warranties set forth in the Tax Exemption Agreement and the Regulatory Agreement pertaining to the Borrower and the Project are true and accurate in all material respects. The Borrower has furnished to the Issuer all information necessary for the Issuer to file an IRS Form 8038 with respect to the Bond, and all of such information is and will be on the date of filing, true, complete and correct.

(i) The Project is, as of the Closing Date, in compliance with all requirements of the Regulatory Agreement and the Tax Exemption Agreement, including all applicable requirements of the Act and the Code. The Borrower intends to cause the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Regulatory Agreement and the Tax Exemption Agreement, including all applicable requirements of the Act and the Code. All leases will comply with all applicable laws and the Regulatory Agreement and the Tax Exemption Agreement. The Project meets the requirements of this Financing Agreement, the Tax Exemption Agreement, the Regulatory Agreement, the Act and the Code with respect to multifamily rental housing.

(j) No information, statement or report furnished in writing to the Issuer, Fannie Mae, the Lender or the Trustee by the Borrower in connection with this Financing Agreement, the other Financing Documents or the Mortgage Loan Documents or the consummation of the transactions contemplated hereby and thereby (including, without limitation, any information furnished by the Borrower in connection with the preparation of any materials related to the issuance, delivery or offering of the Bonds on the Closing Date) contains any material misstatement of fact or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading; and the representations and warranties of the Borrower and the statements, information and descriptions contained in the Borrower's closing certificates, as of the Closing Date, are true, correct and complete, do not and will not contain any untrue statement or misleading statement of a material fact, and do not and will not omit to state a material fact required to be stated therein or necessary to make the certifications, representations, warranties, statements, information and descriptions contained therein, in the light of the circumstances under which they were made, not misleading; and the estimates and the assumptions contained herein and in any certificate of the Borrower delivered as of the Closing Date are reasonable and based on the best information available to the Borrower. Each of the certifications, representations, warranties, statements, information and descriptions contained in the Tax Exemption Agreement is hereby incorporated into this Financing Agreement by reference, as if fully set forth herein.

(k) To the best knowledge of the Borrower, no member, officer, agent or employee of the Issuer has been or is in any manner interested, directly or indirectly, in that person's own name or in the name of any other person, in the Bonds, the Financing Documents, the Mortgage Loan Documents, the Borrower or the Project, in any contract for property or materials to be furnished or used in connection with the Project, or in any

aspect of the transactions contemplated by the Financing Documents or the Mortgage Loan Documents.

(l) No authorization, consent, approval, order, registration declaration or withholding of objection on the part of or filing of or with any governmental authority not already obtained or made (or to the extent not yet obtained or made the Borrower has no reason to believe that such authorizations, consents, approvals, orders, registrations or declarations will not be obtained or made in a timely fashion) is required for the execution and delivery or approval, as the case may be, of this Financing Agreement, the other Financing Documents, the Mortgage Loan Documents or any other documents contemplated by this Financing Agreement, the other Financing Documents or the Mortgage Loan Documents, or for the performance of the terms and provisions hereof or thereof by the Borrower.

(m) The Borrower is not presently under any cease or desist order or other orders of a similar nature, temporary or permanent, of any federal, state or District authority which would have the effect of preventing or hindering performance of its duties hereunder, nor are there any proceedings presently in progress or to its knowledge contemplated which would, if successful, lead to the issuance of any such order.

(n) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it or the Issuer is a party or of which it is a beneficiary including, without limitation, the Indenture; that it approves the initial appointment of the Trustee under the Indenture; that it understands the risks inherent in such transactions, including, without limitation, the risk of loss of the Project; and that it has not relied on the Issuer, the Lender or Fannie Mae for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Financing Agreement and the Indenture or otherwise relied on the Issuer, the Lender or Fannie Mae in any manner.

(o) The Borrower has not received any notice that it is not in compliance with all provisions of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (“**CERCLA**”); the Resource Conservation and Recovery Act; the Superfund Amendments and Reauthorization Act of 1986; the Toxic Substances Control Act and all environmental laws of the State (the “**Environmental Laws**”), or with any rules, regulations and administrative orders of any governmental agency, or with any judgments, decrees or orders of any court of competent jurisdiction with respect thereto; and the Borrower has not received any assessment, notice (primary or secondary) of liability or financial responsibility, and no notice of any action, claim or proceeding to determine such liability or responsibility, or the amount thereof, or to impose civil penalties with respect to a site listed on any federal or state listing of sites containing or believed to contain “hazardous materials” (as defined in the Environmental Laws), nor has the Borrower received notification that any hazardous substances (as defined under CERCLA) that it has disposed of have been found in any site at which any governmental agency is conducting an investigation or other proceeding under any Environmental Law.

(p) The Borrower has not received any notice that it is not in full compliance with the Employment Retirement Income Security Act of 1974 (“ERISA”), as amended, and the Department of Labor regulations thereunder, with the Code and Regulations thereunder and with terms of such plan or plans with respect to each pension or welfare benefit plan to which the Borrower is a party or makes any employer contributions with respect to its employees, for the current or prior plan years of such plans.

(q) The Borrower intends to hold the Project for its own account and has no current plans to sell and has not entered into any agreement to sell all or any portion of the Project.

(r) All tax returns (federal, state and local) required to be filed by or on behalf of the Borrower have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Borrower in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein.

(s) The Borrower shall make no changes to the Project or to the operation thereof which would affect the qualification of the Project under the Act or impair the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(t) All of the ownership interests in the Borrower are validly issued and are fully registered, if required, with the applicable governmental authorities and/or agencies, and there are no outstanding options or rights to purchase or acquire those interests, except as set forth in the Borrower’s Amended and Restated Operating Agreement. Nothing in this Financing Agreement shall prevent the Borrower from issuing additional membership interests or ownership interests if such units are issued in accordance with all applicable securities laws.

(u) The Borrower is, and will at all times be, a Single Purpose Entity.

(v) The Project is located wholly within the State and within the jurisdiction of the Issuer.

(w) None of the Issuer, the Trustee or any director, member, officer or employee of the Issuer or the Trustee has any interest, financial, employment or other, in the Borrower, the Project or the transactions contemplated hereby.

(x) The Borrower is not an “employee benefit plan,” as defined in Section 3(3) of ERISA, subject to Title I of ERISA, and none of the assets in the Borrower constitutes or will constitute “plan assets” of one or more such plans within the meaning of 29 C.F.R. Section 2510.3-101.

(y) No part of the proceeds of the loan to the borrower evidenced by the Bond Loan Note will be used for the purpose of acquiring any “margin stock” within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or for any other

purpose that would be inconsistent with such Regulation U or any other Regulation of such Board of Governors, or for any purpose prohibited by any Mortgage Loan Document.

(z) The Borrower is not (i) an “investment company” or a company “controlled” by an “investment company,” within the meaning of the Investment Company Act of 1940, as amended; (ii) a “holding company” or a “subsidiary company” of a “holding company” or an “affiliate” of either a “holding company” or a “subsidiary company” within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (iii) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

(aa) Each requisition submitted by the Borrower shall contain an affirmation that the foregoing representations and warranties remain true and correct as of the date thereof.

(bb) The Borrower hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent any of this Financing Agreement, the Short-Term Loan Agreement, the applicable Regulatory Agreement, the Tax Exemption Agreement, and the Bond Purchase Agreement is a contract for goods or services, will not boycott Israel during the term of the Financing Agreement, the Short-Term Loan Agreement, the Regulatory Agreement, the Tax Exemption Agreement, and the Bond Purchase Agreement. The foregoing verification is made solely to comply with Section 2270.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, ‘boycott Israel’ means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Borrower understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Borrower and exists to make a profit.

(cc) To the extent any of this Financing Agreement, the Regulatory Agreement, the Tax Exemption Agreement, and the Bond Purchase Agreement is a contract for goods or services, the Borrower represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Borrower and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively

declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Borrower understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Borrower and exists to make a profit.

Section 2.02. Representations, Warranties and Covenants of the Issuer. The Issuer represents, warrants and covenants as follows:

(a) **Authority.** The Issuer is a public and official agency of the State of Texas, duly organized, validly existing and in good standing under the laws of the State, is authorized and empowered by the provisions of the Act and the Resolution to enter into the transactions contemplated by this Financing Agreement and the Indenture and to carry out its obligations hereunder and thereunder, and by proper action of its governing body has been duly authorized to execute and deliver this Financing Agreement, the Indenture and the Tax Exemption Agreement, and this Financing Agreement, the Indenture and the Tax Exemption Agreement have been duly executed and delivered by the Issuer and are valid and binding obligations of the Issuer enforceable in accordance with their terms.

(b) **Pledge.** The Bonds are to be issued and secured by the Indenture, pursuant to which certain of the Issuer's interests in this Financing Agreement and the Indenture, and the revenues and income to be derived by the Issuer pursuant to this Financing Agreement and the Indenture, will be pledged and assigned to the Trustee as security for payment of the principal, premium, if any, and interest on the Bonds. The Issuer covenants that it has not and will not pledge or assign its interest in the Indenture or this Financing Agreement, or the revenues and income derived pursuant to this Financing Agreement or the Indenture, excepting the Reserved Rights of the Issuer, other than to the Trustee under the Indenture to secure the Bonds. The Issuer will comply with all provisions of the Act (and the rules promulgated thereunder) applicable to the Bonds and the transactions contemplated by this Financing Agreement and the Indenture.

(c) **Conflicts.** To the best knowledge of the Issuer, neither the execution and delivery of this Financing Agreement, the Indenture and the Tax Exemption Agreement, the consummation of the transactions contemplated hereby and thereby, nor the fulfillment of or compliance with the terms and conditions of this Financing Agreement, the Indenture or the Tax Exemption Agreement conflicts with or results in a breach of the terms, conditions or provisions of any material restriction, agreement or instrument to which the Issuer is a party, or by which it or any of its property is bound, or constitutes a default under any of the foregoing.

Section 2.03. Representations, Warranties and Covenants of the Lender. The Lender hereby represents, warrants and covenants as follows:

(a) The Lender is a [] organized and existing under the laws of []. The Lender has duly authorized the execution and delivery of this Financing Agreement.

(b) The Lender has complied with the provisions of the laws of the State which are prerequisite to the consummation of, and has all necessary power and authority to consummate, all transactions described in this Financing Agreement and all other agreements relating hereto.

ARTICLE III

THE BONDS AND THE PROCEEDS THEREOF

The Issuer has authorized the issuance of the Bonds in the aggregate principal amount of \$[12,500,000] and Bonds in such amount shall be issued and Outstanding as of the Closing Date. The obligations of the Issuer, the Trustee and the Borrower under this Financing Agreement are expressly conditioned upon (i) the sale, issuance and delivery of the Bonds, (ii) receipt by the Trustee of the amounts set forth in Section 5.03 of the Indenture and (iii) the making of the Mortgage Loan by the Lender. Neither the Issuer, the Lender, the Trustee nor Fannie Mae shall have any liability for any fees, costs or expenses, including, without limitation, issuance costs relating to the Bonds; all of such fees, costs and expenses shall be paid by the Borrower.

ARTICLE IV

THE MORTGAGE LOAN

Section 4.01. Amount and Source of Mortgage Loan. The Trustee shall apply the amounts deposited into the Bond Proceeds Fund and the Collateral Fund as provided in Sections 5.07 and 5.08 of the Indenture to secure the Bonds until the applicable MBS Delivery Date and then to purchase the applicable MBS. The Borrower accepts the Mortgage Loan from the Lender, upon the terms and conditions set forth herein, in the Mortgage Loan Documents and in the Indenture, and subject to the terms and conditions of the Regulatory Agreement. The Issuer has caused the proceeds of the Bonds to be provided to the Trustee for deposit into the Bond Proceeds Fund. The Borrower agrees to pay all amounts necessary to pay principal of, premium, if any, and interest on the Bonds as provided in the Indenture. The Borrower has made arrangements for the delivery to the Trustee of the MBS and of certain other Eligible Funds as contemplated herein and in the Indenture. Payments on the MBS received by the Trustee shall be credited to amounts due from the Borrower for payment of principal of, premium, if any, and interest on the Bonds.

Section 4.02. Payment of Fees and Expenses. In addition to all fees, costs, expenses and other amounts required to be paid by the Borrower under the Mortgage Loan Documents, the Borrower shall make the following deposits and pay, without duplication, the following fees and expenses:

(a) All amounts required to (i) pay when due the fees of the Trustee for its duties and services as Trustee in connection with the Bonds (as such duties and services are set out in the Indenture) and (ii) reimburse the Trustee for all out of-pocket expenses, fees, costs and other charges, including reasonable counsel fees and taxes (excluding income, value added and similar business taxes), reasonably and necessarily incurred by the Trustee in performing its duties as Trustee under the Indenture.

(b) The Annual Issuer Fee, and the reasonable fees and expenses of the Issuer or any agents, attorneys, accountants, consultants selected by the Issuer to act on its behalf in connection with the Financing Documents, the Mortgage Loan Documents or the Bonds, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds or in connection with any litigation which may at any time be instituted involving the Financing Documents, the Mortgage Loan Documents or the Bonds or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the foregoing.

(c) All taxes and assessments of any type or character charged to the Issuer or to the Trustee affecting the amount available to the Issuer or the Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby or thereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; provided, however, that the Borrower shall have the right to protest any such taxes or assessments and to require the Issuer or the Trustee, at the Borrower's expense, to protest and contest any such taxes or assessments levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Issuer or the Trustee.

(d) The fees of the Rebate Analyst as required by the Tax Exemption Agreement, upon receipt of an appropriately completed invoice, and all out-of-pocket expenses of the Rebate Analyst.

(e) All Costs of Issuance of the Bonds, including, but not limited to, Rating Agency fees, printing expenses, attorneys' fees and the Underwriter's fees, and all expenses of originating the Mortgage Loan by the Lender, the Borrower acknowledging that all such fees, costs and expenses (excluding the portions of the ongoing trust administration fees of the Trustee, the Issuer's Fees and the Rebate Analyst's fee to the extent included in the Mortgage Note Rate) must be paid by the Borrower separate and apart from payments due under the Mortgage Loan and will not be included in the Mortgage Note Rate.

(f) The Costs of Issuance Deposit to be made to the Costs of Issuance Fund on the Closing Date pursuant to Section 5.06 of the Indenture.

(g) These obligations and those in Section 5.09 hereof shall remain valid and in effect notwithstanding repayment of the Mortgage Loan hereunder or termination of this Financing Agreement or the Indenture.

The Borrower shall pay through the Lender all fees and expenses not included within the Mortgage Note Rate. All fees and expenses not included in the Mortgage Note Rate shall not be

secured by the Mortgage, and shall be subordinate to the Borrower's obligations under the Mortgage Loan in all respects and shall be secured by the Subordinate Mortgage subject to the provisions of the Subordination Agreement. No such fees or expenses payable to the Issuer or the Trustee shall be paid from the proceeds of the MBS, except with respect to the Trustee to the extent set forth in Section 9.02 of the Indenture.

Section 4.03. Notification of Prepayment of Bond Loan Note and Mortgage Note. The Borrower shall notify the Trustee promptly of the receipt of any prepayment of the Bond Loan Note and the Mortgage Note, whether upon acceleration, by reason of application of insurance or condemnation proceeds, optional prepayment or otherwise. If such prepayment results in revisions to the amortization schedule, the Lender shall provide the revised amortization schedule to the Trustee and the Issuer.

Section 4.04. Collateral Payments. In consideration of and as a condition to the disbursement of Bond proceeds in the Bond Proceeds Fund to pay Project Costs, and to secure the Borrower's obligation to make payments on the Mortgage Loan, the Borrower shall cause the delivery of Eligible Funds equal to the amount of the proposed disbursement to the Trustee on or before each such disbursement. All such Eligible Funds shall be paid to the Trustee for the account of the Issuer and shall be held in the Collateral Fund and disbursed in accordance with the provisions of the Indenture.

Section 4.05. Completion Date. The Borrower shall notify the Issuer and the Trustee of the Completion Date by the delivery of a Completion Certificate signed by the Authorized Borrower Representative substantially in the form of Exhibit C attached hereto. The Completion Certificate shall be delivered as promptly as practicable, but no more than thirty (30) days after the occurrence of the events and conditions referred to in paragraphs (a), (b), and (d) of the Completion Certificate and an accountant's determination has been made that the representation in **Error! Reference source not found.** of the Loan Agreement is true and correct.

Section 4.06. Disbursements from the Bond Proceeds Fund. Subject to the provisions below and so long as no Event of Default hereunder has occurred and is continuing for which the principal amount of the Bonds has been declared to be immediately due and payable pursuant to Section 8.02 hereof and Section 8.02 of the Indenture, and no Determination of Taxability has occurred, disbursements from the Bond Proceeds Fund shall be made only to pay any of the Project Costs.

Any disbursements from the Bond Proceeds Fund for the payment of Project Costs shall be made by the Trustee only upon the receipt by the Trustee of: (a) a disbursement request in the form attached hereto as Exhibit A, on which the Trustee may conclusively rely; and (b) Eligible Funds in an amount equal to the amount of any such disbursement request for deposit in the Collateral Fund as provided in Section 4.04 hereof. The Borrower hereby acknowledges and agrees that it shall submit disbursement requests to the Trustee no more frequently than once each calendar month. Each such disbursement request shall be consecutively numbered and accompanied by a copy of the approval of the Lender of the payments or reimbursements requested. Proceeds of the Bonds disbursed pursuant to the provisions of this Financing Agreement may only be used to pay the Project Costs.

Any money in the Bond Proceeds Fund remaining after the MBS Delivery Date shall be applied as provided in Section 5.10 of the Indenture.

Notwithstanding any provision of this Financing Agreement or any provision of the Indenture to the contrary, the Trustee shall not disburse funds from the Bond Proceeds Fund unless and until the Trustee confirms that Eligible Funds in the Collateral Fund plus Eligible Funds in the Bond Proceeds Fund, less the amount of the requested disbursement from the Bond Proceeds Fund, is at least equal to the then-Outstanding principal amount of the Bonds.

ARTICLE V

COVENANTS, UNDERTAKINGS AND OBLIGATIONS OF THE BORROWER

Section 5.01. Taxes, Other Governmental Charges and Utility Charges. The Borrower shall pay, or cause to be paid, prior to the same becoming past due and payable, every lawful cost, expense and obligation of every kind and nature, foreseen or unforeseen, for the payment of which the Issuer, the Trustee, the Lender or Fannie Mae is or shall become liable by reason of its or their estate or interest in the Project or any portion thereof, by reason of any right or interest of the Issuer, the Trustee, the Lender or Fannie Mae in or under this Financing Agreement, or by reason of or in any manner connected with or arising out of the possession, operation, maintenance, alteration, repair, rebuilding, use or occupancy of the Project or any portion thereof, including, without limitation, all taxes (except income and similar taxes of such entities), assessments, whether general or special, all costs of maintenance and repair, insurance premiums (including public liability insurance and insurance against damage to or destruction of the Project) concerning or in any way related to the Project, or any part thereof, and any expenses or renewals thereof, all utility and other charges and assessments concerning or in any way related to the Project, and governmental charges and impositions of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project or any machinery, equipment or other property installed or brought by the Borrower therein or thereon; provided that any amounts payable hereunder that are also required to be paid by the terms of the Mortgage shall be paid without duplication on the terms provided in the Mortgage.

Upon request, the Borrower shall furnish to the Issuer, the Trustee, Fannie Mae and the Lender proof of the payment of any such tax, assessment or other governmental or similar charge, or any other charge which is payable by the Borrower as set forth above.

Section 5.02. Compliance With Laws. The Borrower shall, throughout the term of this Financing Agreement and at no expense to the Issuer, the Trustee, the Lender or Fannie Mae promptly comply or cause compliance with all laws, ordinances, rules, regulations and requirements of duly constituted public authorities which may be applicable to the Project or to the repair and alteration thereof, or to the use or manner of use of the Project, including, but not limited to, the applicable provisions of the Americans With Disabilities Act and all applicable federal, State and local environmental, labor, health and safety laws, rules and regulations.

Section 5.03. Maintenance of Legal Existence. During the term of this Financing Agreement, the Borrower shall maintain its existence as set forth in Section 2.01(a) and shall not terminate, dissolve or dispose of all or substantially all of its assets; provided, however, that the

Borrower may, with the written permission of the Issuer, consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it, or transfer all or substantially all of its assets to another entity, but only on the condition that the assignee entity or the entity resulting from or surviving such merger or consolidation (if other than the Borrower), or the entity to which such transfer shall be made, shall be duly organized and existing, in good standing and qualified to do business under the laws of the State, shall remain so continuously during the term hereof, and shall expressly assume in writing and agree to perform all of the Borrower's obligations hereunder and under all other documents executed by the Borrower in connection with the issuance of the Bonds; provided, further, that (i) the Borrower delivers an opinion of Bond Counsel to the effect that such consolidation or merger shall not cause interest on the Bonds to be included in gross income for federal income tax purposes, and (ii) any transfer of the Project shall be effected in accordance with the Mortgage. Nothing in this Section 5.03 shall be deemed to relieve the Borrower of its obligations to comply with the provisions of the Mortgage Loan Documents.

Section 5.04. Operation of Project.

The Borrower will not sell, transfer or otherwise dispose of the Project except as provided in the Regulatory Agreement, the Mortgage Loan Documents and Section 5.03 of this Financing Agreement.

Section 5.05. Tax Matters. The Borrower represents, warrants and covenants that:

(a) The Borrower will not take any action or omit to take any action which, if taken or omitted, respectively, would adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes. With the intent not to limit the generality of the foregoing, the Borrower covenants and agrees that it will comply with the instructions and requirements of the Tax Exemption Agreement, which is incorporated by reference herein as if set forth fully herein.

(b) The Borrower will, on a timely basis, provide the Issuer with all necessary information and, with respect to the Borrower's rebate requirement or yield reduction payments (both as may be required under the Tax Exemption Agreement) required to be paid, all necessary funds, in addition to any funds that are then available for such purpose in the Rebate Fund, to enable the Issuer to comply with all arbitrage and rebate requirements of the Code. To that end, the Borrower covenants and agrees to make such payments to the Trustee as are required of it under the Tax Exemption Agreement. The obligation of the Borrower to make such payments shall remain in effect and be binding upon the Borrower notwithstanding the release and discharge of the Indenture and this Financing Agreement.

(c) Neither the Borrower nor any "related party," within the meaning of Section 1.150-1(b) of the Regulations, to the Borrower shall be permitted to purchase any Bonds in an amount related to the amount of the Bond Loan Note or the Permanent Note.

(d) The requirements stated in this Section 5.05 will survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the excludability of interest on the Bonds from gross income for federal income tax purposes.

Section 5.06. Further Assurances and Corrective Instruments. The parties hereto agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and to the other documents contemplated hereby as may reasonably be required to carry out the intention of or to facilitate the performance of this Financing Agreement, the Mortgage Loan Documents or the other Financing Documents or to perfect or give further assurances of any of the rights granted or provided for herein, the Mortgage Loan Documents or the other Financing Documents.

The Borrower shall execute and file, or shall cause to be executed and filed, any and all financing statements, or any amendments thereof or continuation statements thereto, provided to Borrower to perfect the security interests granted in the Indenture, in the manner prescribed in the Indenture. The Borrower shall pay all costs of filing such instruments and any fees and expenses (including reasonable attorney's fees) associated therewith

Section 5.07. Compliance With Other Documents. The Borrower shall make all payments and shall observe and perform all covenants, conditions and agreements required to be paid, observed or performed by the Borrower under the Financing Documents, the Mortgage Note, the Mortgage, the other Mortgage Loan Documents, the Regulatory Agreement and all other documents, instruments or agreements which may at any time, or from time to time, be entered into by the Borrower with respect to the Project or the operation, occupancy or use thereof. The Indenture has been submitted to the Borrower for examination, and the Borrower, by execution of this Financing Agreement, acknowledges and agrees that it has participated in the negotiation of the Indenture that it has approved and agreed to each of the provisions of the Indenture and that it is bound by, shall adhere to the provisions of, and shall have the rights set forth by the terms and conditions of, the Indenture and covenants and agrees to perform all obligations required of the Borrower pursuant to the terms of the Indenture.

The Borrower hereby grants to the Trustee for the benefit of the Lender, Fannie Mae and the Bondholders a security interest in all of its rights in and to all funds created or established by the Trustee under the Indenture in the manner and subject to the terms and conditions of the Indenture.

Section 5.08. Notice of Certain Events. The Borrower hereby covenants to advise the Lender, the Issuer and the Trustee promptly in writing of the occurrence of any default by the Borrower in the performance or observance of any covenant, agreement, representation, warranty or obligation of the Borrower set forth in this Financing Agreement, in any of the other Financing Documents or any other documents contemplated hereby or thereby, or of any Event of Default hereunder known to it or of which it has received notice, or any event which, with the passage of time or service of notice, or both, would constitute an Event of Default hereunder, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto. Such notice shall be given promptly, and in no event less than ten (10) Business Days after the Borrower receives notice or has knowledge of the occurrence of any such event. The Borrower further agrees that it will give prompt written notice to the Trustee and the

Lender if insurance proceeds or condemnation awards are received with respect to the Project and are not used to repair or replace the Project, which notice shall state the amount of such proceeds or award.

The Borrower further covenants to provide such parties notice of the Placed in Service Date promptly upon its occurrence.

Section 5.09. Indemnification.

(a) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE BORROWER HEREBY COVENANTS AND AGREES AS FOLLOWS: TO PROTECT, INDEMNIFY AND SAVE THE ISSUER AND ITS GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES HARMLESS FROM AND AGAINST ALL LIABILITY, LOSSES, DAMAGES, COSTS, EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES), TAXES, CAUSES OF ACTION, SUITS, CLAIMS, DEMANDS AND JUDGMENTS OF ANY NATURE OR FORM, BY OR ON BEHALF OF ANY PERSON ARISING IN ANY MANNER FROM THE TRANSACTION OF WHICH THIS FINANCING AGREEMENT IS A PART OR ARISING IN ANY MANNER IN CONNECTION WITH THE PROJECT OR THE FINANCING OF THE PROJECT INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ARISING FROM (I) THE WORK DONE ON THE PROJECT OR THE OPERATION OF THE PROJECT DURING THE TERM OF THIS FINANCING AGREEMENT OR (II) ANY BREACH OR DEFAULT ON THE PART OF THE BORROWER IN THE PERFORMANCE OF ANY OF ITS OBLIGATIONS UNDER THIS FINANCING AGREEMENT, OR (III) THE PROJECT OR ANY PART THEREOF, OR (IV) ANY VIOLATION OF CONTRACT, AGREEMENT OR RESTRICTION RELATING TO THE PROJECT EXCLUDING THE PAYMENT OF THE PRINCIPAL, PREMIUM, IF ANY, AND INTEREST ON THE BONDS, OR (V) ANY LIABILITY, VIOLATION OF LAW, ORDINANCE OR REGULATION AFFECTING THE PROJECT OR ANY PART THEREOF OR THE OWNERSHIP OR OCCUPANCY OR USE THEREOF. UPON NOTICE FROM THE ISSUER OR ANY OF ITS RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS OR EMPLOYEES, THE BORROWER SHALL DEFEND THE ISSUER OR ANY OF ITS RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS OR EMPLOYEES IN ANY ACTION OR PROCEEDING BROUGHT IN CONNECTION WITH ANY OF THE ABOVE; PROVIDED, HOWEVER, THAT THE ISSUER SHALL HAVE THE RIGHT TO EMPLOY SEPARATE COUNSEL IN ANY ACTION DESCRIBED IN THE PRECEDING SENTENCE AT THE EXPENSE OF THE BORROWER.

IT IS THE INTENTION OF THE PARTIES HERETO THAT THE ISSUER AND ITS RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES SHALL NOT INCUR PECUNIARY LIABILITY BY REASON OF THE TERMS OF THIS FINANCING AGREEMENT OR BY REASON OF THE UNDERTAKINGS REQUIRED OF THE ISSUER AND ITS RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES IN CONNECTION WITH THE ISSUANCE OF THE BONDS,

INCLUDING BUT NOT LIMITED TO THE EXECUTION AND DELIVERY OF THE INDENTURE, THIS FINANCING AGREEMENT, THE TAX EXEMPTION AGREEMENT, THE REGULATORY AGREEMENT, AND ALL OTHER INSTRUMENTS AND DOCUMENTS REQUIRED TO CLOSE THE TRANSACTION; THE PERFORMANCE OF ANY ACT REQUIRED OF THE ISSUER AND ITS RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES BY THIS FINANCING AGREEMENT; OR THE PERFORMANCE OF ANY ACT REQUESTED OF THE ISSUER AND ITS RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES BY THE BORROWER OR IN ANY WAY ARISING FROM THE TRANSACTION OF WHICH THIS FINANCING AGREEMENT IS A PART OR ARISING IN ANY MANNER IN CONNECTION WITH THE PROJECT OR THE FINANCING OF THE PROJECT, INCLUDING BUT NOT LIMITED TO THE EXECUTION AND DELIVERY OF THE INDENTURE, THIS FINANCING AGREEMENT, THE TAX EXEMPTION AGREEMENT, THE REGULATORY AGREEMENT AND ALL OTHER INSTRUMENTS AND DOCUMENTS REQUIRED TO CLOSE THE TRANSACTION; NEVERTHELESS, IF THE ISSUER OR ITS RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES SHOULD INCUR ANY SUCH PECUNIARY LIABILITY WITH RESPECT TO EVENTS OCCURRING AFTER THE DATE HEREOF, THEN IN SUCH EVENT THE BORROWER SHALL INDEMNIFY AND HOLD THE ISSUER AND ITS RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES HARMLESS AGAINST ALL CLAIMS BY OR ON BEHALF OF ANY PERSON, ARISING OUT OF THE SAME, AND ALL COSTS AND EXPENSES INCURRED IN CONNECTION WITH ANY SUCH CLAIM OR IN CONNECTION WITH ANY ACTION OR PROCEEDING BROUGHT THEREON, AND UPON TIMELY NOTICE FROM THE ISSUER THE BORROWER SHALL DEFEND THE ISSUER AND ITS RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES IN ANY SUCH ACTION OR PROCEEDING, AND PROVIDE COMPETENT COUNSEL SATISFACTORY TO THE ISSUER AND THE BORROWER SHALL PAY THE ISSUER EXPENSES INCLUDING PAYMENT OF THE COUNSEL USED BY THE ISSUER; PROVIDED, HOWEVER, THAT THE ISSUER SHALL HAVE THE RIGHT TO EMPLOY SEPARATE COUNSEL IN ANY ACTION DESCRIBED IN THE PRECEDING SENTENCE AT THE EXPENSE OF THE BORROWER.

NOTWITHSTANDING ANY PROVISION OF THIS FINANCING AGREEMENT TO THE CONTRARY, THE ISSUER SHALL BE INDEMNIFIED BY THE BORROWER WITH RESPECT TO LIABILITIES ARISING FROM THE ISSUER'S OWN GROSS NEGLIGENCE, NEGLIGENCE OR BREACH OF CONTRACTUAL DUTY, BUT NOT FOR ANY LIABILITIES ARISING FROM THE ISSUER'S OWN BAD FAITH, FRAUD OR WILLFUL MISCONDUCT.

NOTWITHSTANDING ANY PROVISION OF THIS FINANCING AGREEMENT TO THE CONTRARY THE BORROWER'S OBLIGATIONS WITH RESPECT TO INDEMNIFICATION WILL NOT BE SECURED BY THE PROJECT AND SHALL BE PERSONAL OBLIGATIONS OF THE BORROWER AND ANY

SUCCESSOR OWNER OF THE PROJECT BY FORECLOSURE, DEED IN LIEU OF FORECLOSURE OR OTHERWISE SHALL NOT BE RESPONSIBLE FOR OR INCUR ANY LIABILITY WITH RESPECT TO ANY INDEMNIFICATION OBLIGATIONS DESCRIBED HEREIN.

(b) The Borrower covenants and agrees to indemnify, hold harmless and defend the Trustee, the Lender, Fannie Mae, the Underwriter and their respective officers, members, directors, officials, agents and employees and each of them (each an “**indemnified party**”) from and against, (a) any and all claims, joint or several, by or on behalf of any person arising from any cause whatsoever in connection with transactions contemplated hereby or otherwise in connection with the Project, the Bonds or the execution or amendment of any document relating thereto, including, but not limited to, the Financing Documents; (b) any and all claims, joint or several, arising from any cause whatsoever in connection with the approval of financing for the Project or the making of the Mortgage Loan, its assignment to the Lender or the execution or amendment of any document related thereto, including, but not limited to, the Mortgage Loan Documents; (c) any and all claims, joint or several, arising from any act or omission of the Borrower or any of its agents, servants, employees or licensees, in connection with the Project or the Mortgage Loan, including but not limited to, the Mortgage Loan Documents; (d) all reasonable costs, counsel fees, expenses or liabilities incurred in connection with any such claim, or proceeding brought thereon; (e) any and all claims arising in connection with the issuance and sale, resale or remarketing of any Bonds or any certifications or representations made by any Person other than the party seeking indemnification in connection therewith and the carrying out by the Borrower of any of the transactions contemplated by the Bonds, the Financing Documents, and the Mortgage Loan Documents; (f) any and all claims arising in connection with the operation of the Project, or the conditions thereof, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation, rehabilitation, equipping or construction of, the Project or any part thereof; and (g) any and all losses, claims, damages, liabilities or expenses, joint or several, arising out of or connected with the Trustee’s acceptance or administration of the trusts created by the Indenture and the exercise of its powers or duties thereunder or under this Financing Agreement, the Regulatory Agreement or any other agreements in connection therewith to which it is a party; except in the case of the foregoing indemnification of the indemnified parties, to the extent such damages are caused by the negligence or willful misconduct of any such Person. In the event that any action or proceeding is brought against any indemnified party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the indemnified party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Borrower, subject to the approval of the indemnified party in such party’s sole but reasonable discretion, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Trustee and the Lender shall have the right to review and approve or disapprove any such compromise or settlement. Each indemnified party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that

unless such separate counsel is employed with the approval of the Borrower, which approval shall not be unreasonably withheld, the Borrower shall not be required to pay the fees and expenses of such separate counsel.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of the Regulatory Agreement, the Borrower shall remain obligated to indemnify each indemnified party pursuant to this Section if such subsequent owner fails to indemnify any party entitled to be indemnified hereunder, unless such indemnified party has consented to such transfer and to the assignment of the rights and obligations of the Borrower hereunder.

During any period that the Lender or Fannie Mae owns the Project and that this Section 5.09 is applicable to the Lender and Fannie Mae, the Lender's or Fannie Mae's obligations under this Section 5.09 shall be limited to acts and omissions of the Lender or Fannie Mae occurring during the period of the Lender's or Fannie Mae's ownership of the Project.

Nothing contained in this Section 5.09 shall in any way be construed to limit the indemnification rights of the Issuer contained in the Regulatory Agreement. With respect to the Issuer, the Regulatory Agreement shall control in any conflicts between this Section 5.09 and the Regulatory Agreement.

Section 5.10. Right To Perform Borrower's Obligations. In the event the Borrower fails to perform any of its obligations under this Financing Agreement, the Issuer, the Lender, Fannie Mae and/or the Trustee, after giving the requisite notice, if any, may, but shall be under no obligation to, perform such obligation and pay all costs related thereto, and all such costs so advanced by the Issuer, the Lender, Fannie Mae or the Trustee shall become an additional obligation of the Borrower hereunder, payable on demand with interest thereon at the default rate of interest payable under the Mortgage Loan Documents.

Section 5.11. Nonrecourse Provisions. Notwithstanding anything to the contrary, the obligations of the Borrower pursuant to this Financing Agreement shall not be secured by or create a lien or charge on in any manner the property of the Borrower or members or partners, including the Project or the rents, issues and profits thereof, and except with respect to Sections 4.02 and 5.09 hereof shall be non-recourse to the Borrower and its members or partners. Sections 4.02 and 5.09 shall be recourse to the Borrower but non-recourse to the members or partners of the Borrower.

Section 5.12. Trust Indenture. The provisions of the Indenture concerning the Bonds and other matters therein are an integral part of the terms and conditions of the Mortgage Loan, and this Financing Agreement shall constitute conclusive evidence of approval of the Indenture by the Borrower to the extent it relates to the Borrower. Additionally, the Borrower agrees that, whenever the Indenture by its terms imposes a duty or obligation upon the Borrower, such duty or obligation shall be binding upon the Borrower to the same extent as if the Borrower were an express party to the Indenture, and the Borrower agrees to carry out and perform all of its obligations under the Indenture as fully as if the Borrower were a party to the Indenture.

ARTICLE VI

MORTGAGE LOAN DOCUMENTS

Section 6.01. Assurances. The Borrower, the Issuer and the Trustee mutually agree that no party hereto shall enter into any contract or agreement, perform any act, or request any other party hereto to enter into any contracts or agreements or perform any acts, which shall adversely affect the Mortgage Loan Documents in any material respect.

Section 6.02. Financial Obligations Personal to the Borrower. The Issuer acknowledges that the Project shall be encumbered by the Mortgage Loan Documents. Notwithstanding any provisions of this Financing Agreement or the Regulatory Agreement to the contrary, all obligations of the Borrower under this Financing Agreement and the Regulatory Agreement for the payment of money and all claims for damages against the Borrower occasioned by breach or alleged breach by the Borrower of its obligations under the Regulatory Agreement or this Financing Agreement, including indemnification obligations, shall not be secured by or in any manner constitute a lien on the Project and no Person shall have the right to enforce such obligations other than directly against the Borrower. No subsequent owner of the Project shall be liable or obligated for the breach or default of any obligation of any prior owner under the Regulatory Agreement or this Financing Agreement, including but not limited to any payment or indemnification obligation. Such obligations are personal to the Person who was the owner at the time the default or breach was alleged to have occurred and such Person shall remain liable for any and all damages occasioned thereby even after such Person ceases to be the owner.

ARTICLE VII

TRUSTEE'S INTEREST IN AGREEMENT

Section 7.01. Issuer Assignment of this Financing Agreement and the Bond Loan Note.

(a) Pursuant to the Indenture, the Issuer shall pledge, assign and transfer all of its right, title and interest in this Financing Agreement (other than the Reserved Rights of the Issuer), and the revenues, receipts and collections hereunder and thereunder, to the Trustee in the manner and to the extent provided in the Indenture as security for the payment of the principal of, premium, if any, and interest on the Bonds, and the parties hereby acknowledge that the covenants and agreements contained herein are for the benefit of the registered owners from time to time of the Bonds and may be enforced on their behalf by the Trustee. The Issuer shall execute and deliver from time to time, in addition to the instruments of assignment herein specifically provided for, such other and further instruments and documents as may be reasonably requested by the Trustee from time to time to further evidence, effect or perfect such pledge and assignment for the purposes contemplated in the Indenture.

(b) The Borrower hereby acknowledges and consents to the assignment and pledge (subject to the reservation by the Issuer of its Reserved Rights) by the Issuer to the Trustee in the manner and to the extent provided in the Indenture. The Borrower further

acknowledges and consents to the right of the Trustee to enforce all rights of the Issuer and the Bondholders assigned under the Indenture.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.01. Events of Default. Each of the following shall constitute an event of default under this Financing Agreement, and the term “**Event of Default**” shall mean, whenever used in this Financing Agreement, any one or more of the following events:

(i) Failure by the Borrower to pay any amounts due under this Financing Agreement at the times and in the amounts required hereby; or

(ii) Failure by the Borrower to observe or perform any covenants, agreements or obligations in this Financing Agreement on its part to be observed or performed (other than as provided in clause (i) above) for a period of thirty (30) days after receipt of written notice specifying such failure and requesting that it be remedied, given to the Borrower by any party to this Financing Agreement; provided, however, that if said failure shall be such that it cannot be corrected within such period, it shall not constitute an Event of Default if the failure is correctable without material adverse effect on the Bonds and if corrective action is instituted by the Borrower within such period and diligently pursued until the failure is corrected, and provided further that any such failure shall have been cured within ninety (90) days of receipt of notice of such failure; or

(iii) Breach of any of the covenants, agreements or obligations of the Borrower under or the occurrence of a default which is continuing under the Regulatory Agreement, including any exhibits to any of the foregoing; or

(iv) The occurrence of an Event of Default caused by the Borrower under and as defined in the Indenture or under any of the other Financing Documents.

Nothing contained in this Section 8.01 is intended to amend or modify any of the provisions of the Mortgage Loan Documents nor to bind the Borrower, the Lender or Fannie Mae to any notice and cure periods other than as expressly set forth in the Mortgage Loan Documents.

Section 8.02. Remedies Upon an Event of Default.

(a) Subject to Section 8.02(d), whenever any Event of Default shall have occurred and be continuing, the Issuer or the Trustee may take any one or more of the following remedial steps:

(i) By any suit, action or proceeding, pursue all remedies now or hereafter existing at law or in equity to collect all amounts then due and thereafter to become due under this Financing Agreement and the Bond Loan Note, to enforce the performance of any covenant, obligation or agreement of the Borrower under

this Financing Agreement and the Bond Loan Note (subject to the nonrecourse provisions of this Financing Agreement and the Regulatory Agreement) or to enjoin acts or things which may be unlawful or in violation of the rights of the Issuer or the Trustee.

(ii) Take whatever other action at law or in equity may appear necessary or desirable to enforce any monetary obligation of the Borrower under this Financing Agreement and the Bond Loan Note or to enforce any other covenant, obligation or agreement of the Borrower under (1) this Financing Agreement, (2) the Regulatory Agreement or (3) the Bond Loan Note.

(iii) Have access to and inspect, examine, audit and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Borrower.

(b) The provisions of subsection (a) hereof are subject to the condition that if, after any Event of Default, except a default under the Regulatory Agreement, (i) all amounts which would then be payable hereunder by the Borrower if such Event of Default had not occurred and was not continuing shall have been paid by or on behalf of the Borrower, and (ii) the Borrower shall have also performed all other obligations in respect of which it is then in default hereunder and shall have paid the reasonable charges and expenses of the Issuer and the Trustee, including reasonable attorney fees and expenses paid or incurred in connection with such default, then and in every such case, such Event of Default may be waived and annulled by the Trustee, but no such waiver or annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

(c) Subject to the limitations of the Regulatory Agreement and this Financing Agreement, the Issuer, without the consent of the Trustee, but only after written notice to the Trustee, the Borrower, the Investor Member, the Lender and Fannie Mae, may take whatever action at law or in equity may appear necessary or desirable to enforce performance and observance of any Reserved Right of the Issuer; provided that, the Issuer may not (i) terminate this Financing Agreement or cause the Mortgage Loan to become due and payable, (ii) cause the Trustee to declare the principal of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable, or cause the Trustee to accelerate, foreclose or take any other action or seek other remedies under the Financing Documents, the Mortgage Loan Documents or any other documents contemplated hereby or thereby to obtain such performance or observance, (iii) cause the acceleration, foreclosure or taking of any other action or the seeking of any remedies under the Mortgage Loan Documents, (iv) initiate or take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal, interest and other amounts due under the Mortgage Loan, or (v) interfere with or attempt to influence the exercise by Fannie Mae of any of its rights under the Financing Documents or the Mortgage Loan Documents.

(d) Except as required to be deposited in the Rebate Fund pursuant to the Tax Exemption Agreement, any amounts collected pursuant to action taken under this Section

8.02 shall, after the payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, the Issuer, the Lender or Fannie Mae and their respective counsel, be applied in accordance with the provisions of the Indenture. No action taken pursuant to this Section shall relieve the Borrower from the Borrower's obligations pursuant to Section 5.09 hereof.

(e) No remedy herein conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy now or hereafter existing pursuant to any other agreement at law or in equity or by statute.

(f) Notwithstanding any other provision of this Financing Agreement to the contrary, after the MBS Delivery Date, so long as Fannie Mae is not in default under the MBS, none of the Issuer, the Trustee or any Person under their control shall exercise any remedies or direct any proceedings under this Financing Agreement or the Mortgage Loan Documents, other than to (i) enforce rights under the MBS, (ii) enforce the tax covenants in the Indenture and this Financing Agreement, or (iii) enforce rights of specific performance under the Regulatory Agreement **[(without posting a bond or other security)]**; provided, however, that any enforcement under (ii) or (iii) above shall not include seeking monetary damages.

Section 8.03. Default Under Regulatory Agreement.

(a) If the Borrower fails, at any time for any reason, to comply with the requirements of the Regulatory Agreement, then within thirty (30) days after the earlier of the date the violation is discovered by the Issuer or the Trustee or the date the Issuer or the Trustee received notice thereof, the Issuer (if necessary to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes) or the Trustee, on behalf and at the request of the Issuer, shall institute an action for specific performance to correct the violation **[(without posting a bond or other security)]**. The Borrower hereby acknowledges and agrees that were money damages a remedy under the Regulatory Agreement, money damages alone would not be an adequate remedy at law for a default by the Borrower arising from a failure to comply with the Regulatory Agreement, and therefore the Borrower agrees that the remedy of specific performance (subject to the provisions of Section 8.02(c) hereof) shall be available to the Issuer and/or the Trustee in any such case.

(b) Notwithstanding the availability of the remedy of specific performance provided for in subsection (a) of this Section, promptly upon determining that a violation of the Regulatory Agreement has occurred, the Issuer shall, by notice in writing to the Lender and the Borrower, inform the Lender and the Borrower that a violation of the Regulatory Agreement has occurred; notwithstanding the occurrence of such violation, neither the Issuer nor the Trustee shall have, and each of them acknowledges that they shall not have, any right to cause or direct acceleration of the Mortgage Loan, to enforce the Mortgage Note or to foreclose on the Mortgage.

Section 8.04. Limitation on Waivers.

(a) No delay or omission to exercise any right or power occurring upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed appropriate. The Issuer and the Trustee agree to give only such notices as may be herein expressly required.

(b) In the event any covenant, agreement or condition contained in this Financing Agreement shall be breached by a party and thereafter waived by another party, such waiver shall not bind any party which has not waived the breach and shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder nor be a waiver of the same breach on a future occasion. By reason of the assignment and pledge of certain of the Issuer's rights and interests in this Financing Agreement to the Trustee, the Issuer shall have no power to waive or release the Borrower from any Event of Default or the performance or observance of any obligation or condition of the Borrower under this Financing Agreement without first requesting and receiving the prior written consent of the Trustee, but shall do so if, requested by the Trustee; provided that the Issuer shall not be required to grant such waiver or release unless it shall have been provided with (i) if deemed necessary, in the sole discretion of the Issuer, a Counsel's Opinion that such action will not result in any pecuniary liability to it and an opinion of Bond Counsel that such waiver shall not cause interest on the Bonds to be included in the gross income of the Bondholders thereof for federal income tax purposes, (ii) such indemnification as the Issuer shall deem reasonably necessary, and (iii) written notice from the Trustee of the request for such waiver or release.

Section 8.05. Notice of Default: Rights To Cure. The Issuer and the Trustee shall each give notice to the other and to the Investor Member, the Borrower and the Lender of the occurrence of any Event of Default by the Borrower hereunder of which it has actual knowledge. The Lender and the Investor Member shall each have the right, but not the obligation, to cure any such default by the Borrower, and upon performance by the Lender or the Investor Member to the satisfaction of the Issuer and the Trustee of the covenant, agreement or obligation of the Borrower with respect to which an Event of Default has occurred, the parties hereto shall be restored to their former respective positions, it being agreed that the Lender and the Investor Member shall each have the right to repayment from the Borrower of moneys it has expended and any other appropriate redress for actions it has taken to cure any default by the Borrower; provided that the Borrower's reimbursement obligation shall be non-recourse to the same extent as the underlying obligation is non-recourse to the Borrower.

Section 8.06. Rights Cumulative. All rights and remedies herein given or granted to the Issuer and the Trustee are cumulative, nonexclusive and in addition to any and all rights and remedies that the Issuer and the Trustee may have or may be given by reason of any law, statute, ordinance or otherwise. Notwithstanding anything to the contrary contained in this Financing Agreement, neither the Trustee nor the Issuer may commence any action against the Borrower for specific performance or any other remedy at law or in equity, other than to enforce performance and observance of any Reserved Right of the Issuer and its rights under Section 8.03, without first obtaining the prior written consent of Fannie Mae.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Notices. All notices, certificates or other communications herein provided shall be given in writing to the Issuer, the Borrower, the Trustee, Fannie Mae, the Lender and, for notices under Section 8.05 only, the Investor Member, and shall be sufficiently given and shall be deemed given if given in the manner provided in the Indenture. Except as otherwise provided in the preceding sentence, copies of each notice, certificate or other communication given hereunder by any party hereto shall be given to all parties hereto. By notice given hereunder, any party may designate further or different addresses to which subsequent notices, certificates or other communications are to be sent. A duplicate copy of each notice, certificate, request or other communication given hereunder to the Issuer, the Borrower, the Lender or the Trustee shall also be given to Fannie Mae.

Section 9.02. Amendment. This Financing Agreement and all other documents contemplated hereby to which the Issuer is a party may be amended or terminated only if permitted by the Indenture, and no amendment to this Financing Agreement shall be binding upon any party hereto until such amendment is reduced to writing and executed by the parties hereto; provided that no amendment, supplement or other modification to this Financing Agreement or any other Financing Document shall be effective without the prior written consent of the Lender and Fannie Mae.

Section 9.03. Entire Agreement. Except as provided in the other Financing Documents and the Mortgage Loan Documents, this Financing Agreement contains all agreements among the parties hereto, and there are no other representations, warranties, promises, agreements or understandings, oral, written or implied, among the parties hereto, unless reference is made thereto in this Financing Agreement or the Indenture.

Section 9.04. Binding Effect. This Financing Agreement shall be binding upon the Issuer, the Borrower and the Trustee and their respective successors and assigns. Notwithstanding anything herein to the contrary, to the extent Fannie Mae or its designee shall become the owner of the Project as a result of a foreclosure or a deed in lieu of foreclosure or similar conveyance, Fannie Mae, and its designee, if applicable, shall not be liable for any breach or default or any of the obligations of any prior owner of the Project under this Financing Agreement, and shall only be responsible for defaults and obligations incurred during the period Fannie Mae or its designee, if applicable, is the owner of the Project.

Section 9.05. Severability. If any clause, provision or section of this Financing Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections.

Section 9.06. Execution in Counterparts. This Financing Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.07. Governing Law. This Financing Agreement shall be construed in accordance with and governed by the laws of the State of Texas applicable to contracts made and performed in the State of Texas, without regard to conflict of laws principles.

Section 9.08. Limited Liability of the Issuer.

(a) ***Reliance by Issuer on Facts or Certificates.*** Anything in this Financing Agreement to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice, or other instrument furnished to the Issuer by the Lender, the Trustee or the Borrower as to the existence of any fact or state of affairs required hereunder to be noticed by the Issuer.

(b) ***Waiver of Personal Liability.*** No member, officer, agent or employee of the Issuer or any of its members or any director, officer, agent or employee of the Borrower shall be individually or personally liable for the payment of any principal of, premium, if any, or interest on the Bonds or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Financing Agreement; but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Financing Agreement.

(c) ***Non-Liability of Issuer.*** The Issuer shall not be obligated to pay the principal (or Redemption Price) of or interest on the Bonds, except from the Trust Estate. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Issuer or any member is pledged to the payment of the principal (or Redemption Price) of, premium, if any, or interest on the Bonds. The Issuer shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Financing Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under this Financing Agreement or from the MBS.

The Borrower hereby acknowledges that the Issuer's sole source of moneys to repay the Bonds will be provided by the Trust Estate, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or Redemption Price) of, premium, if any, and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or Redemption Price) of, premium, if any, or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Issuer or any third party, subject to any right of reimbursement from the Trustee, the Issuer or any such third party, as the case may be, therefor. The foregoing is subject in all respects to the nonrecourse provisions set forth in this Financing Agreement and the Regulatory Agreement.

(d) **Expenses.** The Borrower shall pay and indemnify the Issuer and the Trustee against all reasonable fees, costs and charges, including reasonable fees and expenses of attorneys, accountants, consultants and other experts, incurred in good faith (and with respect to the Trustee, without negligence) and arising out of or in connection with the Financing Documents and the Mortgage Loan Documents. These obligations and those in Section 5.09 shall remain valid and in effect notwithstanding repayment of the Mortgage Loan hereunder or termination of the Financing Agreement or the Indenture.

(e) **No Warranty by Issuer.** The Borrower recognizes that, because the components of the Project have been and are to be designated and selected by it, THE ISSUER HAS NOT MADE AN INSPECTION OF THE PROJECT OR OF ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, AND THE ISSUER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE SAME OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, FITNESS FOR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY THEREOF, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY THE OWNER. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE IN THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER PATENT OR LATENT, THE ISSUER SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO. THE PROVISIONS OF THIS SECTION HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY THE ISSUER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OF THE STATE OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT OR OTHERWISE.

Section 9.09. Term of This Financing Agreement. This Financing Agreement shall be in full force and effect from its date to and including such date as all of the Bonds shall have been fully paid or retired (or provision for such payment shall have been made as provided in the Indenture); provided, however, that the provisions of Sections 5.05 and 5.09 of this Financing Agreement shall survive the termination hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Financing Agreement to be executed by their duly authorized representatives as of the date of execution set forth below.

**TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS**

By: _____
Name: J. B. Goodwin
Title: Chair

[Signatures continue on following page]

[Trustee signature page to Financing Agreement]

U.S. BANK, NATIONAL ASSOCIATION

By: _____
Title: _____

[Signatures continue on following page]

[Lender signature page to Financing Agreement]

KEYBANK REAL ESTATE CAPITAL

By: _____
Title: _____

[Signatures continue on following page]

[Borrower signature page to Financing Agreement]

YELLOWSTONE BOULEVARD LLC

By: Yellowstone Boulevard I, LLC, its
Managing Member

By: Bozrah International Ministries, Inc.,
its Managing Member

By: _____
Name: Brian Courtney
Title: President

EXHIBIT A
FORM OF REQUISITION

STATEMENT NO. _____ REQUESTING DISBURSEMENT OF FUNDS FROM
BOND PROCEEDS FUND PURSUANT TO SECTION 4.05 OF THE FINANCING
AGREEMENT

Pursuant to Section 4.05 of the Financing Agreement dated as of January 1, 2019 (the “Financing Agreement”) between TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (the “Issuer”), YELLOWSTONE BOULEVARD LLC (the “Borrower”), and U.S. BANK, NATIONAL ASSOCIATION (the “Trustee”), the undersigned Authorized Borrower Representative hereby requests and authorizes the Trustee, as depositary of the Bond Proceeds Fund created by the Trust Indenture dated as of January 1, 2019 (the “Indenture”), between the Issuer and the Trustee, to pay [to the Borrower] [to [MORTGAGE LENDER], as Lender] [or to the person(s) listed on the Disbursement Schedule hereto as Schedule I] out of the money deposited in the Bond Proceeds Fund the aggregate sum of \$_____ to pay the costs of the items listed in the Disbursement Schedule attached hereto as Schedule I.

In connection with the foregoing request and authorization, the undersigned hereby certifies that:

(a) All conditions precedent to the requested disbursement as provided for in the Indenture and Financing Agreement (including, without limitation, the deposit of sufficient Eligible Funds into the Collateral Fund as provided in the Indenture), have occurred.

(b) Each item for which disbursement is requested hereunder is an item described in Section 4.05 of the Financing Agreement, is properly payable out of the Bond Proceeds Fund in accordance with the terms and conditions of the Financing Agreement and none of those items has formed the basis for any disbursement heretofore made from said Bond Proceeds Fund.

(c) Each such item is or was necessary in connection with the acquisition, construction, rehabilitation, installation, equipment or improvement of the Project, as defined in the Indenture.

(d) The Borrower has received, or will concurrently with payment receive and deliver to the Trustee, appropriate waivers of any mechanics’ or other liens with respect to each item for which disbursement is requested hereunder.

(e) After taking into account the proposed disbursement,

(i) no more than 5% of the Net Proceeds of the Bonds will have been used for costs that are not Qualified Project Costs;

(ii) less than 25% of the Net Proceeds of the Bonds will have been used for the cost of acquiring land; and

(iii) not more than 2% of the Net Proceeds of the Bonds will have been used for Costs of Issuance.

All of the funds being disbursed are being used in compliance with all of the tax covenants set forth in the Indenture, Loan Agreement, Tax Exemption Agreement, and Regulatory Agreement

(f) There is no current or existing event of default pursuant to the terms of the Financing Agreement or the Regulatory Agreement and no event exists which by notice or passage of time or both would constitute an event of default under any of the foregoing documents.

(g) No amount for which disbursement is sought formed the basis for any prior disbursement.

(h) Each item for which disbursement is sought was or is necessary in connection with the Project and qualifies for disbursement pursuant to the provisions of the Financing Agreement.

(i) No representation or warranty of the Borrower contained in the Financing Agreement, the Tax Exemption Agreement or the Regulatory Agreement is materially incorrect or inaccurate, and there has been no "Event of Default" or default under the terms of any of those documents which has occurred and is continuing after any applicable notice period and no event shall exist which by notice, passage of time or both would constitute an "Event of Default" or default under any of those documents.

(j) There are no liens on the Project except Permitted Liens and those permitted or provided for by the Financing Agreement.

(k) This statement and all exhibits hereto, including the Disbursement Schedule, shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warrant, protection and authority to the Trustee for its actions taken pursuant hereto.

[Remainder of page intentionally left blank]

This statement constitutes the approval of the Borrower of each disbursement hereby requested and authorized.

This ____ day of _____, 20__.

YELLOWSTONE BOULEVARD LLC

By: Yellowstone Boulevard I LLC, its Managing Member

By: Bozrah International Ministries, Inc.,
its Managing Member

By: _____
Name: Brian Courtney
Title: President

APPROVED:

[MORTGAGE LENDER SIGNATURE BLOCK]

SCHEDULE I

DISBURSEMENT SCHEDULE

PAYEE	AMOUNT	PURPOSE
-------	--------	---------

EXHIBIT B

FORM OF BOND LOAN NOTE

\$[_____]

[_____, 20__]

FOR VALUE RECEIVED, YELLOWSTONE BOULEVARD LLC, a Texas limited liability company (the “Borrower”), promises to pay to the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (the “Issuer”), or its order, the principal sum of _____ DOLLARS (\$[_____]), with interest payable as set forth below. Capitalized terms used herein without definition shall have the respective meanings set forth in the Indenture of Trust, dated as of January 1, 2019 (the “Indenture”), between the Issuer and U.S. BANK, NATIONAL ASSOCIATION, as trustee thereunder (the “Trustee”).

Borrower promises to pay to the Issuer the principal sum of this Note, together with interest at the Pass-Through Rate, and all assessments, taxes and premiums as follows:

One business day preceding each Payment Date to and including the business day preceding the Final Payment Date, the Borrower shall pay to the Issuer interest on the outstanding principal balance of this Note.

(a) The entire principal balance of this Note, plus any accrued but unpaid interest to and including the Final Payment Date, shall be due and payable one business day preceding the Final Payment Date.

(b) Payments made by the Trustee to the holders of the Bonds, from funds available under the Indenture, will be credited against the Borrower’s obligation to pay interest and principal under this Note. The Borrower shall be obligated to pay any deficiency between amounts due under this Note and amounts paid to bondholders by the Trustee pursuant to the Indenture.

(c) If any installment of interest, principal, or any other payment due under this Note is not paid within 10 days from the date that the installment or payment is due, the Borrower promises to pay to the Issuer a “late charge” equal to 5% of the aggregate monthly payment required by this Note.

(d) Upon an Event of Default, as defined in the Indenture, the unpaid principal, together with all accrued interest thereon, and all other sums due and payable shall, at the option of the holder of this Note, become immediately due and payable. Failure to exercise this option shall not constitute a waiver of the right to exercise this option in the event of any subsequent default.

(e) As to this Note, the Borrower and all guarantors, if any, severally waive all applicable exemption rights, whether under any state constitution, homestead laws or otherwise, and also severally waive valuation and appraisal, presentment, protest and

demand, notice of protest, demand and dishonor and nonpayment of this Note, and expressly agree that the maturity of this Note, or any payment under this Note, may be extended from time to time without in any way affecting the liability of the Borrower and all guarantors.

(f) All payments due under this Note shall be made during regular business hours at the principal corporate trust office of the Trustee or at any other place that the Issuer may designate in writing, and shall be made in coin or currency of the United States of America which at the time of payment is legal tender for the payment of public or private debts.

(g) The Borrower represents and warrants that it is a Texas limited liability company within the meaning set forth in the Texas Business Organizations Code, as amended (the "Texas Business Code"), and further represents and warrants that the obligation evidenced by this Note was incurred solely for the purpose of carrying on or acquiring a business or commercial enterprise within the meaning of the Texas Business Code.

(h) Neither the Borrower nor any member, manager, partner, officer or director of the Borrower shall have any personal liability for principal or interest payments or any other payments due under this Note.

(i) The Borrower hereby acknowledges that, pursuant to the Indenture, the Issuer is assigning to the Trustee all of the Issuer's right, title, and interest in and to this Note, exclusive of the Reserved Rights of the Issuer. Such assignment is being made as security for the payment of the Bonds of the Issuer. All of the terms, conditions and provisions of the Indenture are, by this reference thereto, incorporated herein as part of this Note.

Notwithstanding any other provision contained in this Note, it is agreed that the execution of this Note shall impose no personal liability on the maker hereof for payment of the indebtedness evidenced hereby and in the event of a default, the holder of this Note will not seek or obtain any deficiency or personal judgment against the maker hereof except such judgment or decree as may be necessary to foreclose and bar its interest in the property.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed and delivered on its behalf on the date first written above.

YELLOWSTONE BOULEVARD LLC

By: Yellowstone Boulevard I, LLC, its
Managing Member

By: Bozrah International Ministries, Inc.,
its Managing Member

By: _____
Name: Brian Courtney
Title: President

EXHIBIT C

\$ _____
Texas Department of Housing and
Community Affairs
Multifamily Housing Revenue Bonds
(Park Yellowstone) Series 2019 (FN)

\$ _____
Texas Department of Housing and
Community Affairs
Multifamily Housing Revenue Bonds
(Park Yellowstone) Series 2019

COMPLETION CERTIFICATE

Pursuant to Section __ of the Financing Agreement (the “**Financing Agreement**”) between the Texas Department of Housing and Community Affairs (the “**Issuer**”) and Yellowstone Boulevard, LLC, a Texas limited liability company (the “**Borrower**”), dated as of January 1, 2019, and Section 3.9 of the Loan Agreement (the “**Loan Agreement**”) between the Issuer and the Borrower, dated as of January 1, 2019, and relating to the captioned Bonds, the undersigned Authorized Borrower Representative hereby certifies that (with capitalized words and terms used and not defined in this Certificate having the meanings assigned or referenced in the Loan Agreement or the Tax Exemption Agreement):

(a) The Project was substantially completed and available and suitable for use as multifamily housing on _____ (the “**Completion Date**”).

(b) The acquisition, rehabilitation, equipping and improvement of the Project and those other facilities have been accomplished in such a manner as to conform in all material respects with all applicable zoning, planning, building, environmental and other similar Governmental regulations.

(c) The costs of the Project financed with the loans from the Issuer were \$_____.

(d) The applicable Government having jurisdiction over the Project has issued certificates of occupancy with respect to each building in the Project.

(e) The proceeds of the Bonds were used in accordance with Section 9 of the Tax Exemption Agreement, including the requirement that at least 95% of the proceeds of the Bonds be expended for Qualified Project Costs as described in the Tax Exemption Agreement and no more than 2% of the proceeds of the Bonds be expended for Costs of Issuance.

(f) This Certificate is given without prejudice to any rights against third parties that now exist or subsequently may come into being.

IN WITNESS WHEREOF, the Authorized Borrower Representative has set his or her hand as of the ____ day of _____, 20__.

Authorized Borrower Representative

By: _____

**MULTIFAMILY LOAN AND SECURITY AGREEMENT
(NON-RECOURSE)**

BY AND BETWEEN

YELLOWSTONE BOULEVARD, LLC

AND

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

DATED AS OF

DECEMBER ____, 2018

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**MULTIFAMILY LOAN AND SECURITY AGREEMENT
(Non-Recourse)**

This MULTIFAMILY LOAN AND SECURITY AGREEMENT (as amended, restated, replaced, supplemented, or otherwise modified from time to time, the “**Loan Agreement**”) is made as of the Effective Date (as hereinafter defined) by and between **YELLOWSTONE BOULEVARD, LLC**, a Texas limited liability company (“**Borrower**”), and **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**, a public and official agency of the State of Texas (“**Lender**”).

RECITALS:

WHEREAS, Borrower desires to obtain the Mortgage Loan (as hereinafter defined) from Lender to be secured by the Mortgaged Property (as hereinafter defined); and

WHEREAS, Lender is willing to make the Mortgage Loan on the terms and conditions contained in this Loan Agreement and in the other Loan Documents (as hereinafter defined);

NOW, THEREFORE, in consideration of the making of the Mortgage Loan by Lender and other good and valuable consideration, the receipt and adequacy of which are hereby conclusively acknowledged, the parties hereby covenant, agree, represent, and warrant as follows:

AGREEMENTS:

ARTICLE 1 - DEFINITIONS; SUMMARY OF MORTGAGE LOAN TERMS

Section 1.01 Defined Terms.

Capitalized terms not otherwise defined in the body of this Loan Agreement shall have the meanings set forth in the Definitions Schedule attached as Schedule 1 to this Loan Agreement.

Section 1.02 Schedules, Exhibits, and Attachments Incorporated.

The schedules, exhibits, and any other addenda or attachments are incorporated fully into this Loan Agreement by this reference and each constitutes a substantive part of this Loan Agreement.

ARTICLE 2 - GENERAL MORTGAGE LOAN TERMS

Section 2.01 Mortgage Loan Origination and Security.

(a) Making of Mortgage Loan.

Subject to the terms and conditions of this Loan Agreement and the other Loan Documents, Lender hereby makes the Mortgage Loan to Borrower, and Borrower hereby accepts the Mortgage Loan from Lender. Borrower covenants and agrees that it shall:

(1) pay the Indebtedness, including the Prepayment Premium, if any (whether in connection with any voluntary prepayment or in connection with an acceleration by Lender of the Indebtedness), in accordance with the terms of this Loan Agreement and the other Loan Documents; and

(2) perform, observe, and comply with this Loan Agreement and all other provisions of the other Loan Documents.

(b) Security for Mortgage Loan.

The Mortgage Loan is made pursuant to this Loan Agreement, is evidenced by the Note, and is secured by the Security Instrument, this Loan Agreement, and the other Loan Documents that are expressly stated to be security for the Mortgage Loan.

(c) Protective Advances.

As provided in the Security Instrument, Lender may take such actions or disburse such funds as Lender reasonably deems necessary to perform the obligations of Borrower under this Loan Agreement and the other Loan Documents and to protect Lender's interest in the Mortgaged Property.

Section 2.02 Payments on Mortgage Loan.

(a) Debt Service Payments.

(1) Short Month Interest.

If the date the Mortgage Loan proceeds are disbursed is any day other than the first day of the month, interest for the period beginning on the disbursement date and ending on and including the last day of the month in which the disbursement occurs shall be payable by Borrower on the date the Mortgage Loan proceeds are disbursed. In the event that the disbursement date is not the same as the Effective Date, then:

(A) the disbursement date and the Effective Date must be in the same month, and

(B) the Effective Date shall not be the first day of the month.

(2) Interest Accrual and Computation.

Except as provided in Section 2.02(a)(1), interest shall be paid in arrears. Interest shall accrue as provided in the Schedule of Interest Rate Type Provisions and shall be computed in accordance with the Interest Accrual Method. If the Interest Accrual Method is "Actual/360," Borrower acknowledges and agrees that the amount allocated to interest for each month will vary depending on the actual number of calendar days during such month.

(3) Monthly Debt Service Payments.

Consecutive monthly debt service installments (comprised of either interest only or principal and interest, depending on the Amortization Type), each in the amount of the applicable Monthly Debt Service Payment, shall be due and payable on the First Payment Date, and on each Payment Date thereafter until the Maturity Date, at which time all Indebtedness shall be due. Any regularly scheduled Monthly Debt Service Payment that is received by Lender before the applicable Payment Date shall be deemed to have been received on such Payment Date solely for the purpose of calculating interest due. All payments made by Borrower under this Loan Agreement shall be made without set-off, counterclaim, or other defense.

(4) Payment at Maturity.

The unpaid principal balance of the Mortgage Loan, any Accrued Interest thereon and all other Indebtedness shall be due and payable on the Maturity Date.

(5) Interest Rate Type.

See the Schedule of Interest Rate Type Provisions for additional provisions, if any, specific to the Interest Rate Type.

(b) Capitalization of Accrued But Unpaid Interest.

Any accrued and unpaid interest on the Mortgage Loan remaining past due for thirty (30) days or more may, at Lender's election, be added to and become part of the unpaid principal balance of the Mortgage Loan.

(c) Late Charges.

(1) If any Monthly Debt Service Payment due hereunder is not received by Lender within ten (10) days (or fifteen (15) days for any Mortgaged Property located in Mississippi or North Carolina to comply with applicable law) after the applicable Payment Date, or any amount payable under this Loan Agreement (other than the payment due on the Maturity Date for repayment of the Mortgage Loan in full) or any other Loan Document is not received by Lender within ten (10) days (or fifteen (15) days for any Mortgaged Property located in Mississippi or North Carolina to comply with applicable law) after the date such amount is due, inclusive of the date on which such

amount is due, Borrower shall pay to Lender, immediately without demand by Lender, the Late Charge.

The Late Charge is payable in addition to, and not in lieu of, any interest payable at the Default Rate pursuant to Section 2.02(d).

(2) Borrower acknowledges and agrees that:

(A) its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Mortgage Loan;

(B) it is extremely difficult and impractical to determine those additional expenses;

(C) Lender is entitled to be compensated for such additional expenses; and

(D) the Late Charge represents a fair and reasonable estimate, taking into account all circumstances existing on the date hereof, of the additional expenses Lender will incur by reason of any such late payment.

(d) Default Rate.

(1) Default interest shall be paid as follows:

(A) If any amount due in respect of the Mortgage Loan (other than amounts due on the Maturity Date) remains past due for thirty (30) days or more, interest on such unpaid amount(s) shall accrue from the date payment is due at the Default Rate and shall be payable upon demand by Lender.

(B) If any Indebtedness due is not paid in full on the Maturity Date, then interest shall accrue at the Default Rate on all such unpaid amounts from the Maturity Date until fully paid and shall be payable upon demand by Lender.

Absent a demand by Lender, any such amounts shall be payable by Borrower in the same manner as provided for the payment of Monthly Debt Service Payments. To the extent permitted by applicable law, interest shall also accrue at the Default Rate on any judgment obtained by Lender against Borrower in connection with the Mortgage Loan. To the extent Borrower or any other Person is vested with a right of redemption, interest shall continue to accrue at the Default Rate during any redemption period until such time as the Mortgaged Property has been redeemed.

(2) Borrower acknowledges and agrees that:

(A) its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Mortgage Loan; and

(B) in connection with any failure to timely pay all amounts due in respect of the Mortgage Loan on the Maturity Date, or during the time that any amount due in respect of the Mortgage Loan is delinquent for more than thirty (30) days:

(i) Lender's risk of nonpayment of the Mortgage Loan will be materially increased;

(ii) Lender's ability to meet its other obligations and to take advantage of other investment opportunities will be adversely impacted;

(iii) Lender will incur additional costs and expenses arising from its loss of the use of the amounts due;

(iv) it is extremely difficult and impractical to determine such additional costs and expenses;

(v) Lender is entitled to be compensated for such additional risks, costs, and expenses; and

(vi) the increase from the Interest Rate to the Default Rate represents a fair and reasonable estimate of the additional risks, costs, and expenses Lender will incur by reason of Borrower's delinquent payment and the additional compensation Lender is entitled to receive for the increased risks of nonpayment associated with a delinquency on the Mortgage Loan (taking into account all circumstances existing on the Effective Date).

(e) Address for Payments.

All payments due pursuant to the Loan Documents shall be payable at Lender's Payment Address, or such other place and in such manner as may be designated from time to time by written notice to Borrower by Lender.

(f) Application of Payments.

If at any time Lender receives, from Borrower or otherwise, any payment in respect of the Indebtedness that is less than all amounts due and payable at such time, then Lender may apply such payment to amounts then due and payable in any manner and in any order determined by Lender or hold in suspense and not apply such payment at Lender's election. Neither Lender's acceptance of a payment that is less than all amounts then due and payable, nor Lender's application of, or suspension of the application of, such payment, shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction. Notwithstanding the application of any such payment to the Indebtedness, Borrower's obligations under this Loan Agreement and the other Loan Documents shall remain unchanged.

Section 2.03 Lockout/Prepayment.

(a) Prepayment; Prepayment Lockout; Prepayment Premium.

(1) Borrower shall not make a voluntary full or partial prepayment on the Mortgage Loan during any Prepayment Lockout Period nor shall Borrower make a voluntary partial prepayment at any time. Except as expressly provided in this Loan Agreement (including as provided in the Prepayment Premium Schedule), a Prepayment Premium calculated in accordance with the Prepayment Premium Schedule shall be payable in connection with any prepayment of the Mortgage Loan.

(2) If a Prepayment Lockout Period applies to the Mortgage Loan, and during such Prepayment Lockout Period Lender accelerates the unpaid principal balance of the Mortgage Loan or otherwise applies collateral held by Lender to the repayment of any portion of the unpaid principal balance of the Mortgage Loan, the Prepayment Premium shall be due and payable and equal to the amount obtained by multiplying the percentage indicated (if at all) in the Prepayment Premium Schedule by the amount of principal being prepaid at the time of such acceleration or application.

(b) Voluntary Prepayment in Full.

At any time after the expiration of any Prepayment Lockout Period, Borrower may voluntarily prepay the Mortgage Loan in full on a Permitted Prepayment Date so long as:

(1) Borrower delivers to Lender a Prepayment Notice specifying the Intended Prepayment Date not more than sixty (60) days, but not less than thirty (30) days (if given via U.S. Postal Service) or twenty (20) days (if given via facsimile, e-mail, or overnight courier) prior to such Intended Prepayment Date; and

(2) Borrower pays to Lender an amount equal to the sum of:

(A) the entire unpaid principal balance of the Mortgage Loan; plus

(B) all Accrued Interest (calculated through the last day of the month in which the prepayment occurs); plus

(C) the Prepayment Premium; plus

(D) all other Indebtedness.

In connection with any such voluntary prepayment, Borrower acknowledges and agrees that interest shall always be calculated and paid through the last day of the month in which the prepayment occurs (even if the Permitted Prepayment Date for such month is not the last day of such month, or if Lender approves prepayment on an Intended Prepayment Date that is not a Permitted Prepayment Date). Borrower further acknowledges that Lender is not required to accept a voluntary prepayment of the Mortgage Loan on any day other than a Permitted Prepayment Date. However, if Lender does approve an Intended Prepayment Date that is not a

Permitted Prepayment Date and accepts a prepayment on such Intended Prepayment Date, such prepayment shall be deemed to be received on the immediately following Permitted Prepayment Date. If Borrower fails to prepay the Mortgage Loan on the Intended Prepayment Date for any reason (including on any Intended Prepayment Date that is approved by Lender) and such failure either continues for five (5) Business Days, or into the following month, Lender shall have the right to recalculate the payoff amount. If Borrower prepays the Mortgage Loan either in the following month or more than five (5) Business Days after the Intended Prepayment Date that was approved by Lender, Lender shall also have the right to recalculate the payoff amount based upon the amount of such payment and the date such payment was received by Lender. Borrower shall immediately pay to Lender any additional amounts required by any such recalculation.

(c) Acceleration of Mortgage Loan.

Upon acceleration of the Mortgage Loan, Borrower shall pay to Lender:

- (1) the entire unpaid principal balance of the Mortgage Loan;
- (2) all Accrued Interest (calculated through the last day of the month in which the acceleration occurs);
- (3) the Prepayment Premium; and
- (4) all other Indebtedness.

(d) Application of Collateral.

Any application by Lender of any collateral or other security to the repayment of all or any portion of the unpaid principal balance of the Mortgage Loan prior to the Maturity Date in accordance with the Loan Documents shall be deemed to be a prepayment by Borrower. Any such prepayment shall require the payment to Lender by Borrower of the Prepayment Premium calculated on the amount being prepaid in accordance with this Loan Agreement.

(e) Casualty and Condemnation.

Notwithstanding any provision of this Loan Agreement to the contrary, no Prepayment Premium shall be payable with respect to any prepayment occurring as a result of the application of any insurance proceeds or amounts received in connection with a Condemnation Action in accordance with this Loan Agreement.

(f) No Effect on Payment Obligations.

Unless otherwise expressly provided in this Loan Agreement, any prepayment required by any Loan Document of less than the entire unpaid principal balance of the Mortgage Loan shall not extend or postpone the due date of any subsequent Monthly Debt Service Payments, Monthly Replacement Reserve Deposit, or other payment, or change the amount of any such payments or deposits.

(g) Loss Resulting from Prepayment.

In any circumstance in which a Prepayment Premium is due under this Loan Agreement, Borrower acknowledges that:

(1) any prepayment of the unpaid principal balance of the Mortgage Loan, whether voluntary or involuntary, or following the occurrence of an Event of Default by Borrower, will result in Lender's incurring loss, including reinvestment loss, additional risk, expense, and frustration or impairment of Lender's ability to meet its commitments to third parties;

(2) it is extremely difficult and impractical to ascertain the extent of such losses, risks, and damages;

(3) the formula for calculating the Prepayment Premium represents a reasonable estimate of the losses, risks, and damages Lender will incur as a result of a prepayment; and

(4) the provisions regarding the Prepayment Premium contained in this Loan Agreement are a material part of the consideration for the Mortgage Loan, and that the terms of the Mortgage Loan are in other respects more favorable to Borrower as a result of Borrower's voluntary agreement to such prepayment provisions.

ARTICLE 3 - PERSONAL LIABILITY

Section 3.01 Non-Recourse Mortgage Loan; Exceptions.

Except as otherwise provided in this Article 3 or in any other Loan Document, none of Borrower, or any director, officer, manager, member, partner, shareholder, trustee, trust beneficiary, or employee of Borrower, shall have personal liability under this Loan Agreement or any other Loan Document for the repayment of the Indebtedness or for the performance of any other obligations of Borrower under the Loan Documents, and Lender's only recourse for the satisfaction of such Indebtedness and the performance of such obligations shall be Lender's exercise of its rights and remedies with respect to the Mortgaged Property and any other collateral held by Lender as security for the Indebtedness. This limitation on Borrower's liability shall not limit or impair Lender's enforcement of its rights against Guarantor under any Loan Document.

Section 3.02 Personal Liability of Borrower (Exceptions to Non-Recourse Provision).

(a) Personal Liability Based on Lender's Loss.

Borrower shall be personally liable to Lender for the repayment of the portion of the Indebtedness equal to any loss or damage suffered by Lender as a result of, subject to any notice and cure period, if any:

(1) failure to pay as directed by Lender upon demand after an Event of Default (to the extent actually received by Borrower):

(A) all Rents to which Lender is entitled under the Loan Documents;
and

(B) the amount of all security deposits then held or thereafter collected by Borrower from tenants and not properly applied pursuant to the applicable Leases;

(2) failure to maintain all insurance policies required by the Loan Documents, except to the extent Lender has the obligation to pay the premiums pursuant to Section 12.03(c);

(3) failure to apply all insurance proceeds received by Borrower or any amounts received by Borrower in connection with a Condemnation Action, as required by the Loan Documents;

(4) failure to comply with any provision of this Loan Agreement or any other Loan Document relating to the delivery of books and records, statements, schedules, and reports;

(5) except to the extent directed otherwise by Lender pursuant to Section 3.02(a)(1), failure to apply Rents to the ordinary and necessary expenses of owning and operating the Mortgaged Property and Debt Service Amounts, as and when each is due and payable, except that Borrower will not be personally liable with respect to Rents that are distributed by Borrower in any calendar year if Borrower has paid all ordinary and necessary expenses of owning and operating the Mortgaged Property and Debt Service Amounts for such calendar year;

(6) waste or abandonment of the Mortgaged Property; or

(7) grossly negligent or reckless unintentional material misrepresentation or omission by Borrower, Guarantor, Key Principal, or any officer, director, partner, manager, member, shareholder, or trustee of Borrower, Guarantor, or Key Principal in connection with ongoing financial or other reporting required by the Loan Documents, or any request for action or consent by Lender.

Notwithstanding the foregoing, Borrower shall not have personal liability under clauses (1), (3), or (5) above to the extent that Borrower lacks the legal right to direct the disbursement of the applicable funds due to an involuntary Bankruptcy Event that occurs without the consent, encouragement, or active participation of (A) Borrower, Guarantor, or Key Principal, (B) any Person Controlling Borrower, Guarantor, or Key Principal or (C) any Person Controlled by or under common Control with Borrower, Guarantor, or Key Principal.

(b) Full Personal Liability for Mortgage Loan.

Borrower shall be personally liable to Lender for the repayment of all of the Indebtedness, and the Mortgage Loan shall be fully recourse to Borrower, upon the occurrence of any of the following:

(1) failure by Borrower to comply with the single-asset entity requirements of Section 4.02(d) of this Loan Agreement;

(2) a Transfer (other than a conveyance of the Mortgaged Property at a Foreclosure Event pursuant to the Security Instrument and this Loan Agreement) that is not permitted under this Loan Agreement or any other Loan Document;

(3) the occurrence of any Bankruptcy Event (other than an acknowledgement in writing as described in clause (b) of the definition of “Bankruptcy Event”); provided, however, in the event of an involuntary Bankruptcy Event, Borrower shall only be personally liable if such involuntary Bankruptcy Event occurs with the consent, encouragement, or active participation of (A) Borrower, Guarantor, or Key Principal, (B) any Person Controlling Borrower, Guarantor, or Key Principal, or (C) any Person Controlled by or under common Control with Borrower, Guarantor, or Key Principal;

(4) fraud, written material misrepresentation, or material omission by Borrower, Guarantor, Key Principal, or any officer, director, partner, manager, member, shareholder, or trustee of Borrower, Guarantor, or Key Principal in connection with any application for or creation of the Indebtedness; or

(5) fraud, written intentional material misrepresentation, or intentional material omission by Borrower, Guarantor, Key Principal, or any officer, director, partner, manager, member, shareholder, or trustee of Borrower, Guarantor, or Key Principal in connection with ongoing financial or other reporting required by the Loan Documents, or any request for action or consent by Lender.

Section 3.03 Personal Liability for Indemnity Obligations.

Borrower shall be personally and fully liable to Lender for Borrower’s indemnity obligations under Section 13.01(e) of this Loan Agreement, the Environmental Indemnity Agreement, and any other express indemnity obligations provided by Borrower under any Loan Document. Borrower’s liability for such indemnity obligations shall not be limited by the amount of the Indebtedness, the repayment of the Indebtedness, or otherwise, provided that Borrower’s liability for such indemnities shall not include any loss caused by the gross negligence or willful misconduct of Lender as determined by a court of competent jurisdiction pursuant to a final non-appealable court order.

Section 3.04 Lender’s Right to Forego Rights Against Mortgaged Property.

To the extent that Borrower has personal liability under this Loan Agreement or any other Loan Document, Lender may exercise its rights against Borrower personally to the fullest extent

permitted by applicable law without regard to whether Lender has exercised any rights against the Mortgaged Property, the UCC Collateral, or any other security, or pursued any rights against Guarantor, or pursued any other rights available to Lender under this Loan Agreement, any other Loan Document, or applicable law. For purposes of this Section 3.04 only, the term “Mortgaged Property” shall not include any funds that have been applied by Borrower as required or permitted by this Loan Agreement prior to the occurrence of an Event of Default, or that Borrower was unable to apply as required or permitted by this Loan Agreement because of a Bankruptcy Event. To the fullest extent permitted by applicable law, in any action to enforce Borrower’s personal liability under this Article 3, Borrower waives any right to set off the value of the Mortgaged Property against such personal liability.

ARTICLE 4 - BORROWER STATUS

Section 4.01 Representations and Warranties.

The representations and warranties made by Borrower to Lender in this Section 4.01 are made as of the Effective Date and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) Due Organization and Qualification.

Borrower is validly existing and qualified to transact business and is in good standing in the state in which it is formed or organized, the Property Jurisdiction, and in each other jurisdiction that qualification or good standing is required according to applicable law to conduct its business with respect to the Mortgaged Property and where the failure to be so qualified or in good standing would adversely affect Borrower’s operation of the Mortgaged Property or the validity, enforceability or the ability of Borrower to perform its obligations under this Loan Agreement or any other Loan Document.

(b) Location.

Borrower’s General Business Address is Borrower’s principal place of business and principal office.

(c) Power and Authority.

Borrower has the requisite power and authority:

(1) to own the Mortgaged Property and to carry on its business as now conducted and as contemplated to be conducted in connection with the performance of its obligations under this Loan Agreement and under the other Loan Documents to which it is a party; and

(2) to execute and deliver this Loan Agreement and the other Loan Documents to which it is a party, and to carry out the transactions contemplated by this Loan Agreement and the other Loan Documents to which it is a party.

(d) Due Authorization.

The execution, delivery, and performance of this Loan Agreement and the other Loan Documents to which it is a party have been duly authorized by all necessary action and proceedings by or on behalf of Borrower, and no further approvals or filings of any kind, including any approval of or filing with any Governmental Authority, are required by or on behalf of Borrower as a condition to the valid execution, delivery, and performance by Borrower of this Loan Agreement or any of the other Loan Documents to which it is a party, except filings required to perfect and maintain the liens to be granted under the Loan Documents and routine filings to maintain good standing and its existence.

(e) Valid and Binding Obligations.

This Loan Agreement and the other Loan Documents to which it is a party have been duly executed and delivered by Borrower and constitute the legal, valid, and binding obligations of Borrower, enforceable against Borrower in accordance with their respective terms, except as such enforceability may be limited by applicable Insolvency Laws or by the exercise of discretion by any court.

(f) Effect of Mortgage Loan on Borrower's Financial Condition.

The Mortgage Loan will not render Borrower Insolvent. Borrower has sufficient working capital, including proceeds from the Mortgage Loan, cash flow from the Mortgaged Property, or other sources, not only to adequately maintain the Mortgaged Property, but also to pay all of Borrower's outstanding debts as they come due, including all Debt Service Amounts, exclusive of Borrower's ability to refinance or pay in full the Mortgage Loan on the Maturity Date. In connection with the execution and delivery of this Loan Agreement and the other Loan Documents (and the delivery to, or for the benefit of, Lender of any collateral contemplated thereunder), and the incurrence by Borrower of the obligations under this Loan Agreement and the other Loan Documents, Borrower did not receive less than reasonably equivalent value in exchange for the incurrence of the obligations of Borrower under this Loan Agreement and the other Loan Documents.

(g) Economic Sanctions, Anti-Money Laundering, and Anti-Corruption.

(1) None of Borrower, Guarantor, or Key Principal, nor to Borrower's knowledge, any Person Controlling Borrower, Guarantor, or Key Principal, nor any Person Controlled by Borrower, Guarantor, or Key Principal that also has a direct or indirect ownership interest in Borrower, Guarantor, or Key Principal, is in violation of any applicable civil or criminal laws or regulations, including those requiring internal controls, intended to prohibit, prevent, or regulate money laundering, drug trafficking, terrorism, or corruption, of the United States and the jurisdiction where the Mortgaged Property is located or where the Person resides, is domiciled, or has its principal place of business.

(2) None of Borrower, Guarantor, or Key Principal, nor to Borrower's knowledge, any Person Controlling Borrower, Guarantor, or Key Principal, nor any

Person Controlled by Borrower, Guarantor, or Key Principal that also has a direct or indirect ownership interest in Borrower, Guarantor, or Key Principal, is a Person:

(A) against whom proceedings are pending for any alleged violation of any laws described in Section 4.01(g)(1);

(B) that has been convicted of any violation of, has been subject to civil penalties or Economic Sanctions pursuant to, or had any of its property seized or forfeited under, any laws described in Section 4.01(g)(1); or

(C) with whom any United States Person, any entity organized under the laws of the United States or its constituent states or territories, or any entity, regardless of where organized, having its principal place of business within the United States or any of its territories, is a Sanctioned Person or is otherwise prohibited from transacting business of the type contemplated by this Loan Agreement and the other Loan Documents under any other applicable law.

(3) Borrower, Guarantor, and Key Principal are in compliance with all applicable Economic Sanctions laws and regulations.

(h) Borrower Single Asset Status.

Borrower:

(1) does not own or lease any real property, personal property, or assets other than the Mortgaged Property;

(2) does not own, operate, or participate in any business other than the leasing, ownership, management, operation, and maintenance of the Mortgaged Property;

(3) has no material financial obligation under or secured by any indenture, mortgage, deed of trust, deed to secure debt, loan agreement, or other agreement or instrument to which Borrower is a party, or by which Borrower is otherwise bound, or to which the Mortgaged Property is subject or by which it is otherwise encumbered, other than:

(A) unsecured trade payables incurred in the ordinary course of the operation of the Mortgaged Property (exclusive of amounts for rehabilitation, restoration, repairs, or replacements of the Mortgaged Property) that (i) are not evidenced by a promissory note, (ii) are payable within sixty (60) days of the date incurred, and (iii) as of the Effective Date, do not exceed, in the aggregate, four percent (4%) of the original principal balance of the Mortgage Loan;

(B) if the Security Instrument grants a lien on a leasehold estate, Borrower's obligations as lessee under the ground lease creating such leasehold estate; and

(C) obligations under the Loan Documents and obligations secured by the Mortgaged Property to the extent permitted by the Loan Documents;

(4) has maintained its financial statements, accounting records, and other partnership, real estate investment trust, limited liability company, or corporate documents, as the case may be, separate from those of any other Person (unless Borrower's assets have been included in a consolidated financial statement prepared in accordance with generally accepted accounting principles);

(5) has not commingled its assets or funds with those of any other Person, unless such assets or funds can easily be segregated and identified in the ordinary course of business from those of any other Person;

(6) has been adequately capitalized in light of its contemplated business operations;

(7) has not assumed, guaranteed, or pledged its assets to secure the liabilities or obligations of any other Person (except in connection with the Mortgage Loan or other mortgage loans that have been paid in full or collaterally assigned to Lender, including in connection with any Consolidation, Extension and Modification Agreement or similar instrument), or held out its credit as being available to satisfy the obligations of any other Person;

(8) has not made loans or advances to any other Person; and

(9) has not entered into, and is not a party to, any transaction with any Borrower Affiliate, except in the ordinary course of business and on terms which are no more favorable to any such Borrower Affiliate than would be obtained in a comparable arm's length transaction with an unrelated third party.

(i) No Bankruptcies or Judgments.

None of Borrower, Guarantor, or Key Principal, nor to Borrower's knowledge, any Person Controlling Borrower, Guarantor, or Key Principal, nor any Person Controlled by Borrower, Guarantor, or Key Principal that also has a direct or indirect ownership interest in Borrower, Guarantor, or Key Principal, is currently:

(1) the subject of or a party to any completed or pending bankruptcy, reorganization, including any receivership or other insolvency proceeding;

(2) preparing or intending to be the subject of a Bankruptcy Event; or

(3) the subject of any judgment unsatisfied of record or docketed in any court;

or

(4) Insolvent.

(j) No Actions or Litigation.

(1) There are no claims, actions, suits, or proceedings at law or in equity by or before any Governmental Authority now pending against or, to Borrower's knowledge, threatened against or affecting Borrower or the Mortgaged Property not otherwise covered by insurance (except claims, actions, suits, or proceedings regarding fair housing, anti-discrimination, or equal opportunity, which shall always be disclosed); and

(2) there are no claims, actions, suits, or proceedings at law or in equity by or before any Governmental Authority now pending or, to Borrower's knowledge, threatened against or affecting Guarantor or Key Principal, which claims, actions, suits, or proceedings, if adversely determined (individually or in the aggregate) reasonably would be expected to materially adversely affect the financial condition or business of Borrower, Guarantor, or Key Principal or the condition, operation, or ownership of the Mortgaged Property (except claims, actions, suits, or proceedings regarding fair housing, anti-discrimination, or equal opportunity, which shall always be deemed material).

(k) Payment of Taxes, Assessments, and Other Charges.

Borrower confirms that:

(1) it has filed all federal, state, county, and municipal tax returns and reports required to have been filed by Borrower;

(2) it has paid, before any fine, penalty interest, lien, or costs may be added thereto, all taxes, governmental charges, and assessments due and payable with respect to such returns and reports;

(3) there is no controversy or objection pending, or to the knowledge of Borrower, threatened in respect of any tax returns of Borrower; and

(4) it has made adequate reserves on its books and records for all taxes that have accrued but which are not yet due and payable.

(l) Not a Foreign Person.

Borrower is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code.

(m) ERISA.

Borrower represents and warrants that:

(1) Borrower is not an Employee Benefit Plan;

(2) no asset of Borrower constitutes "plan assets" (within the meaning of Section 3(42) of ERISA and Department of Labor Regulation Section 2510.3-101) of an Employee Benefit Plan;

(3) no asset of Borrower is subject to any laws of any Governmental Authority governing the assets of an Employee Benefit Plan; and

(4) neither Borrower nor any ERISA Affiliate is subject to any obligation or liability with respect to any ERISA Plan.

(n) Default Under Other Obligations.

(1) The execution, delivery, and performance of the obligations imposed on Borrower under this Loan Agreement and the Loan Documents to which it is a party will not cause Borrower to be in default under the provisions of any agreement, judgment, or order to which Borrower is a party or by which Borrower is bound.

(2) None of Borrower, Guarantor, or Key Principal is in default under any obligation to Lender.

(o) Prohibited Person.

None of Borrower, Guarantor, or Key Principal is a Prohibited Person, nor to Borrower's knowledge, is any Person:

(1) Controlling Borrower, Guarantor, or Key Principal a Prohibited Person; or

(2) Controlled by and having a direct or indirect ownership interest in Borrower, Guarantor, or Key Principal a Prohibited Person.

(p) No Contravention.

Neither the execution and delivery of this Loan Agreement and the other Loan Documents to which Borrower is a party, nor the fulfillment of or compliance with the terms and conditions of this Loan Agreement and the other Loan Documents to which Borrower is a party, nor the performance of the obligations of Borrower under this Loan Agreement and the other Loan Documents does or will conflict with or result in any breach or violation of, or constitute a default under, any of the terms, conditions, or provisions of Borrower's organizational documents, or any indenture, existing agreement, or other instrument to which Borrower is a party or to which Borrower, the Mortgaged Property, or other assets of Borrower are subject.

(q) Lockbox Arrangement.

Borrower is not party to any type of lockbox agreement or similar cash management arrangement that has not been approved by Lender in writing, and no direct or indirect owner of Borrower is party to any type of lockbox agreement or similar cash management arrangement with respect to Rents or other income from the Mortgaged Property that has not been approved by Lender in writing.

Section 4.02 Covenants.

(a) Maintenance of Existence; Organizational Documents.

Borrower shall maintain its existence, its entity status, franchises, rights, and privileges under the laws of the state of its formation or organization (as applicable). Borrower shall continue to be duly qualified and in good standing to transact business in each jurisdiction in which qualification or standing is required according to applicable law to conduct its business with respect to the Mortgaged Property and where the failure to do so would adversely affect Borrower's operation of the Mortgaged Property or the validity, enforceability, or the ability of Borrower to perform its obligations under this Loan Agreement or any other Loan Document. Neither Borrower nor any partner, member, manager, officer, or director of Borrower shall:

- (1) make or allow any material change to the organizational documents or organizational structure of Borrower, including changes relating to the Control of Borrower, or
- (2) file any action, complaint, petition, or other claim to:
 - (A) divide, partition, or otherwise compel the sale of the Mortgaged Property, or
 - (B) otherwise change the Control of Borrower.

(b) Economic Sanctions, Anti-Money Laundering, and Anti-Corruption.

(1) Borrower, Guarantor, Key Principal, and any Person Controlling Borrower, Guarantor, or Key Principal, or any Person Controlled by Borrower, Guarantor, or Key Principal that also has a direct or indirect ownership interest in Borrower, Guarantor, or Key Principal shall remain in compliance with any applicable civil or criminal laws or regulations (including those requiring internal controls) intended to prohibit, prevent, or regulate money laundering, drug trafficking, terrorism, or corruption, of the United States and the jurisdiction where the Mortgaged Property is located or where the Person resides, is domiciled, or has its principal place of business.

(2) At no time shall Borrower, Guarantor, or Key Principal, or any Person Controlling Borrower, Guarantor, or Key Principal, or any Person Controlled by Borrower, Guarantor, or Key Principal that also has a direct or indirect ownership interest in Borrower, Guarantor, or Key Principal, be a Person:

- (A) against whom proceedings are pending for any alleged violation of any laws described in Section 4.02(b)(1);
- (B) that has been convicted of any violation of, has been subject to civil penalties or Economic Sanctions pursuant to, or had any of its property seized or forfeited under, any laws described in Section 4.02(b)(1); or

(C) with whom any United States Person, any entity organized under the laws of the United States or its constituent states or territories, or any entity, regardless of where organized, having its principal place of business within the United States or any of its territories, is a Sanctioned Person or is otherwise prohibited from transacting business of the type contemplated by this Loan Agreement and the other Loan Documents under any other applicable law.

(3) Borrower, Guarantor, and Key Principal shall at all times remain in compliance with any applicable Economic Sanctions laws and regulations.

(c) Payment of Taxes, Assessments, and Other Charges.

Borrower shall file all federal, state, county, and municipal tax returns and reports required to be filed by Borrower and shall pay, before any fine, penalty interest, or cost may be added thereto, all taxes payable with respect to such returns and reports.

(d) Borrower Single Asset Status.

Until the Indebtedness is fully paid, Borrower:

(1) shall not acquire or lease any real property, personal property, or assets other than the Mortgaged Property;

(2) shall not acquire, own, operate, or participate in any business other than the leasing, ownership, management, operation, and maintenance of the Mortgaged Property;

(3) shall not commingle its assets or funds with those of any other Person, unless such assets or funds can easily be segregated and identified in the ordinary course of business from those of any other Person;

(4) shall maintain its financial statements, accounting records, and other partnership, real estate investment trust, limited liability company, or corporate documents, as the case may be, separate from those of any other Person (unless Borrower's assets are included in a consolidated financial statement prepared in accordance with generally accepted accounting principles);

(5) shall have no material financial obligation under any indenture, mortgage, deed of trust, deed to secure debt, loan agreement, other agreement or instrument to which Borrower is a party or by which Borrower is otherwise bound, or to which the Mortgaged Property is subject or by which it is otherwise encumbered, other than:

(A) unsecured trade payables incurred in the ordinary course of the operation of the Mortgaged Property (exclusive of amounts (i) to be paid out of the Replacement Reserve Account or Repairs Escrow Account, or (ii) for rehabilitation, restoration, repairs, or replacements of the Mortgaged Property or otherwise approved by Lender) so long as such trade payables (1) are not

evidenced by a promissory note, (2) are payable within sixty (60) days of the date incurred, and (3) as of any date, do not exceed, in the aggregate, two percent (2%) of the original principal balance of the Mortgage Loan; provided, however, that otherwise compliant outstanding trade payables may exceed two percent (2%) up to an aggregate amount of four percent (4%) of the original principal balance of the Mortgage Loan for a period (beginning on or after the Effective Date) not to exceed ninety (90) consecutive days;

(B) if the Security Instrument grants a lien on a leasehold estate, Borrower's obligations as lessee under the ground lease creating such leasehold estate; and

(C) obligations under the Loan Documents and obligations secured by the Mortgaged Property to the extent permitted by the Loan Documents;

(6) shall not assume, guaranty, or pledge its assets to secure the liabilities or obligations of any other Person (except in connection with the Mortgage Loan or other mortgage loans that have been paid in full or collaterally assigned to Lender, including in connection with any Consolidation, Extension and Modification Agreement or similar instrument) or hold out its credit as being available to satisfy the obligations of any other Person;

(7) shall not make loans or advances to any other Person; or

(8) shall not enter into, or become a party to, any transaction with any Borrower Affiliate, except in the ordinary course of business and on terms which are no more favorable to any such Borrower Affiliate than would be obtained in a comparable arm's-length transaction with an unrelated third party.

(e) ERISA.

Borrower covenants that:

(1) no asset of Borrower shall constitute "plan assets" (within the meaning of Section 3(42) of ERISA and Department of Labor Regulation Section 2510.3-101) of an Employee Benefit Plan;

(2) no asset of Borrower shall be subject to the laws of any Governmental Authority governing the assets of an Employee Benefit Plan; and

(3) neither Borrower nor any ERISA Affiliate shall incur any obligation or liability with respect to any ERISA Plan.

(f) Notice of Litigation or Insolvency.

Borrower shall give immediate written notice to Lender of any claims, actions, suits, or proceedings at law or in equity (including any insolvency, bankruptcy, or receivership

proceeding) by or before any Governmental Authority pending or, to Borrower's knowledge, threatened against or affecting Borrower, Guarantor, Key Principal, or the Mortgaged Property, which claims, actions, suits, or proceedings, if adversely determined reasonably would be expected to materially adversely affect the financial condition or business of Borrower, Guarantor, or Key Principal, or the condition, operation, or ownership of the Mortgaged Property (including any claims, actions, suits, or proceedings regarding fair housing, anti-discrimination, or equal opportunity, which shall always be deemed material).

(g) Payment of Costs, Fees, and Expenses.

In addition to the payments specified in this Loan Agreement, Borrower shall pay, on demand, all of Lender's out-of-pocket fees, costs, charges, or expenses (including the reasonable fees and expenses of attorneys, accountants, and other experts) incurred by Lender in connection with:

(1) any amendment to, or consent, or waiver required under, this Loan Agreement or any of the Loan Documents (whether or not any such amendments, consents, or waivers are entered into);

(2) defending or participating in any litigation arising from actions by third parties and brought against or involving Lender with respect to:

(A) the Mortgaged Property;

(B) any event, act, condition, or circumstance in connection with the Mortgaged Property; or

(C) the relationship between or among Lender, Borrower, Key Principal, and Guarantor in connection with this Loan Agreement or any of the transactions contemplated by this Loan Agreement;

(3) the administration or enforcement of, or preservation of rights or remedies under, this Loan Agreement or any other Loan Documents including or in connection with any litigation or appeals, any Foreclosure Event or other disposition of any collateral granted pursuant to the Loan Documents; and

(4) any Bankruptcy Event or Guarantor Bankruptcy Event.

(h) Restrictions on Distributions.

No distributions or dividends of any nature with respect to Rents or other income from the Mortgaged Property shall be made to any Person having a direct ownership interest in Borrower if an Event of Default has occurred and is continuing.

(i) Lockbox Arrangement.

Borrower shall not enter into any type of lockbox agreement or similar cash management arrangement that has not been approved by Lender in writing, and no direct or indirect owner of Borrower shall enter into any type of lockbox agreement or similar cash management arrangement with respect to Rents or other income from the Mortgaged Property that has not been approved by Lender in writing. Lender's approval of any such cash management arrangement may be conditioned upon requiring Borrower to enter into a lockbox agreement or similar cash management arrangement with Lender in form and substance acceptable to Lender with regard to Rents and other income from the Mortgaged Property.

ARTICLE 5 - THE MORTGAGE LOAN

Section 5.01 Representations and Warranties.

The representations and warranties made by Borrower to Lender in this Section 5.01 are made as of the Effective Date and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) Receipt and Review of Loan Documents.

Borrower has received and reviewed this Loan Agreement and all of the other Loan Documents.

(b) No Default.

No default exists under any of the Loan Documents.

(c) No Defenses.

The Loan Documents are not currently subject to any right of rescission, set-off, counterclaim, or defense by either Borrower or Guarantor, including the defense of usury, and neither Borrower nor Guarantor has asserted any right of rescission, set-off, counterclaim, or defense with respect thereto.

(d) Loan Document Taxes.

All mortgage, mortgage recording, stamp, intangible, or any other similar taxes required to be paid by any Person under applicable law currently in effect in connection with the execution, delivery, recordation, filing, registration, perfection, or enforcement of any of the Loan Documents, including the Security Instrument, have been paid or will be paid in the ordinary course of the closing of the Mortgage Loan.

Section 5.02 Covenants.

(a) Ratification of Covenants; Estoppels; Certifications.

Borrower shall:

(1) promptly notify Lender in writing upon any violation of any covenant set forth in any Loan Document of which Borrower has notice or knowledge; provided, however, any such written notice by Borrower to Lender shall not relieve Borrower of, or result in a waiver of, any obligation under this Loan Agreement or any other Loan Document; and

(2) within ten (10) days after a request from Lender, provide a written statement, signed and acknowledged by Borrower, certifying to Lender or any person designated by Lender, as of the date of such statement:

(A) that the Loan Documents are unmodified and in full force and effect (or, if there have been modifications, that the Loan Documents are in full force and effect as modified and setting forth such modifications);

(B) the unpaid principal balance of the Mortgage Loan;

(C) the date to which interest on the Mortgage Loan has been paid;

(D) that Borrower is not in default in paying the Indebtedness or in performing or observing any of the covenants or agreements contained in this Loan Agreement or any of the other Loan Documents (or, if Borrower is in default, describing such default in reasonable detail);

(E) whether or not there are then-existing any setoffs or defenses known to Borrower against the enforcement of any right or remedy of Lender under the Loan Documents; and

(F) any additional facts reasonably requested in writing by Lender.

(b) Further Assurances.

(1) Other Documents As Lender May Require.

Within ten (10) days after request by Lender, Borrower shall, subject to Section 5.02(d) below, execute, acknowledge, and deliver, at its cost and expense, all further acts, deeds, conveyances, assignments, financing statements, transfers, documents, agreements, assurances, and such other instruments as Lender may reasonably require from time to time in order to better assure, grant, and convey to Lender the rights intended to be granted, now or in the future, to Lender under this Loan Agreement and the other Loan Documents.

(2) Corrective Actions.

Within ten (10) days after request by Lender, Borrower shall provide, or cause to be provided, to Lender, at Borrower's cost and expense, such further documentation or information reasonably deemed necessary or appropriate by Lender in the exercise of its rights under the related commitment letter between Borrower and Lender or to correct patent mistakes in the Loan Documents, the Title Policy, or the funding of the Mortgage Loan.

(c) Sale of Mortgage Loan.

Borrower shall, subject to Section 5.02(d) below:

(1) comply with the reasonable requirements of Lender or any Investor of the Mortgage Loan or provide, or cause to be provided, to Lender or any Investor of the Mortgage Loan within ten (10) days of the request, at Borrower's cost and expense, such further documentation or information as Lender or Investor may reasonably require, in order to enable:

(A) Lender to sell the Mortgage Loan to such Investor;

(B) Lender to obtain a refund of any commitment fee from any such Investor; or

(C) any such Investor to further sell or securitize the Mortgage Loan;

(2) ratify and affirm in writing the representations and warranties set forth in any Loan Document as of such date specified by Lender modified as necessary to reflect changes that have occurred subsequent to the Effective Date;

(3) confirm that Borrower is not in default in paying the Indebtedness or in performing or observing any of the covenants or agreements contained in this Loan Agreement or any of the other Loan Documents (or, if Borrower is in default, describing such default in reasonable detail); and

(4) execute and deliver to Lender and/or any Investor such other documentation, including any amendments, corrections, deletions, or additions to this Loan Agreement or other Loan Document(s) as is reasonably required by Lender or such Investor.

(d) Limitations on Further Acts of Borrower.

Nothing in Section 5.02(b) and Section 5.02(c) shall require Borrower to do any further act that has the effect of:

(1) changing the economic terms of the Mortgage Loan set forth in the related commitment letter between Borrower and Lender;

(2) imposing on Borrower or Guarantor greater personal liability under the Loan Documents than that set forth in the related commitment letter between Borrower and Lender; or

(3) materially changing the rights and obligations of Borrower or Guarantor under the commitment letter.

(e) Financing Statements; Record Searches.

(1) Borrower shall pay all costs and expenses associated with:

(A) any filing or recording of any financing statements, including all continuation statements, termination statements, and amendments or any other filings related to security interests in or liens on collateral; and

(B) any record searches for financing statements that Lender may require.

(2) Borrower hereby authorizes Lender to file any financing statements, continuation statements, termination statements, and amendments (including an “all assets” or “all personal property” collateral description or words of similar import) in form and substance as Lender may require in order to protect and preserve Lender’s lien priority and security interest in the Mortgaged Property (and to the extent Lender has filed any such financing statements, continuation statements, or amendments prior to the Effective Date, such filings by Lender are hereby authorized and ratified by Borrower).

(f) Loan Document Taxes.

Borrower shall pay, on demand, any transfer taxes, documentary taxes, assessments, or charges made by any Governmental Authority in connection with the execution, delivery, recordation, filing, registration, perfection, or enforcement of any of the Loan Documents or the Mortgage Loan.

ARTICLE 6 - PROPERTY USE, PRESERVATION, AND MAINTENANCE

Section 6.01 Representations and Warranties.

The representations and warranties made by Borrower to Lender in this Section 6.01 are made as of the Effective Date and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) Compliance with Law; Permits and Licenses.

(1) To Borrower’s knowledge, all improvements to the Land and the use of the Mortgaged Property comply with all applicable laws, ordinances, statutes, rules, and regulations, including all applicable statutes, rules, and regulations pertaining to requirements for equal opportunity, anti-discrimination, fair housing, and rent control, and Borrower has no knowledge of any action or proceeding (or threatened action or proceeding) regarding noncompliance or nonconformity with any of the foregoing.

(2) To Borrower’s knowledge, there is no evidence of any illegal activities on the Mortgaged Property.

(3) To Borrower's knowledge, no permits or approvals from any Governmental Authority, other than those previously obtained and furnished to Lender, are necessary for the commencement and completion of the Repairs or Replacements, as applicable, other than those permits or approvals which will be timely obtained in the ordinary course of business.

(4) All required permits, licenses, and certificates to comply with all zoning and land use statutes, laws, ordinances, rules, and regulations, and all applicable health, fire, safety, and building codes, and for the lawful use and operation of the Mortgaged Property, including certificates of occupancy, apartment licenses, or the equivalent, have been obtained and are in full force and effect.

(5) No portion of the Mortgaged Property has been purchased with the proceeds of any illegal activity.

(b) Property Characteristics.

(1) The Mortgaged Property contains at least:

(A) the Property Square Footage;

(B) the Total Parking Spaces; and

(C) the Total Residential Units.

(2) No part of the Land is included or assessed under or as part of another tax lot or parcel, and no part of any other property is included or assessed under or as part of the tax lot or parcels for the Land.

(c) Property Ownership.

Borrower is sole owner or ground lessee of the Mortgaged Property.

(d) Condition of the Mortgaged Property.

(1) Borrower has not made any claims, and to Borrower's knowledge, no claims have been made, against any contractor, engineer, architect, or other party with respect to the construction or condition of the Mortgaged Property or the existence of any structural or other material defect therein; and

(2) neither the Land nor the Improvements has sustained any damage other than damage which has been fully repaired, or is fully insured and is being repaired in the ordinary course of business.

(e) Personal Property.

Borrower owns (or, to the extent disclosed on the Exceptions to Representations and Warranties Schedule, leases) all of the Personal Property that is material to and is used in connection with the management, ownership, and operation of the Mortgaged Property.

Section 6.02 Covenants.

(a) Use of Property.

From and after the Effective Date, Borrower shall not, unless required by applicable law or Governmental Authority:

- (1) change the use of all or any part of the Mortgaged Property;
- (2) convert any individual dwelling units or common areas to commercial use, or convert any common area or commercial use to individual dwelling units;
- (3) initiate or acquiesce in a change in the zoning classification of the Land;
- (4) establish any condominium or cooperative regime with respect to the Mortgaged Property;
- (5) subdivide the Land; or
- (6) suffer, permit, or initiate the joint assessment of any Mortgaged Property with any other real property constituting a tax lot separate from such Mortgaged Property which could cause the part of the Land to be included or assessed under or as part of another tax lot or parcel, or any part of any other property to be included or assessed under or as part of the tax lot or parcels for the Land.

(b) Property Maintenance.

Borrower shall:

- (1) pay the expenses of operating, managing, maintaining, and repairing the Mortgaged Property (including insurance premiums, utilities, Repairs, and Replacements) before the last date upon which each such payment may be made without any penalty or interest charge being added;
- (2) keep the Mortgaged Property in good repair and marketable condition (ordinary wear and tear excepted) (including the replacement of Personalty and Fixtures with items of equal or better function and quality) and subject to Section 9.03(b)(3) and Section 10.03(d) restore or repair promptly, in a good and workmanlike manner, any damaged part of the Mortgaged Property to the equivalent of its original condition or condition immediately prior to the damage (if improved after the Effective Date),

whether or not any insurance proceeds or amounts received in connection with a Condemnation Action are available to cover any costs of such restoration or repair;

(3) commence all Required Repairs, Additional Lender Repairs, and Additional Lender Replacements as follows:

(A) with respect to any Required Repairs, promptly following the Effective Date (subject to Force Majeure, if applicable), in accordance with the timelines set forth on the Required Repair Schedule, or if no timelines are provided, as soon as practical following the Effective Date;

(B) with respect to Additional Lender Repairs, in the event that Lender determines that Additional Lender Repairs are necessary from time to time or pursuant to Section 6.03(c), promptly following Lender's written notice of such Additional Lender Repairs (subject to Force Majeure, if applicable), commence any such Additional Lender Repairs in accordance with Lender's timelines, or if no timelines are provided, as soon as practical;

(C) with respect to Additional Lender Replacements, in the event that Lender determines that Additional Lender Replacements are necessary from time to time or pursuant to Section 6.03(c), promptly following Lender's written notice of such Additional Lender Replacements (subject to Force Majeure, if applicable), commence any such Additional Lender Replacements in accordance with Lender's timelines, or if no timelines are provided, as soon as practical;

(4) make, construct, install, diligently perform, and complete all Replacements, Repairs, and any other work permitted under the Loan Documents:

(A) in a good and workmanlike manner as soon as practicable following the commencement thereof, free and clear of any Liens, including mechanics' or materialmen's liens and encumbrances (except Permitted Encumbrances and mechanics' or materialmen's liens which attach automatically under the laws of any Governmental Authority upon the commencement of any work upon, or delivery of any materials to, the Mortgaged Property and for which Borrower is not delinquent in the payment for any such work or materials);

(B) in accordance with all applicable laws, ordinances, rules, and regulations of any Governmental Authority, including applicable building codes, special use permits, and environmental regulations;

(C) in accordance with all applicable insurance and bonding requirements; and

(D) within all timeframes required by Lender, and Borrower acknowledges that it shall be an Event of Default if Borrower abandons or ceases

work on any Repair at any time prior to the completion of the Repairs for a period of longer than twenty (20) days (except when Force Majeure exists and Borrower is diligently pursuing the reinstatement of such work, provided, however, any such abandonment or cessation shall not in any event allow the Repair to be completed after the Completion Period, subject to Force Majeure); and

(5) subject to the terms of Section 6.03(a), provide for professional management of the Mortgaged Property by a residential rental property manager satisfactory to Lender under a contract approved by Lender in writing;

(6) give written notice to Lender of, and, unless otherwise directed in writing by Lender, appear in and defend any action or proceeding purporting to affect the Mortgaged Property, Lender's security for the Mortgage Loan, or Lender's rights under this Loan Agreement; and

(7) upon Lender's written request, submit to Lender any contracts or work orders described in Section 13.02(b).

(c) Property Preservation.

Borrower shall:

(1) not commit waste or abandon or (ordinary wear and tear excepted) permit impairment or deterioration of the Mortgaged Property;

(2) not (nor permit any other Person to) demolish, make any change in the unit mix, otherwise alter the Mortgaged Property or any part of the Mortgaged Property, or remove any Personalty or Fixtures from the Mortgaged Property, except for (A) alterations required in connection with Repairs and Replacements; or (B) the replacement of tangible Personalty or Fixtures, provided (i) such Personalty or Fixtures are replaced with items of equal or better function and quality, and (ii) such replacement does not result in any disruption in occupancy (other than in connection with the routine re-leasing of units);

(3) not engage in or knowingly permit, and shall take appropriate measures to prevent and abate or cease and desist, any illegal activities at the Mortgaged Property that could endanger tenants or visitors, result in damage to the Mortgaged Property, result in forfeiture of the Land or otherwise materially impair the lien created by the Security Instrument or Lender's interest in the Mortgaged Property;

(4) not permit any condition to exist on the Mortgaged Property that would invalidate any part of any insurance coverage required by this Loan Agreement; or

(5) not subject the Mortgaged Property to any voluntary, elective, or non-compulsory tax lien or assessment (or opt in to any voluntary, elective, or non-compulsory special tax district or similar regime).

(d) Property Inspections.

Borrower shall:

(1) permit Lender, its agents, representatives, and designees to enter upon and inspect the Mortgaged Property (including in connection with any Replacement or Repair, or to conduct any Environmental Inspection pursuant to the Environmental Indemnity Agreement), and shall cooperate and provide access to all areas of the Mortgaged Property (subject to the rights of tenants under the Leases):

(A) during normal business hours;

(B) at such other reasonable time upon reasonable notice of not less than one (1) Business Day;

(C) at any time when exigent circumstances exist; or

(D) at any time after an Event of Default has occurred and is continuing; and

(2) pay for reasonable costs or expenses incurred by Lender or its agents in connection with any such inspections.

(e) Compliance with Laws.

Borrower shall:

(1) comply with all laws, ordinances, statutes, rules, and regulations of any Governmental Authority and all recorded lawful covenants and agreements relating to or affecting the Mortgaged Property, including all laws, ordinances, statutes, rules and regulations, and covenants pertaining to construction of improvements on the Land, fair housing, and requirements for equal opportunity, anti-discrimination, and Leases;

(2) procure and maintain all required permits, licenses, charters, registrations, and certificates necessary to comply with all zoning and land use statutes, laws, ordinances, rules and regulations, and all applicable health, fire, safety, and building codes and for the lawful use and operation of the Mortgaged Property, including certificates of occupancy, apartment licenses, or the equivalent;

(3) comply with all applicable laws that pertain to the maintenance and disposition of tenant security deposits;

(4) at all times maintain records sufficient to demonstrate compliance with the provisions of this Section 6.02(e); and

(5) promptly after receipt or notification thereof, provide Lender copies of any building code or zoning violation from any Governmental Authority with respect to the Mortgaged Property.

Section 6.03 Mortgage Loan Administration Matters Regarding the Property.

(a) Property Management.

From and after the Effective Date, each property manager and each property management agreement must be approved by Lender. If, in connection with the making of the Mortgage Loan, or at any later date, Lender waives in writing the requirement that Borrower enter into a written contract for management of the Mortgaged Property, and Borrower later elects to enter into a written contract or change the management of the Mortgaged Property, such new property manager or the property management agreement must be approved by Lender. As a condition to any approval by Lender, Lender may require that Borrower and such new property manager enter into a collateral assignment of the property management agreement on a form approved by Lender.

(b) Subordination of Fees to Affiliated Property Managers.

Any property manager that is a Borrower Affiliate to whom fees are payable for the management of the Mortgaged Property must enter into an assignment of management agreement or other agreement with Lender, in a form approved by Lender, providing for subordination of those fees and such other provisions as Lender may require.

(c) Property Condition Assessment.

If, in connection with any inspection of the Mortgaged Property, Lender determines that the condition of the Mortgaged Property has deteriorated (ordinary wear and tear excepted) since the Effective Date, Lender may obtain, at Borrower's expense, a property condition assessment of the Mortgaged Property. Lender's right to obtain a property condition assessment pursuant to this Section 6.03(c) shall be in addition to any other rights available to Lender under this Loan Agreement in connection with any such deterioration. Any such inspection or property condition assessment may result in Lender requiring Additional Lender Repairs or Additional Lender Replacements as further described in Section 13.02(a)(9)(B).

ARTICLE 7 - LEASES AND RENTS

Section 7.01 Representations and Warranties.

The representations and warranties made by Borrower to Lender in this Section 7.01 are made as of the Effective Date and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) Prior Assignment of Rents.

Borrower has not executed any:

(1) prior assignment of Rents (other than an assignment of Rents securing prior indebtedness that has been paid off and discharged or will be paid off and discharged with the proceeds of the Mortgage Loan); or

(2) instrument which would prevent Lender from exercising its rights under this Loan Agreement or the Security Instrument.

(b) Prepaid Rents.

Borrower has not accepted, and does not expect to receive prepayment of, any Rents for more than two (2) months prior to the due dates of such Rents.

Section 7.02 Covenants.

(a) Leases.

Borrower shall:

(1) comply with and observe Borrower's obligations under all Leases, including Borrower's obligations pertaining to the maintenance and disposition of tenant security deposits;

(2) surrender possession of the Mortgaged Property, including all Leases and all security deposits and prepaid Rents, immediately upon appointment of a receiver or Lender's entry upon and taking of possession and control of the Mortgaged Property, as applicable;

(3) require that all Residential Leases have initial terms of not less than six (6) months and not more than twenty-four (24) months (however, if customary in the applicable market for properties comparable to the Mortgaged Property, Residential Leases with terms of less than six (6) months (but in no case less than one (1) month) may be permitted with Lender's prior written consent); and

(4) promptly provide Lender a copy of any non-Residential Lease at the time such Lease is executed (subject to Lender's consent rights for Material Commercial Leases in Section 7.02(b)) and, upon Lender's written request, promptly provide Lender a copy of any Residential Lease then in effect.

(b) Commercial Leases.

(1) With respect to Material Commercial Leases, Borrower shall not:

(A) enter into any Material Commercial Lease except with the prior written consent of Lender; or

(B) modify the terms of, extend, or terminate any Material Commercial Lease (including any Material Commercial Lease in existence on the Effective Date) without the prior written consent of Lender.

(2) With respect to any non-Material Commercial Lease, Borrower shall not:

(A) enter into any non-Material Commercial Lease that materially alters the use and type of operation of the premises subject to the Lease in effect as of the Effective Date or reduces the number or size of residential units at the Mortgaged Property; or

(B) modify the terms of any non-Material Commercial Lease (including any non-Material Commercial Lease in existence on the Effective Date) in any way that materially alters the use and type of operation of the premises subject to such non-Material Commercial Lease in effect as of the Effective Date, reduces the number or size of residential units at the Mortgaged Property, or results in such non-Material Commercial Lease being deemed a Material Commercial Lease.

(3) With respect to any Material Commercial Lease or non-Material Commercial Lease, Borrower shall cause the applicable tenant to provide within ten (10) days after a request by Borrower, a certificate of estoppel, or if not provided by tenant within such ten (10) day period, Borrower shall provide such certificate of estoppel, certifying:

(A) that such Material Commercial Lease or non-Material Commercial Lease is unmodified and in full force and effect (or if there have been modifications, that such Material Commercial Lease or non-Material Commercial Lease is in full force and effect as modified and stating the modifications);

(B) the term of the Lease including any extensions thereto;

(C) the dates to which the Rent and any other charges hereunder have been paid by tenant;

(D) the amount of any security deposit delivered to Borrower as landlord;

(E) whether or not Borrower is in default (or whether any event or condition exists which, with the passage of time, would constitute an event of default) under such Lease;

(F) the address to which notices to tenant should be sent; and

(G) any other information as may be reasonably required by Lender.

(c) Payment of Rents.

Borrower shall:

(1) pay to Lender upon demand all Rents after an Event of Default has occurred and is continuing;

(2) cooperate with Lender's efforts in connection with the assignment of Rents set forth in the Security Instrument; and

(3) not accept Rent under any Lease (whether a Residential Lease or a non-Residential Lease) for more than two (2) months in advance.

(d) Assignment of Rents.

Borrower shall not:

(1) perform any acts nor execute any instrument that would prevent Lender from exercising its rights under the assignment of Rents granted in the Security Instrument or in any other Loan Document; nor

(2) interfere with Lender's collection of such Rents.

(e) Further Assignments of Leases and Rents.

Borrower shall execute and deliver any further assignments of Leases and Rents as Lender may reasonably require.

(f) Options to Purchase by Tenants.

No Lease (whether a Residential Lease or a non-Residential Lease) shall contain an option to purchase, right of first refusal to purchase or right of first offer to purchase, except as required by applicable law.

Section 7.03 Mortgage Loan Administration Regarding Leases and Rents.

(a) Material Commercial Lease Requirements.

Each Material Commercial Lease, including any renewal or extension of any Material Commercial Lease in existence as of the Effective Date, shall provide, directly or pursuant to a subordination, non-disturbance and attornment agreement approved by Lender, that:

(1) the tenant shall, upon written notice from Lender after the occurrence of an Event of Default, pay all Rents payable under such Lease to Lender;

(2) such Lease and all rights of the tenant thereunder are expressly subordinate to the lien of the Security Instrument;

(3) the tenant shall attorn to Lender and any purchaser at a Foreclosure Event (such attornment to be self-executing and effective upon acquisition of title to the Mortgaged Property by any purchaser at a Foreclosure Event or by Lender in any manner);

(4) the tenant agrees to execute such further evidences of attornment as Lender or any purchaser at a Foreclosure Event may from time to time request; and

(5) such Lease shall not terminate as a result of a Foreclosure Event unless Lender or any other purchaser at such Foreclosure Event affirmatively elects to terminate such Lease pursuant to the terms of the subordination, non-disturbance and attornment agreement.

(b) Residential Lease Form.

All Residential Leases entered into from and after the Effective Date shall be on forms approved by Lender.

ARTICLE 8 - BOOKS AND RECORDS; FINANCIAL REPORTING

Section 8.01 Representations and Warranties.

The representations and warranties made by Borrower to Lender in this Section 8.01 are made as of the Effective Date and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) Financial Information.

All financial statements and data, including statements of cash flow and income and operating expenses, that have been delivered to Lender in respect of the Mortgaged Property:

(1) are true, complete, and correct in all material respects; and

(2) accurately represent the financial condition of the Mortgaged Property as of such date.

(b) No Change in Facts or Circumstances.

All information in the Loan Application and in all financial statements, rent rolls, reports, certificates, and other documents submitted in connection with the Loan Application are complete and accurate in all material respects. There has been no material adverse change in any fact or circumstance that would make any such information incomplete or inaccurate.

Section 8.02 Covenants.

(a) Obligation to Maintain Accurate Books and Records.

Borrower shall keep and maintain at all times at the Mortgaged Property or the property management agent's offices or Borrower's General Business Address and, upon Lender's written request, shall make available at the Land:

(1) complete and accurate books of account and records (including copies of supporting bills and invoices) adequate to reflect correctly the operation of the Mortgaged Property; and

(2) copies of all written contracts, Leases, and other instruments that affect Borrower or the Mortgaged Property.

(b) Items to Furnish to Lender.

Borrower shall furnish to Lender the following, certified as true, complete, and accurate, in all material respects, by an individual having authority to bind Borrower (or Guarantor, as applicable), in such form and with such detail as Lender reasonably requires:

(1) within forty-five (45) days after the end of each first, second, and third calendar quarter, a statement of income and expenses for Borrower on a year-to-date basis as of the end of each calendar quarter;

(2) within one hundred twenty (120) days after the end of each calendar year:

(A) for any Borrower that is an entity, a statement of income and expenses and a statement of cash flows for such calendar year;

(B) for any Borrower that is an individual, or a trust established for estate-planning purposes, a personal financial statement for such calendar year;

(C) when requested in writing by Lender, balance sheet(s) showing all assets and liabilities of Borrower and a statement of all contingent liabilities as of the end of such calendar year;

(D) if an energy consumption metric for the Mortgaged Property is required to be reported to any Governmental Authority, the Fannie Mae Energy Performance Metrics report, as generated by ENERGY STAR® Portfolio Manager, for the Mortgaged Property for such calendar year, which report must include the ENERGY STAR score, the Source Energy Use Intensity (EUI), the month and year ending period for such ENERGY STAR score and such Source Energy Use Intensity, and the ENERGY STAR Portfolio Manager Property Identification Number; provided that, if the Governmental Authority does not require the use of ENERGY STAR Portfolio Manager for the reporting of the energy consumption metric and Borrower does not use ENERGY STAR

Portfolio Manager, then Borrower shall furnish to Lender the Source Energy Use Intensity for the Mortgaged Property for such calendar year;

(E) a written certification ratifying and affirming that:

(i) Borrower has taken no action in violation of Section 4.02(d) regarding its single asset status;

(ii) Borrower has received no notice of any building code violation, or if Borrower has received such notice, evidence of remediation;

(iii) Borrower has made no application for rezoning nor received any notice that the Mortgaged Property has been or is being rezoned; and

(iv) Borrower has taken no action and has no knowledge of any action that would violate the provisions of Section 11.02(b)(1)(F) regarding liens encumbering the Mortgaged Property;

(F) an accounting of all security deposits held pursuant to all Leases, including the name of the institution (if any) and the names and identification numbers of the accounts (if any) in which such security deposits are held and the name of the person to contact at such financial institution, along with any authority or release necessary for Lender to access information regarding such accounts; and

(G) written confirmation of:

(i) any changes occurring since the Effective Date (or that no such changes have occurred since the Effective Date) in (1) the direct owners of Borrower, (2) the indirect owners (and any non-member managers) of Borrower that Control Borrower (excluding any Publicly-Held Corporations or Publicly-Held Trusts), or (3) the indirect owners of Borrower that hold twenty-five percent (25%) or more of the ownership interests in Borrower (excluding any Publicly-Held Corporations or Publicly-Held Trusts), and their respective interests;

(ii) the names of all officers and directors of (1) any Borrower which is a corporation, (2) any corporation which is a general partner of any Borrower which is a partnership, or (3) any corporation which is the managing member or non-member manager of any Borrower which is a limited liability company; and

(iii) the names of all managers who are not members of (1) any Borrower which is a limited liability company, (2) any limited liability company which is a general partner of any Borrower which is a

partnership, or (3) any limited liability company which is the managing member or non-member manager of any Borrower which is a limited liability company; and

(H) if not already provided pursuant to Section 8.02(b)(2)(A) above, a statement of income and expenses for Borrower's operation of the Mortgaged Property on a year-to-date basis as of the end of each calendar year;

(3) within forty-five (45) days after the end of each first, second, and third calendar quarter and within one hundred twenty (120) days after the end of each calendar year, and at any other time upon Lender's written request, a rent schedule for the Mortgaged Property showing the name of each tenant and for each tenant, the space occupied, the lease expiration date, the rent payable for the current month, the date through which rent has been paid, and any related information requested by Lender; and

(4) upon Lender's written request (but, absent an Event of Default, no more frequently than once in any six (6) month period):

(A) any item described in Section 8.02(b)(1) or Section 8.02(b)(2) for Borrower, certified as true, complete, and accurate by an individual having authority to bind Borrower;

(B) a property management or leasing report for the Mortgaged Property, showing the number of rental applications received from tenants or prospective tenants and deposits received from tenants or prospective tenants, and any other information requested by Lender;

(C) a statement of income and expenses for Borrower's operation of the Mortgaged Property on a year-to-date basis as of the end of each month for such period as requested by Lender, which statement shall be delivered within thirty (30) days after the end of such month requested by Lender;

(D) a statement of real estate owned directly or indirectly by Borrower and Guarantor for such period as requested by Lender, which statement(s) shall be delivered within thirty (30) days after the end of such month requested by Lender;

(E) for any Guarantor, by the later of thirty (30) days after the date requested by Lender and the date one hundred twenty (120) days after the end of the most recent calendar year:

(i) that is an entity, a statement of income and expenses and a statement of cash flows for such calendar year;

(ii) that is an individual, or a trust established for estate-planning purposes, a personal financial statement for such calendar year; and

(iii) balance sheet(s) showing all assets and liabilities of Guarantor and a statement of all contingent liabilities as of the end of such calendar year; and

(F) a statement that identifies:

(i) the direct owners of Borrower and their respective interests;

(ii) the indirect owners (and any non-member managers) of Borrower that Control Borrower (excluding any Publicly-Held Corporations or Publicly-Held Trusts) and their respective interests; and

(iii) the indirect owners of Borrower that hold twenty-five percent (25%) or more of the ownership interests in Borrower (excluding any Publicly-Held Corporations or Publicly-Held Trusts) and their respective interests.

(c) Audited Financials.

In the event Borrower or Guarantor receives or obtains any audited financial statements and such financial statements are required to be delivered to Lender under Section 8.02(b), Borrower shall deliver or cause to be delivered to Lender the audited versions of such financial statements.

(d) Delivery of Books and Records.

If an Event of Default has occurred and is continuing, Borrower shall deliver to Lender, upon written demand, all books and records relating to the Mortgaged Property or its operation.

Section 8.03 Mortgage Loan Administration Matters Regarding Books and Records and Financial Reporting.

(a) Lender's Right to Obtain Audited Books and Records.

Lender may require that Borrower's or Guarantor's books and records be audited, at Borrower's expense, by an independent certified public accountant selected by Lender in order to produce or audit any statements, schedules, and reports of Borrower, Guarantor, or the Mortgaged Property required by Section 8.02, if:

(1) Borrower or Guarantor fails to provide in a timely manner the statements, schedules, and reports required by Section 8.02 and, thereafter, Borrower or Guarantor fails to provide such statements, schedules, and reports within the cure period provided in Section 14.01(c);

(2) the statements, schedules, and reports submitted to Lender pursuant to Section 8.02 are not full, complete, and accurate in all material respects as determined by

Lender and, thereafter, Borrower or Guarantor fails to provide such statements, schedules, and reports within the cure period provided in Section 14.01(c); or

- (3) an Event of Default has occurred and is continuing.

Notwithstanding the foregoing, the ability of Lender to require the delivery of audited financial statements shall be limited to not more than once per Borrower's fiscal year so long as no Event of Default has occurred during such fiscal year (or any event which, with the giving of written notice or the passage of time, or both, would constitute an Event of Default has occurred and is continuing). Borrower shall cooperate with Lender in order to satisfy the provisions of this Section 8.03(a). All related costs and expenses of Lender shall become due and payable by Borrower within ten (10) Business Days after demand therefor.

(b) Credit Reports; Credit Score.

No more often than once in any twelve (12) month period, Lender is authorized to obtain a credit report (if applicable) on Borrower or Guarantor, the cost of which report shall be paid by Borrower. Lender is authorized to obtain a Credit Score (if applicable) for Borrower or Guarantor at any time at Lender's expense.

ARTICLE 9 - INSURANCE

Section 9.01 Representations and Warranties.

The representations and warranties made by Borrower to Lender in this Section 9.01 are made as of the Effective Date and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) Compliance with Insurance Requirements.

Borrower is in compliance with Lender's insurance requirements (or has obtained a written waiver from Lender for any non-compliant coverage) and has timely paid all premiums on all required insurance policies.

(b) Property Condition.

- (1) The Mortgaged Property has not been damaged by fire, water, wind, or other cause of loss; or

- (2) if previously damaged, any previous damage to the Mortgaged Property has been repaired and the Mortgaged Property has been fully restored.

Section 9.02 Covenants.

(a) Insurance Requirements.

(1) As required by Lender and applicable law, and as may be modified from time to time, Borrower shall:

(A) keep the Improvements insured at all times against any hazards, which insurance shall include coverage against loss by fire and all other perils insured by the “special causes of loss” coverage form, general boiler and machinery coverage, business income coverage, and flood (if any of the Improvements are located in an area identified by the Federal Emergency Management Agency (or any successor) as an area having special flood hazards and to the extent flood insurance is available in that area), and may include sinkhole insurance, mine subsidence insurance, earthquake insurance, terrorism insurance, windstorm insurance and, if the Mortgaged Property does not conform to applicable building, zoning, or land use laws, ordinance and law coverage;

(B) maintain at all times commercial general liability insurance, workmen’s compensation insurance, and such other liability, errors and omissions, and fidelity insurance coverage; and

(C) maintain builder’s risk and public liability insurance, and other insurance in connection with completing the Repairs or Replacements, as applicable.

(b) Delivery of Policies, Renewals, Notices, and Proceeds.

Borrower shall:

(1) cause all insurance policies (including any policies not otherwise required by Lender) which can be endorsed with standard non-contributing, non-reporting mortgagee clauses making loss payable to Lender (or Lender’s assigns) to be so endorsed;

(2) promptly deliver to Lender a copy of all renewal and other notices received by Borrower with respect to the policies and all receipts for paid premiums;

(3) deliver evidence, in form and content acceptable to Lender, that each required insurance policy under this Article 9 has been renewed not less than fifteen (15) days prior to the applicable expiration date, and (if such evidence is other than an original or duplicate original of a renewal policy) deliver the original or duplicate original of each renewal policy (or such other evidence of insurance as may be required by or acceptable to Lender) in form and content acceptable to Lender within ninety (90) days after the applicable expiration date of the original insurance policy;

(4) provide immediate written notice to the insurance company and to Lender of any event of loss;

(5) execute such further evidence of assignment of any insurance proceeds as Lender may require; and

(6) provide immediate written notice to Lender of Borrower's receipt of any insurance proceeds under any insurance policy required by Section 9.02(a)(1) above and, if requested by Lender, deliver to Lender all of such proceeds received by Borrower to be applied by Lender in accordance with this Article 9.

Section 9.03 Mortgage Loan Administration Matters Regarding Insurance

(a) Lender's Ongoing Insurance Requirements.

Borrower acknowledges that Lender's insurance requirements may change from time to time. All insurance policies and renewals of insurance policies required by this Loan Agreement shall be:

(1) in the form and with the terms required by Lender;

(2) in such amounts, with such maximum deductibles and for such periods required by Lender; and

(3) issued by insurance companies satisfactory to Lender.

BORROWER ACKNOWLEDGES THAT ANY FAILURE OF BORROWER TO COMPLY WITH THE REQUIREMENTS SET FORTH IN SECTION 9.02(a) OR SECTION 9.02(b)(3) ABOVE SHALL PERMIT LENDER TO PURCHASE THE APPLICABLE INSURANCE AT BORROWER'S COST. SUCH INSURANCE MAY, BUT NEED NOT, PROTECT BORROWER'S INTERESTS. THE COVERAGE THAT LENDER PURCHASES MAY NOT PAY ANY CLAIM THAT BORROWER MAKES OR ANY CLAIM THAT IS MADE AGAINST BORROWER IN CONNECTION WITH THE MORTGAGED PROPERTY. IF LENDER PURCHASES INSURANCE FOR THE MORTGAGED PROPERTY AS PERMITTED HEREUNDER, BORROWER WILL BE RESPONSIBLE FOR THE COSTS OF THAT INSURANCE, INCLUDING INTEREST AT THE DEFAULT RATE AND ANY OTHER CHARGES LENDER MAY IMPOSE IN CONNECTION WITH THE PLACEMENT OF THE INSURANCE UNTIL THE EFFECTIVE DATE OF THE CANCELLATION OR THE EXPIRATION OF THE INSURANCE. THE COSTS OF THE INSURANCE SHALL BE ADDED TO BORROWER'S TOTAL OUTSTANDING BALANCE OR OBLIGATION AND SHALL CONSTITUTE ADDITIONAL INDEBTEDNESS. THE COSTS OF THE INSURANCE MAY BE MORE THAN THE COST OF INSURANCE BORROWER MAY BE ABLE TO OBTAIN ON ITS OWN. BORROWER MAY LATER CANCEL ANY INSURANCE PURCHASED BY LENDER, BUT ONLY AFTER PROVIDING EVIDENCE THAT BORROWER HAS OBTAINED INSURANCE AS REQUIRED BY THIS LOAN AGREEMENT AND THE OTHER LOAN DOCUMENTS.

(b) Application of Proceeds on Event of Loss.

(1) Upon an event of loss, Lender may, at Lender's option:

(A) hold such proceeds to be applied to reimburse Borrower for the cost of Restoration (in accordance with Lender's then-current policies relating to the restoration of casualty damage on similar multifamily residential properties); or

(B) apply such proceeds to the payment of the Indebtedness, whether or not then due; provided, however, Lender shall not apply insurance proceeds to the payment of the Indebtedness and shall permit Restoration pursuant to Section 9.03(b)(1)(A) if all of the following conditions are met:

(i) no Event of Default has occurred and is continuing (or any event which, with the giving of written notice or the passage of time, or both, would constitute an Event of Default has occurred and is continuing);

(ii) Lender determines that the combination of insurance proceeds and amounts provided by Borrower will be sufficient funds to complete the Restoration;

(iii) Lender determines that the Net Cash Flow generated by the Mortgaged Property after completion of the Restoration will be sufficient to support a debt service coverage ratio not less than the debt service coverage ratio immediately prior to the event of loss, but in no event less than 1.0x (the debt service coverage ratio shall be calculated on a thirty (30) year amortizing basis (if applicable, on a *proforma* basis approved by Lender) in all events and shall include all operating costs and other expenses, Imposition Deposits, deposits to Collateral Accounts, and Mortgage Loan repayment obligations);

(iv) Lender determines that the Restoration will be completed before the earlier of (1) one year before the stated Maturity Date, or (2) one year after the date of the loss or casualty; and

(v) Borrower provides Lender, upon written request, evidence of the availability during and after the Restoration of the insurance required to be maintained by Borrower pursuant to this Loan Agreement.

After the completion of Restoration in accordance with the above requirements, as determined by Lender, the balance, if any, of such proceeds shall be returned to Borrower.

(2) Notwithstanding the foregoing, if any loss is estimated to be in an amount equal to or less than \$50,000, Lender shall not exercise its rights and remedies as power-

of-attorney herein and shall allow Borrower to make proof of loss, to adjust and compromise any claims under policies of property damage insurance, to appear in and prosecute any action arising from such policies of property damage insurance, and to collect and receive the proceeds of property damage insurance; provided that each of the following conditions shall be satisfied:

(A) Borrower shall immediately notify Lender of the casualty giving rise to the claim;

(B) no Event of Default has occurred and is continuing (or any event which, with the giving of written notice or the passage of time, or both, would constitute an Event of Default has occurred and is continuing);

(C) the Restoration will be completed before the earlier of (i) one year before the stated Maturity Date, or (ii) one year after the date of the loss or casualty;

(D) Lender determines that the combination of insurance proceeds and amounts provided by Borrower will be sufficient funds to complete the Restoration;

(E) all proceeds of property damage insurance shall be issued in the form of joint checks to Borrower and Lender;

(F) all proceeds of property damage insurance shall be applied to the Restoration;

(G) Borrower shall deliver to Lender evidence satisfactory to Lender of completion of the Restoration and obtainment of all lien releases;

(H) Borrower shall have complied to Lender's satisfaction with the foregoing requirements on any prior claims subject to this provision, if any; and

(I) Lender shall have the right to inspect the Mortgaged Property (subject to the rights of tenants under the Leases).

(3) If Lender elects to apply insurance proceeds to the Indebtedness in accordance with the terms of this Loan Agreement, Borrower shall not be obligated to restore or repair the Mortgaged Property. Rather, Borrower shall restrict access to the damaged portion of the Mortgaged Property and, at its expense and regardless of whether such costs are covered by insurance, clean up any debris resulting from the casualty event, and, if required or otherwise permitted by Lender, demolish or raze any remaining part of the damaged Mortgaged Property to the extent necessary to keep and maintain the Mortgaged Property in a safe, habitable, and marketable condition. Nothing in this Section 9.03(b) shall affect any of Lender's remedial rights against Borrower in connection with a breach by Borrower of any of its obligations under this Loan Agreement or under any Loan Document, including any failure to timely pay Monthly

Debt Service Payments or maintain the insurance coverage(s) required by this Loan Agreement.

(c) Payment Obligations Unaffected.

The application of any insurance proceeds to the Indebtedness shall not extend or postpone the Maturity Date, or the due date or the full payment of any Monthly Debt Service Payment, Monthly Replacement Reserve Deposit, or any other installments referred to in this Loan Agreement or in any other Loan Document. Notwithstanding the foregoing, if Lender applies insurance proceeds to the Indebtedness in connection with a casualty of less than the entire Mortgaged Property, and after such application of proceeds the debt service coverage ratio (as determined by Lender) is less than 1.25x based on the then-applicable Monthly Debt Service Payment and the anticipated ongoing Net Cash Flow of the Mortgaged Property after such casualty event, then Lender may, at its discretion, permit an adjustment to the Monthly Debt Service Payments that become due and owing thereafter, based on Lender's then-current underwriting requirements. In no event shall the preceding sentence obligate Lender to make any adjustment to the Monthly Debt Service Payments.

(d) Foreclosure Sale.

If the Mortgaged Property is transferred pursuant to a Foreclosure Event or Lender otherwise acquires title to the Mortgaged Property, Borrower acknowledges that Lender shall automatically succeed to all rights of Borrower in and to any insurance policies and unearned insurance premiums applicable to the Mortgaged Property and in and to the proceeds resulting from any damage to the Mortgaged Property prior to such Foreclosure Event or such acquisition.

(e) Appointment of Lender as Attorney-In-Fact.

Borrower hereby authorizes and appoints Lender as attorney-in-fact pursuant to Section 14.03(c).

ARTICLE 10 - CONDEMNATION

Section 10.01 Representations and Warranties.

The representations and warranties made by Borrower to Lender in this Section 10.01 are made as of the Effective Date and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) Prior Condemnation Action.

No part of the Mortgaged Property has been taken in connection with a Condemnation Action.

(b) Pending Condemnation Actions.

No Condemnation Action is pending nor, to Borrower's knowledge, is threatened for the partial or total condemnation or taking of the Mortgaged Property.

Section 10.02 Covenants.

(a) Notice of Condemnation.

Borrower shall:

(1) promptly notify Lender of any Condemnation Action of which Borrower has knowledge;

(2) appear in and prosecute or defend, at its own cost and expense, any action or proceeding relating to any Condemnation Action, including any defense of Lender's interest in the Mortgaged Property tendered to Borrower by Lender, unless otherwise directed by Lender in writing; and

(3) execute such further evidence of assignment of any condemnation award in connection with a Condemnation Action as Lender may require.

(b) Condemnation Proceeds.

Borrower shall pay to Lender all awards or proceeds of a Condemnation Action promptly upon receipt.

Section 10.03 Mortgage Loan Administration Matters Regarding Condemnation.

(a) Application of Condemnation Awards.

Lender may apply any awards or proceeds of a Condemnation Action, after the deduction of Lender's expenses incurred in the collection of such amounts, to:

(1) the restoration or repair of the Mortgaged Property, if applicable;

(2) the payment of the Indebtedness, with the balance, if any, paid to Borrower; or

(3) Borrower.

(b) Payment Obligations Unaffected.

The application of any awards or proceeds of a Condemnation Action to the Indebtedness shall not extend or postpone the Maturity Date, or the due date or the full payment of any Monthly Debt Service Payment, Monthly Replacement Reserve Deposit, or any other installments referred to in this Loan Agreement or in any other Loan Document.

(c) Appointment of Lender as Attorney-In-Fact.

Borrower hereby authorizes and appoints Lender as attorney-in-fact pursuant to Section 14.03(c).

(d) Preservation of Mortgaged Property.

If a Condemnation Action results in or from damage to the Mortgaged Property and Lender elects to apply the proceeds or awards from such Condemnation Action to the Indebtedness in accordance with the terms of this Loan Agreement, Borrower shall not be obligated to restore or repair the Mortgaged Property. Rather, Borrower shall restrict access to any portion of the Mortgaged Property which has been damaged or destroyed in connection with such Condemnation Action and, at Borrower's expense and regardless of whether such costs are covered by insurance, clean up any debris resulting in or from the Condemnation Action, and, if required by any Governmental Authority or otherwise permitted by Lender, demolish or raze any remaining part of the damaged Mortgaged Property to the extent necessary to keep and maintain the Mortgaged Property in a safe, habitable, and marketable condition. Nothing in this Section 10.03(d) shall affect any of Lender's remedial rights against Borrower in connection with a breach by Borrower of any of its obligations under this Loan Agreement or under any Loan Document, including any failure to timely pay Monthly Debt Service Payments or maintain the insurance coverage(s) required by this Loan Agreement.

ARTICLE 11 - LIENS, TRANSFERS, AND ASSUMPTIONS

Section 11.01 Representations and Warranties.

The representations and warranties made by Borrower to Lender in this Section 11.01 are made as of the Effective Date and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) No Labor or Materialmen's Claims.

All parties furnishing labor and materials on behalf of Borrower have been paid in full. There are no mechanics' or materialmen's liens (whether filed or unfiled) outstanding for work, labor, or materials (and no claims or work outstanding that under applicable law could give rise to any such mechanics' or materialmen's liens) affecting the Mortgaged Property, whether prior to, equal with, or subordinate to the lien of the Security Instrument.

(b) No Other Interests.

No Person:

(1) other than Borrower has any possessory ownership or interest in the Mortgaged Property or right to occupy the same except under and pursuant to the provisions of existing Leases, the material terms of all such Leases having been previously disclosed in writing to Lender; nor

(2) has an option, right of first refusal, or right of first offer (except as required by applicable law) to purchase the Mortgaged Property, or any interest in the Mortgaged Property.

Section 11.02 Covenants.

(a) Liens; Encumbrances.

Borrower shall not permit the grant, creation, or existence of any Lien, whether voluntary, involuntary, or by operation of law, on all or any portion of the Mortgaged Property (including any voluntary, elective, or non-compulsory tax lien or assessment pursuant to a voluntary, elective, or non-compulsory special tax district or similar regime) other than:

(1) Permitted Encumbrances;

(2) the creation of:

(A) any tax lien, municipal lien, utility lien, mechanics' lien, materialmen's lien, or judgment lien against the Mortgaged Property if bonded off, released of record, or otherwise remedied to Lender's satisfaction within sixty (60) days after the earlier of the date Borrower has actual notice or constructive notice of the existence of such lien; or

(B) any mechanics' or materialmen's liens which attach automatically under the laws of any Governmental Authority upon the commencement of any work upon, or delivery of any materials to, the Mortgaged Property and for which Borrower is not delinquent in the payment for any such work or materials; and

(3) the lien created by the Loan Documents.

(b) Transfers.

(1) Mortgaged Property.

Borrower shall not Transfer, or cause or permit a Transfer of, all or any part of the Mortgaged Property (including any interest in the Mortgaged Property) other than:

(A) a Transfer to which Lender has consented in writing;

(B) Leases permitted pursuant to the Loan Documents;

(C) [reserved];

(D) a Transfer of obsolete or worn out Personalty or Fixtures that are contemporaneously replaced by items of equal or better function and quality which are free of Liens (other than those created by the Loan Documents);

(E) the grant of an easement, servitude, or restrictive covenant to which Lender has consented, and Borrower has paid to Lender, upon demand, all costs and expenses incurred by Lender in connection with reviewing Borrower's request (including reasonable attorneys' fees and a \$5,000 review fee, which shall be in lieu of any other Review Fee or Transfer Fee);

(F) a lien permitted pursuant to Section 11.02(a) of this Loan Agreement; or

(G) the conveyance of the Mortgaged Property following a Foreclosure Event.

(2) Interests in Borrower, Key Principal, or Guarantor.

Other than a Transfer to which Lender has consented in writing, Borrower shall not Transfer, or cause or permit to be Transferred:

(A) any direct or indirect ownership interest in Borrower, Key Principal, or Guarantor (if applicable) if such Transfer would cause a change in Control;

(B) a direct or indirect Restricted Ownership Interest in Borrower, Key Principal, or Guarantor (if applicable);

(C) fifty percent (50%) or more of Key Principal's or Guarantor's direct or indirect ownership interests in Borrower that existed on the Effective Date (individually or on an aggregate basis);

(D) the economic benefits or rights to cash flows attributable to any ownership interests in Borrower, Key Principal, or Guarantor (if applicable) separate from the Transfer of the underlying ownership interests if the Transfer of the underlying ownership interest is prohibited by this Loan Agreement; or

(E) a Transfer to a new key principal or new guarantor (if such new key principal or guarantor is an entity), which entity has an organizational existence termination date that ends before the Maturity Date.

Notwithstanding the foregoing, if a Publicly-Held Corporation or a Publicly-Held Trust Controls Borrower, Key Principal, or Guarantor, or owns a direct or indirect Restricted Ownership Interest in Borrower, Key Principal, or Guarantor, a Transfer of any ownership interests in such Publicly-Held Corporation or Publicly-Held Trust shall not be prohibited under this Loan Agreement as long as (i) such Transfer does not result in a conversion of such Publicly-Held Corporation or Publicly-Held Trust to a privately held entity, and (ii) Borrower provides written notice to Lender not later than thirty (30) days thereafter of any such Transfer that results in any Person owning ten percent (10%) or more of the ownership interests in such Publicly-Held Corporation or Publicly-Held Trust.

(3) Transfers of Non-Controlling Interests.

Transfers of direct or indirect limited partnership or non-managing member interests in Borrower that result in a Transfer of fifty percent (50%) or more of the limited partnership or non-managing membership interests shall be consented to by Lender if such Transfer satisfies the following conditions:

(A) Key Principal or Guarantor (as applicable) Controls Borrower with the same rights and abilities as Key Principal or Guarantor (as applicable) Controls Borrower immediately prior to the date of such Transfer;

(B) such Transfer satisfies the requirements of Section 11.02(b)(2)(C);

(C) Borrower shall provide Lender not less than thirty (30) days prior written notice of the proposed Transfer and obtain Lender's approval;

(D) Borrower shall provide with its notice to Lender an organizational chart reflecting, and all organizational documents relevant to, the proposed Transfer;

(E) Borrower shall provide with its notice to Lender a certification that no change of Control of Borrower or Key Principal shall occur as a result of such Transfer;

(F) the transferee shall not be, as of the date of the Transfer, a Prohibited Person if, as a result of the Transfer, the transferee will own twenty-five percent (25%) or more of the direct or indirect ownership interests in Borrower (or, if any other investor will own twenty-five percent (25%) or more of the direct or indirect ownership interests in Borrower that did not own twenty-five percent (25%) or more before the Transfer, such investor shall not, as of the date of the Transfer, be a Prohibited Person);

(G) Borrower shall pay to Lender:

(i) concurrently with its notice to Lender, the Review Fee plus a Transfer Fee of \$25,000; and

(ii) upon demand, any out-of-pocket costs and expenses, including reasonable attorneys' fees and expenses, incurred by Lender in connection with its review of the Transfer request; and

(H) Borrower shall execute upon demand such documents or certifications as Lender reasonably requires in order to confirm the post-transfer ownership structure, compliance with the stated conditions, and any other relevant factual matter.

(4) Name Change or Entity Conversion.

Lender shall consent to Borrower changing its name, changing its jurisdiction of organization, or converting from one type of legal entity into another type of legal entity for any lawful purpose, provided that:

(A) Lender receives written notice at least thirty (30) days prior to such change or conversion, which notice shall include organizational charts that reflect the structure of Borrower both prior to and subsequent to such name change or entity conversion;

(B) such Transfer is not otherwise prohibited under the provisions of Section 11.02(b)(2);

(C) Borrower executes an amendment to this Loan Agreement and any other Loan Documents required by Lender documenting the name change or entity conversion;

(D) Borrower agrees and acknowledges, at Borrower's expense, that (i) Borrower will execute and record in the land records any instrument required by the Property Jurisdiction to be recorded to evidence such name change or entity conversion (or provide Lender with written confirmation from the title company (via electronic mail or letter) that no such instrument is required), (ii) Borrower will execute any additional documents required by Lender, including the amendment to this Loan Agreement, and allow such documents to be recorded or filed in the land records of the Property Jurisdiction, (iii) Lender will obtain a "date down" endorsement to the Lender's Title Policy (or obtain a new Title Policy if a "date down" endorsement is not available in the Property Jurisdiction), evidencing title to the Mortgaged Property being in the name of the successor entity and the Lien of the Security Instrument against the Mortgaged Property, and (iv) Lender will file any required UCC-3 financing statement and make any other filing deemed necessary to maintain the priority of its Liens on the Mortgaged Property; and

(E) no later than ten (10) days subsequent to such name change or entity conversion, Borrower shall provide Lender (i) the documentation filed with the appropriate office in Borrower's state of formation evidencing such name change or entity conversion, (ii) copies of the organizational documents of Borrower, including any amendments, filed with the appropriate office in Borrower's state of formation reflecting the post-conversion Borrower name, form of organization, and structure, and (iii) if available, new certificates of good standing or valid formation for Borrower.

(5) No Delaware Statutory Trust or Series LLC Conversion.

Notwithstanding any provisions herein to the contrary, no Borrower, Guarantor, or Key Principal shall convert to a Delaware Statutory Trust or a series limited liability company.

(c) No Other Indebtedness.

Other than the Mortgage Loan, Borrower shall not incur or be obligated at any time with respect to any loan or other indebtedness (except trade payables as otherwise permitted in this Loan Agreement), including any indebtedness secured by a Lien on, or the cash flows from, the Mortgaged Property.

(d) No Mezzanine Financing or Preferred Equity.

Neither Borrower nor any direct or indirect owner of Borrower shall: (1) incur any Mezzanine Debt other than Permitted Mezzanine Debt; (2) issue any Preferred Equity other than Permitted Preferred Equity; or (3) incur any similar indebtedness or issue any similar equity.

Section 11.03 Mortgage Loan Administration Matters Regarding Liens, Transfers, and Assumptions.

(a) Assumption of Mortgage Loan.

Lender shall consent to a Transfer of the Mortgaged Property to and an assumption of the Mortgage Loan by a new borrower if each of the following conditions is satisfied prior to the Transfer:

(1) Borrower has submitted to Lender all information required by Lender to make the determination required by this Section 11.03(a);

(2) no Event of Default has occurred and is continuing, and no event which, with the giving of written notice or the passage of time, or both, would constitute an Event of Default has occurred and is continuing;

(3) Lender determines that:

(A) the proposed new borrower, new key principal, and any other new guarantor fully satisfy all of Lender's then-applicable borrower, key principal, or guarantor eligibility, credit, management, and other loan underwriting standards, which shall include an analysis of (i) the previous relationships between Lender and the proposed new borrower, new key principal, new guarantor, and any Person in Control of them, and the organization of the new borrower, new key principal, and new guarantor (if applicable), and (ii) the operating and financial performance of the Mortgaged Property, including physical condition and occupancy;

(B) none of the proposed new borrower, new key principal, and any new guarantor, or any owners of the proposed new borrower, new key principal, and any new guarantor, are a Prohibited Person; and

(C) none of the proposed new borrower, new key principal, and any new guarantor (if any of such are entities) shall have an organizational existence termination date that ends before the Maturity Date;

(4) [reserved];

(5) the proposed new borrower has:

(A) executed an assumption agreement acceptable to Lender that, among other things, requires the proposed new borrower to assume and perform all obligations of Borrower (or any other transferor), and that may require that the new borrower comply with any provisions of any Loan Document that previously may have been waived by Lender for Borrower, subject to the terms of Section 11.03(g);

(B) if required by Lender, delivered to the title company for filing and/or recording in all applicable jurisdictions, all applicable Loan Documents including the assumption agreement to correctly evidence the assumption and the confirmation, continuation, perfection, and priority of the Liens created hereunder and under the other Loan Documents; and

(C) delivered to Lender a “date-down” endorsement to the Title Policy acceptable to Lender (or a new title insurance policy if a “date-down” endorsement is not available);

(6) one or more individuals or entities acceptable to Lender as new guarantors have executed and delivered to Lender:

(A) an assumption agreement acceptable to Lender that requires the new guarantor to assume and perform all obligations of Guarantor under any Guaranty given in connection with the Mortgage Loan; or

(B) a substitute Non-Recourse Guaranty and other substitute guaranty in a form acceptable to Lender;

(7) Lender has reviewed and approved the Transfer documents; and

(8) Lender has received the fees described in Section 11.03(g).

(b) Transfers to Key Principal-Owned Affiliates or Guarantor-Owned Affiliates.

(1) Except as otherwise covered in Section 11.03(b)(2) below, Transfers of direct or indirect ownership interests in Borrower to Key Principal or Guarantor, or to a

transferee through which Key Principal or Guarantor (as applicable) Controls Borrower with the same rights and abilities as Key Principal or Guarantor (as applicable) Controls Borrower immediately prior to the date of such Transfer, shall be consented to by Lender if such Transfer satisfies the applicable requirements of Section 11.03(a) as they would relate to such transferee, other than Section 11.03(a)(5).

(2) Transfers of direct or indirect interests in Borrower held by a Key Principal or Guarantor to other Key Principals or Guarantors, as applicable, shall be consented to by Lender if such Transfer satisfies the following conditions:

(A) the Transfer does not cause a change in the Control of Borrower; and

(B) the transferor Key Principal or Guarantor maintains the same right and ability to Control Borrower as existed prior to the Transfer.

If the conditions set forth in this Section 11.03(b) are satisfied, the Transfer Fee shall be waived provided Borrower shall pay the Review Fee and out-of-pocket costs set forth in Section 11.03(g).

(c) Estate Planning.

Notwithstanding the provisions of Section 11.02(b)(2), so long as (1) the Transfer does not cause a change in the Control of Borrower, and (2) Key Principal and Guarantor, as applicable, maintain the same right and ability to Control Borrower as existed prior to the Transfer, Lender shall consent to Transfers of direct or indirect ownership interests in Borrower and Transfers of direct or indirect ownership interests in an entity Key Principal or entity Guarantor to:

(A) Immediate Family Members of such transferor, each of whom must have obtained the legal age of majority;

(B) United States domiciled trusts established for the benefit of the transferor or Immediate Family Members of the transferor; or

(C) partnerships or limited liability companies of which the partners or members, respectively, are comprised entirely of (i) such transferor and Immediate Family Members (each of whom must have obtained the legal age of majority) of such transferor, (ii) Immediate Family Members (each of whom must have obtained the legal age of majority) of such transferor, or (iii) United States domiciled trusts established for the benefit of the transferor or Immediate Family Members of the transferor.

If the conditions set forth in this Section 11.03(c) are satisfied, the Transfer Fee shall be waived provided Borrower shall pay the Review Fee and out-of-pocket costs set forth in Section 11.03(g).

(d) Termination or Revocation of Trust.

If any of Borrower, Guarantor, or Key Principal is a trust, or if Control of Borrower, Guarantor, or Key Principal is Transferred or if a Restricted Ownership Interest in Borrower, Guarantor, or Key Principal would be Transferred due to the termination or revocation of a trust, the termination or revocation of such trust is an unpermitted Transfer; provided that the termination or revocation of the trust due to the death of an individual trustor shall not be considered an unpermitted Transfer so long as:

- (1) Lender is notified within thirty (30) days of the death; and
- (2) such Borrower, Guarantor, Key Principal, or other Person, as applicable, is replaced with an individual or entity acceptable to Lender, in accordance with the provisions of Section 11.03(a) within ninety (90) days of the date of the death causing the termination or revocation.

If the conditions set forth in this Section 11.03(d) are satisfied, the Transfer Fee shall be waived; provided Borrower shall pay the Review Fee and out-of-pocket costs set forth in Section 11.03(g).

(e) Death of Key Principal or Guarantor; Transfer Due to Death.

(1) If a Key Principal or Guarantor that is a natural person dies, or if Control of Borrower, Guarantor, or Key Principal is Transferred, or if a Restricted Ownership Interest in Borrower, Guarantor, or Key Principal would be Transferred as a result of the death of a Person (except in the case of trusts which is addressed in Section 11.03(d)), Borrower must notify Lender in writing within ninety (90) days in the event of such death. Unless waived in writing by Lender, the deceased shall be replaced by an individual or entity within one hundred eighty (180) days, subject to Borrower's satisfaction of the following conditions:

(A) Borrower has submitted to Lender all information required by Lender to make the determination required by this Section 11.03(e);

(B) Lender determines that, if applicable:

(i) any proposed new key principal and any other new guarantor (or Person Controlling such new key principal or new guarantor) fully satisfies all of Lender's then-applicable key principal or guarantor eligibility, credit, management, and other loan underwriting standards (including any standards with respect to previous relationships between Lender and the proposed new key principal and new guarantor (or Person Controlling such new key principal or new guarantor) and the organization of the new key principal and new guarantor);

(ii) none of any proposed new key principal or any new guarantor, or any owners of the proposed new key principal or any new guarantor, is a Prohibited Person; and

(iii) none of any proposed new key principal or any new guarantor (if any of such are entities) shall have an organizational existence termination date that ends before the Maturity Date; and

(C) if applicable, one or more individuals or entities acceptable to Lender as new guarantors have executed and delivered to Lender:

(i) an assumption agreement acceptable to Lender that requires the new guarantor to assume and perform all obligations of Guarantor under any Guaranty given in connection with the Mortgage Loan; or

(ii) a substitute Non-Recourse Guaranty and other substitute guaranty in a form acceptable to Lender.

(2) In the event a replacement Key Principal, Guarantor, or other Person is required by Lender due to the death described in this Section 11.03(e), and such replacement has not occurred within such period, the period for replacement may be extended by Lender to a date not more than one year from the date of such death; however, Lender may require as a condition to any such extension that:

(A) the then-current property manager be replaced with a property manager reasonably acceptable to Lender (or if a property manager has not been previously engaged, a property manager reasonably acceptable to Lender be engaged); or

(B) a lockbox agreement or similar cash management arrangement (with the property manager) reasonably acceptable to Lender during such extended replacement period be instituted.

If the conditions set forth in this Section 11.03(e) are satisfied, the Transfer Fee shall be waived, provided Borrower shall pay the Review Fee and out-of-pocket costs set forth in Section 11.03(g).

(f) Bankruptcy of Guarantor.

(1) Upon the occurrence of any Guarantor Bankruptcy Event, unless waived in writing by Lender, the applicable Guarantor shall be replaced by an individual or entity within ninety (90) days of such Guarantor Bankruptcy Event, subject to Borrower's satisfaction of the following conditions:

(A) Borrower has submitted to Lender all information required by Lender to make the determination required by this Section 11.03(f);

(B) Lender determines that:

(i) the proposed new guarantor fully satisfies all of Lender's then-applicable guarantor eligibility, credit, management, and other loan underwriting standards (including any standards with respect to previous relationships between Lender and the proposed new guarantor and the organization of the new guarantor (if applicable));

(ii) no new guarantor is a Prohibited Person; and

(iii) no new guarantor (if any of such are entities) shall have an organizational existence termination date that ends before the Maturity Date; and

(C) one or more individuals or entities acceptable to Lender as new guarantors have executed and delivered to Lender:

(i) an assumption agreement acceptable to Lender that requires the new guarantor to assume and perform all obligations of Guarantor under any Guaranty given in connection with the Mortgage Loan; or

(ii) a substitute Non-Recourse Guaranty and other substitute guaranty in a form acceptable to Lender.

(2) In the event a replacement Guarantor is required by Lender due to the Guarantor Bankruptcy Event described in this Section 11.03(f), and such replacement has not occurred within such period, the period for replacement may be extended by Lender in its discretion; however, Lender may require as a condition to any such extension that:

(A) the then-current property manager be replaced with a property manager reasonably acceptable to Lender (or if a property manager has not been previously engaged, a property manager reasonably acceptable to Lender be engaged); or

(B) a lockbox agreement or similar cash management arrangement (with the property manager) reasonably acceptable to Lender during such extended replacement period be instituted.

If the conditions set forth in this Section 11.03(f) are satisfied, the Transfer Fee shall be waived, provided Borrower shall pay the Review Fee and out-of-pocket costs set forth in Section 11.03(g).

(g) Further Conditions to Transfers and Assumption.

(1) In connection with any Transfer of the Mortgaged Property, or an ownership interest in Borrower, Key Principal, or Guarantor for which Lender's approval

is required under this Loan Agreement (including Section 11.03(a)), Lender may, as a condition to any such approval, require:

(A) additional collateral, guaranties, or other credit support to mitigate any risks concerning the proposed transferee or the performance or condition of the Mortgaged Property;

(B) amendment of the Loan Documents to delete or modify any specially negotiated terms or provisions previously granted for the exclusive benefit of original Borrower, Key Principal, or Guarantor and to restore the original provisions of the standard Fannie Mae form multifamily loan documents, to the extent such provisions were previously modified; or

(C) a modification to the amounts required to be deposited into the Reserve/Escrow Account pursuant to the terms of Section 13.02(a)(3)(B).

(2) In connection with any request by Borrower for consent to a Transfer, Borrower shall pay to Lender upon demand:

(A) the Transfer Fee (to the extent charged by Lender);

(B) the Review Fee (regardless of whether Lender approves or denies such request); and

(C) all of Lender's out-of-pocket costs (including reasonable attorneys' fees) incurred in reviewing the Transfer request, regardless of whether Lender approves or denies such request.

ARTICLE 12 - IMPOSITIONS

Section 12.01 Representations and Warranties.

The representations and warranties made by Borrower to Lender in this Section 12.01 are made as of the Effective Date and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) Payment of Taxes, Assessments, and Other Charges.

Borrower has:

(1) paid (or with the approval of Lender, established an escrow fund sufficient to pay when due and payable) all amounts and charges relating to the Mortgaged Property that have become due and payable before any fine, penalty interest, lien, or costs may be added thereto, including Impositions, leasehold payments, and ground rents;

(2) paid all Taxes for the Mortgaged Property that have become due before any fine, penalty interest, lien, or costs may be added thereto pursuant to any notice of

assessment received by Borrower and any and all taxes that have become due against Borrower before any fine, penalty interest, lien, or costs may be added thereto;

(3) no knowledge of any basis for any additional assessments;

(4) no knowledge of any presently pending special assessments against all or any part of the Mortgaged Property, or any presently pending special assessments against Borrower; and

(5) not received any written notice of any contemplated special assessment against the Mortgaged Property, or any contemplated special assessment against Borrower.

Section 12.02 Covenants.

(a) Imposition Deposits, Taxes, and Other Charges.

Borrower shall:

(1) deposit the Imposition Deposits with Lender on each Payment Date (or on another day designated in writing by Lender) in amount sufficient, in Lender's discretion, to enable Lender to pay each Imposition before the last date upon which such payment may be made without any penalty or interest charge being added, plus an amount equal to no more than one-sixth (1/6) (or the amount permitted by applicable law) of the Impositions for the trailing twelve (12) months (calculated based on the aggregate annual Imposition costs divided by twelve (12) and multiplied by two (2));

(2) deposit with Lender, within ten (10) days after written notice from Lender (subject to applicable law), such additional amounts estimated by Lender to be reasonably necessary to cure any deficiency in the amount of the Imposition Deposits held for payment of a specific Imposition;

(3) except as set forth in Section 12.03(c) below, pay all Impositions, leasehold payments, ground rents, and Taxes when due and before any fine, penalty interest, lien, or costs may be added thereto;

(4) promptly deliver to Lender a copy of all notices of, and invoices for, Impositions, and, if Borrower pays any Imposition directly, Borrower shall promptly furnish to Lender receipts evidencing such payments; and

(5) promptly deliver to Lender a copy of all notices of any special assessments and contemplated special assessments against the Mortgaged Property or Borrower.

Section 12.03 Mortgage Loan Administration Matters Regarding Impositions.

(a) Maintenance of Records by Lender.

Lender shall maintain records of the monthly and aggregate Imposition Deposits held by Lender for the purpose of paying Taxes, insurance premiums, and each other obligation of Borrower for which Imposition Deposits are required.

(b) Imposition Accounts.

All Imposition Deposits shall be held in an institution (which may be Lender, if Lender is such an institution) whose deposits or accounts are insured or guaranteed by a federal agency and which accounts meet the standards for custodial accounts as required by Lender from time to time. Lender shall not be obligated to open additional accounts, or deposit Imposition Deposits in additional institutions, when the amount of the Imposition Deposits exceeds the maximum amount of the federal deposit insurance or guaranty. No interest, earnings, or profits on the Imposition Deposits shall be paid to Borrower unless applicable law so requires. Imposition Deposits shall not be trust funds, nor shall they operate to reduce the Indebtedness, unless applied by Lender for that purpose in accordance with this Loan Agreement. For the purposes of 9-104(a)(3) of the UCC, Lender is the owner of the Imposition Deposits and shall be deemed a “customer” with sole control of the account holding the Imposition Deposits.

(c) Payment of Impositions; Sufficiency of Imposition Deposits.

Lender may pay an Imposition according to any bill, statement, or estimate from the appropriate public office or insurance company without inquiring into the accuracy of the bill, statement, or estimate or into the validity of the Imposition. Imposition Deposits shall be required to be used by Lender to pay Taxes, insurance premiums and any other individual Imposition only if:

- (1) no Event of Default exists;
- (2) Borrower has timely delivered to Lender all applicable bills or premium notices that it has received; and
- (3) sufficient Imposition Deposits are held by Lender for each Imposition at the time such Imposition becomes due and payable.

Lender shall have no liability to Borrower or any other Person for failing to pay any Imposition if any of the conditions are not satisfied. If at any time the amount of the Imposition Deposits held for payment of a specific Imposition exceeds the amount reasonably deemed necessary by Lender to be held in connection with such Imposition, the excess may be credited against future installments of Imposition Deposits for such Imposition.

(d) Imposition Deposits Upon Event of Default.

If an Event of Default has occurred and is continuing, Lender may apply any Imposition Deposits, in such amount and in such order as Lender determines, to pay any Impositions or as a credit against the Indebtedness.

(e) Contesting Impositions.

Other than insurance premiums, Borrower may contest, at its expense, by appropriate legal proceedings, the amount or validity of any Imposition if:

(1) Borrower notifies Lender of the commencement or expected commencement of such proceedings;

(2) Lender determines that the Mortgaged Property is not in danger of being sold or forfeited;

(3) Borrower deposits with Lender (or the applicable Governmental Authority if required by applicable law) reserves sufficient to pay the contested Imposition, if required by Lender (or the applicable Governmental Authority);

(4) Borrower furnishes whatever additional security is required in the proceedings or is reasonably requested in writing by Lender; and

(5) Borrower commences, and at all times thereafter diligently prosecutes, such contest in good faith until a final determination is made by the applicable Governmental Authority.

(f) Release to Borrower.

Upon payment in full of all sums secured by the Security Instrument and this Loan Agreement and release by Lender of the lien of the Security Instrument, Lender shall disburse to Borrower the balance of any Imposition Deposits then on deposit with Lender.

ARTICLE 13 - REPLACEMENT RESERVE AND REPAIRS

Section 13.01 Covenants.

(a) Initial Deposits to Replacement Reserve Account and Repairs Escrow Account.

On the Effective Date, Borrower shall pay to Lender:

(1) the Initial Replacement Reserve Deposit for deposit into the Replacement Reserve Account; and

(2) the Repairs Escrow Deposit for deposit into the Repairs Escrow Account.

(b) Monthly Replacement Reserve Deposits.

Borrower shall deposit the applicable Monthly Replacement Reserve Deposit into the Replacement Reserve Account on each Payment Date.

(c) Payment for Replacements and Repairs.

Borrower shall:

(1) pay all invoices for the Replacements and Repairs, regardless of whether funds on deposit in the Replacement Reserve Account or the Repairs Escrow Account, as applicable, are sufficient, prior to any request for disbursement from the Replacement Reserve Account or the Repairs Escrow Account, as applicable (unless Lender has agreed to issue joint checks in connection with a particular Replacement or Repair);

(2) pay all applicable fees and charges of any Governmental Authority on account of the Replacements and Repairs, as applicable; and

(3) provide evidence satisfactory to Lender of completion of the Replacements and any Required Repairs (within the Completion Period or within such other period or by such other date set forth in the Required Repair Schedule and any Borrower Requested Repairs and Additional Lender Repairs (by the date specified by Lender for any such Borrower Requested Repairs or Additional Lender Repairs)).

(d) Assignment of Contracts for Replacements and Repairs.

Borrower shall collaterally assign to Lender as additional security any contract or subcontract for Replacements or Repairs, upon Lender's written request, on a form of assignment approved by Lender.

(e) Indemnification.

If Lender elects to exercise its rights under Section 14.03 due to Borrower's failure to timely commence or complete any Replacements or Repairs, Borrower shall indemnify and hold Lender harmless for, from and against any and all actions, suits, claims, demands, liabilities, losses, damages, obligations, and costs or expenses, including litigation costs and reasonable attorneys' fees, arising from or in any way connected with the performance by Lender of the Replacements or Repairs or investment of the Reserve/Escrow Account Funds; provided that Borrower shall have no indemnity obligation if such actions, suits, claims, demands, liabilities, losses, damages, obligations, and costs or expenses, including litigation costs and reasonable attorneys' fees, arise as a result of the willful misconduct or gross negligence of Lender, Lender's agents, employees, or representatives as determined by a court of competent jurisdiction pursuant to a final non-appealable court order.

(f) Amendments to Loan Documents.

Subject to Section 5.02, Borrower shall execute and deliver to Lender, upon written request, an amendment to this Loan Agreement, the Security Instrument, and any other Loan Document deemed necessary or desirable to perfect Lender's lien upon any portion of the Mortgaged Property for which Reserve/Escrow Account Funds were expended.

(g) Administrative Fees and Expenses.

Borrower shall pay to Lender:

(1) by the date specified in the applicable invoice, the Repairs Escrow Account Administrative Fee and the Replacement Reserve Account Administration Fee for Lender's services in administering the Repairs Escrow Account and Replacement Reserve Account and investing the funds on deposit in the Repairs Escrow Account and the Replacement Reserve Account, respectively;

(2) upon demand, a reasonable inspection fee, not exceeding the Maximum Inspection Fee, for each inspection of the Mortgaged Property by Lender in connection with a Repair or Replacement, plus all other reasonable costs and out-of-pocket expenses relating to such inspections; and

(3) upon demand, all reasonable fees charged by any engineer, architect, inspector or other person inspecting the Mortgaged Property on behalf of Lender for each inspection of the Mortgaged Property in connection with a Repair or Replacement, plus all other reasonable costs and out-of-pocket expenses relating to such inspections.

Section 13.02 Mortgage Loan Administration Matters Regarding Reserves.

(a) Accounts, Deposits, and Disbursements.

(1) Custodial Accounts.

(A) The Replacement Reserve Account shall be an interest-bearing account that meets the standards for custodial accounts as required by Lender from time to time. Lender shall not be responsible for any losses resulting from the investment of the Replacement Reserve Deposits or for obtaining any specific level or percentage of earnings on such investment. All interest, if any, earned on the Replacement Reserve Deposits shall be added to and become part of the Replacement Reserve Account; provided, however, if applicable law requires, and so long as no Event of Default has occurred and is continuing under any of the Loan Documents, Lender shall pay to Borrower the interest earned on the Replacement Reserve Account not less frequently than the Replacement Reserve Account Interest Disbursement Frequency. In no event shall Lender be obligated to disburse funds from the Reserve/Escrow Account if an Event of Default has occurred and is continuing.

(B) Lender shall not be obligated to deposit the Repairs Escrow Deposits into an interest-bearing account.

(2) Disbursements by Lender Only.

Only Lender or a designated representative of Lender may make disbursements from the Replacement Reserve Account and the Repairs Escrow Account. Except as provided in Section 13.02(a)(8), disbursements shall only be made upon Borrower request and after satisfaction of all conditions for disbursement.

(3) Adjustment to Deposits.

(A) Mortgage Loan Terms Exceeding Ten (10) Years.

If the Loan Term exceeds ten (10) years (or five (5) years in the case of any Mortgaged Property that is an “affordable housing property” as indicated on the Summary of Loan Terms), a property condition assessment shall be ordered by Lender for the Mortgaged Property at the expense of Borrower (which expense may be paid out of the Replacement Reserve Account if excess funds are available). The property condition assessment shall be performed no earlier than the sixth (6th) month and no later than the ninth (9th) month of the tenth (10th) Loan Year and every tenth (10th) Loan Year thereafter if the Loan Term exceeds twenty (20) years (or the fifth (5th) Loan Year in the case of any Mortgaged Property that is an “affordable housing property” as indicated on the Summary of Loan Terms and every fifth (5th) Loan Year thereafter if the Loan Term exceeds ten (10) years). After review of the property condition assessment, the amount of the Monthly Replacement Reserve Deposit may be adjusted by Lender for the remaining Loan Term by written notice to Borrower so that the Monthly Replacement Reserve Deposits are sufficient to fund the Replacements as and when required and/or the amount to be held in the Repairs Escrow Account may be adjusted by Lender so that the Repairs Escrow Deposit is sufficient to fund the Repairs as and when required.

(B) Transfers.

In connection with any Transfer of the Mortgaged Property, or any Transfer of an ownership interest in Borrower, Guarantor, or Key Principal that requires Lender’s consent, Lender may review the amounts on deposit, if any, in the Replacement Reserve Account or the Repairs Escrow Account, the amount of the Monthly Replacement Reserve Deposit and the likely repairs and replacements required by the Mortgaged Property, and the related contingencies which may arise during the remaining Loan Term. Based upon that review, Lender may require an additional deposit to the Replacement Reserve Account or the Repairs Escrow Account, or an increase in the amount of the Monthly Replacement Reserve Deposit as a condition to Lender’s consent to such Transfer.

(4) Insufficient Funds.

Lender may, upon thirty (30) days' prior written notice to Borrower, require an additional deposit(s) to the Replacement Reserve Account or Repairs Escrow Account, or an increase in the amount of the Monthly Replacement Reserve Deposit, if Lender determines that the amounts on deposit in either the Replacement Reserve Account or the Repairs Escrow Account are not sufficient to cover the costs for Required Repairs or Required Replacements or, pursuant to the terms of Section 13.02(a)(9), not sufficient to cover the costs for Borrower Requested Repairs, Additional Lender Repairs, Borrower Requested Replacements, or Additional Lender Replacements. Borrower's agreement to complete the Replacements or Repairs as required by this Loan Agreement shall not be affected by the insufficiency of any balance in the Replacement Reserve Account or the Repairs Escrow Account, as applicable.

(5) Disbursements for Replacements and Repairs.

(A) Disbursement requests may only be made after completion of the applicable Replacements and only to reimburse Borrower for the actual approved costs of the Replacements. Lender shall not disburse from the Replacement Reserve Account the costs of routine maintenance to the Mortgaged Property or for costs which are to be reimbursed from the Repairs Escrow Account or any similar account. Disbursement from the Replacement Reserve Account shall not be made more frequently than the Maximum Replacement Reserve Disbursement Interval. Other than in connection with a final request for disbursement, disbursements from the Replacement Reserve Account shall not be less than the Minimum Replacement Reserve Disbursement Amount.

(B) Disbursement requests may only be made after completion of the applicable Repairs and only to reimburse Borrower for the actual cost of the Repairs, up to the Maximum Repair Cost. Lender shall not disburse any amounts which would cause the funds remaining in the Repairs Escrow Account after any disbursement (other than with respect to the final disbursement) to be less than the Maximum Repair Cost of the then-current estimated cost of completing all remaining Repairs. Lender shall not disburse from the Repairs Escrow Account the costs of routine maintenance to the Mortgaged Property or for costs which are to be reimbursed from the Replacement Reserve Account or any similar account. Disbursement from the Repairs Escrow Account shall not be made more frequently than the Maximum Repair Disbursement Interval. Other than in connection with a final request for disbursement, disbursements from the Repairs Escrow Account shall not be less than the Minimum Repairs Disbursement Amount.

(6) Disbursement Requests.

Each request by Borrower for disbursement from the Replacement Reserve Account or the Repairs Escrow Account must be in writing, must specify the

Replacement or Repair for which reimbursement is requested (provided that for any Borrower Requested Replacements, Borrower Requested Repairs, Additional Lender Replacements, and Additional Lender Repairs, Lender shall have approved the use of the Reserve/Escrow Account Funds for such replacements or repairs pursuant to the terms of Section 13.02(a)(9)), and must:

(A) if applicable, specify the quantity and price of the items or materials purchased, grouped by type or category;

(B) if applicable, specify the cost of all contracted labor or other services involved in the Replacement or Repair for which such request for disbursement is made;

(C) if applicable, include copies of invoices for all items or materials purchased and all contracted labor or services provided;

(D) include evidence of payment of such Replacement or Repair satisfactory to Lender (unless Lender has agreed to issue joint checks in connection with a particular Repair or Replacement as provided in this Loan Agreement); and

(E) contain a certification by Borrower that the Repair or Replacement has been completed lien free and in a good and workmanlike manner, in accordance with any plans and specifications previously approved by Lender (if applicable) and in compliance with all applicable laws, ordinances, rules, and regulations of any Governmental Authority having jurisdiction over the Mortgaged Property, and otherwise in accordance with the provisions of this Loan Agreement.

(7) Conditions to Disbursement.

Lender may require any or all of the following at the expense of Borrower as a condition to disbursement of funds from the Replacement Reserve Account or the Repairs Escrow Account (provided that for any Borrower Requested Replacements, Borrower Requested Repairs, Additional Lender Replacements, and Additional Lender Repairs, Lender shall have approved the use of the Reserve/Escrow Account Funds for such replacements or repairs pursuant to the terms of Section 13.02(a)(9)):

(A) an inspection by Lender of the Mortgaged Property and the applicable Replacement or Repair;

(B) an inspection or certificate of completion by an appropriate independent qualified professional (such as an architect, engineer or property inspector, depending on the nature of the Repair or Replacement) selected by Lender;

(C) either:

(i) a search of title to the Mortgaged Property effective to the date of disbursement; or

(ii) a “date-down” endorsement to Lender’s Title Policy (or a new Lender’s Title Policy if a “date-down” is not available) extending the effective date of such policy to the date of disbursement, and showing no Liens other than (1) Permitted Encumbrances, (2) liens which Borrower is diligently contesting in good faith that have been bonded off to the satisfaction of Lender, or (3) mechanics’ or materialmen’s liens which attach automatically under the laws of any Governmental Authority upon the commencement of any work upon, or delivery of any materials to, the Mortgaged Property and for which Borrower is not delinquent in the payment for any such work or materials; and

(D) an acknowledgement of payment, waiver of claims, and release of lien for work performed and materials supplied from each contractor, subcontractor or materialman in accordance with the requirements of applicable law and covering all work performed and materials supplied (including equipment and fixtures) for the Mortgaged Property by that contractor, subcontractor, or materialman through the date covered by the disbursement request (or, in the event that payment to such contractor, subcontractor, or materialman is to be made by a joint check, the release of lien shall be effective through the date covered by the previous disbursement).

(8) Joint Checks for Periodic Disbursements.

Lender may, upon Borrower’s written request, issue joint checks, payable to Borrower and the applicable supplier, materialman, mechanic, contractor, subcontractor, or other similar party, if:

(A) the cost of the Replacement or Repair exceeds the Replacement Threshold or the Repair Threshold, as applicable, and the contractor performing such Replacement or Repair requires periodic payments pursuant to the terms of the applicable written contract;

(B) the contract for such Repair or Replacement requires payment upon completion of the applicable portion of the work;

(C) Borrower makes the disbursement request after completion of the applicable portion of the work required to be completed under such contract;

(D) the materials for which the request for disbursement has been made are on site at the Mortgaged Property and are properly secured or installed;

(E) Lender determines that the remaining funds in the Replacement Reserve Account designated for such Replacement, or in the Repairs Escrow

Account designated for such Repair, as applicable, are sufficient to pay such costs and the then-current estimated cost of completing all remaining Required Replacements or Required Repairs (at the Maximum Repair Cost), as applicable, and any other Borrower Requested Replacements, Borrower Requested Repairs, Additional Lender Replacements, or Additional Lender Repairs that have been previously approved by Lender;

(F) each supplier, materialman, mechanic, contractor, subcontractor, or other similar party receiving payments shall have provided, if requested in writing by Lender, a waiver of liens with respect to amounts which have been previously paid to them; and

(G) all other conditions for disbursement have been satisfied.

(9) Replacements and Repairs Other than Required Replacements or Required Repairs.

(A) Borrower Requested Replacements and Borrower Requested Repairs.

Borrower may submit a disbursement request from the Replacement Reserve Account or the Repairs Escrow Account to reimburse Borrower for any Borrower Requested Replacement or Borrower Requested Repair. The disbursement request must be in writing and include an explanation for such request. Lender shall make disbursements for Borrower Requested Replacements or Borrower Requested Repairs if:

(i) they are of the type intended to be covered by the Replacement Reserve Account or the Repairs Escrow Account, as applicable;

(ii) the costs are commercially reasonable;

(iii) the amount of funds in the Replacement Reserve Account or Repairs Escrow Account, as applicable, is sufficient to pay such costs and the then-current estimated cost of completing all remaining Required Replacements or Required Repairs (at the Maximum Repair Cost), as applicable, and any other Borrower Requested Replacements, Borrower Requested Repairs, Additional Lender Replacements or Additional Lender Repairs that have been previously approved by Lender; and

(iv) all conditions for disbursement from the Replacement Reserve Account or Repairs Escrow Account, as applicable, have been satisfied.

Nothing in this Loan Agreement shall limit Lender's right to require an additional deposit to the Replacement Reserve Account or an increase to the Monthly

Replacement Reserve Deposit in connection with any such Borrower Requested Replacements, or an additional deposit to the Repairs Escrow Account for any such Borrower Requested Repairs.

(B) Additional Lender Replacements and Additional Lender Repairs.

Lender may require, as set forth in Section 6.02(b), Section 6.03(c), or otherwise from time to time, upon written notice to Borrower, that Borrower make Additional Lender Replacements or Additional Lender Repairs. Lender shall make disbursements from the Replacement Reserve Account for Additional Lender Replacements or from the Repairs Escrow Account for Additional Lender Repairs, as applicable, if:

(i) the costs are commercially reasonable;

(ii) the amount of funds in the Replacement Reserve Account or the Repairs Escrow Account, as applicable, is sufficient to pay such costs and the then-current estimated cost of completing all remaining Required Replacements or Required Repairs (at the Maximum Repair Cost), as applicable, and any other Borrower Requested Replacements, Borrower Requested Repairs, Additional Lender Replacements, or Additional Lender Repairs that have been previously approved by Lender; and

(iii) all conditions for disbursement from the Replacement Reserve Account or Repairs Escrow Account, as applicable, have been satisfied.

Nothing in this Loan Agreement shall limit Lender's right to require an additional deposit to the Replacement Reserve Account or an increase to the Monthly Replacement Reserve Deposit for any such Additional Lender Replacements or an additional deposit to the Repairs Escrow Account for any such Additional Lender Repair.

(10) Excess Costs.

In the event any Replacement or Repair exceeds the approved cost set forth on the Required Replacement Schedule for Replacements, or the Maximum Repair Cost for Repairs, Borrower may submit a disbursement request to reimburse Borrower for such excess cost. The disbursement request must be in writing and include an explanation for such request. Lender shall make disbursements from the Replacement Reserve Account or the Repairs Escrow Account, as applicable, if:

(A) the excess cost is commercially reasonable;

(B) the amount of funds in the Replacement Reserve Account or the Repairs Escrow Account, as applicable, is sufficient to pay such costs and the then-current estimated cost of completing all remaining Required Replacements or Required Repairs (at the Maximum Repair Cost), as applicable, and any other Borrower Requested Replacements, Borrower Requested Repairs, Additional Lender Replacements, or Additional Lender Repairs that have been previously approved by Lender; and

(C) all conditions for disbursement from the Replacement Reserve Account or the Repairs Escrow Account have been satisfied.

(11) Final Disbursements.

Upon completion of all Repairs in accordance with this Loan Agreement and so long as no Event of Default has occurred and is continuing, Lender shall disburse to Borrower any amounts then remaining in the Repairs Escrow Account. Upon payment in full of the Indebtedness and release by Lender of the lien of the Security Instrument, Lender shall disburse to Borrower any and all amounts then remaining in the Replacement Reserve Account and the Repairs Escrow Account (if not previously released).

(b) Approvals of Contracts; Assignment of Claims.

Lender retains the right to approve all contracts or work orders with materialmen, mechanics, suppliers, subcontractors, contractors, or other parties providing labor or materials in connection with the Replacements or Repairs. Notwithstanding Borrower's assignment (in the Security Instrument) of its rights and claims against all Persons supplying labor or materials in connection with the Replacement or Repairs, Lender will not pursue any such right or claim unless an Event of Default has occurred and is continuing or as otherwise provided in Section 14.03(c).

(c) Delays and Workmanship.

If any work for any Replacement or Repair has not timely commenced, has not been timely performed in a workmanlike manner, or has not been timely completed in a workmanlike manner, Lender may, without notice to Borrower:

(1) withhold disbursements from the Replacement Reserve Account or Repairs Escrow Account for such unsatisfactory Replacement or Repair, as applicable;

(2) proceed under existing contracts or contract with third parties to make or complete such Replacement or Repair;

(3) apply the funds in the Replacement Reserve Account or Repairs Escrow Account toward the labor and materials necessary to make or complete such Replacement or Repair, as applicable; or

(4) exercise any and all other remedies available to Lender under this Loan Agreement or any other Loan Document, including any remedies otherwise available upon an Event of Default pursuant to the terms of Section 14.02.

To facilitate Lender's completion or making of such Replacements or Repairs, Lender shall have the right to enter onto the Mortgaged Property and perform any and all work and labor necessary to make or complete the Replacements or Repairs and employ watchmen to protect the Mortgaged Property from damage. All funds so expended by Lender shall be deemed to have been advanced to Borrower, shall be part of the Indebtedness and shall be secured by the Security Instrument and this Loan Agreement.

(d) Appointment of Lender as Attorney-In-Fact.

Borrower hereby authorizes and appoints Lender as attorney-in-fact pursuant to Section 14.03(c).

(e) No Lender Obligation.

Nothing in this Loan Agreement shall:

- (1) make Lender responsible for making or completing the Replacements or Repairs;
- (2) require Lender to expend funds, whether from the Replacement Reserve Account, the Repairs Escrow Account, or otherwise, to make or complete any Replacement or Repair;
- (3) obligate Lender to proceed with the Replacements or Repairs; or
- (4) obligate Lender to demand from Borrower additional sums to make or complete any Replacement or Repair.

(f) No Lender Warranty.

Lender's approval of any plans for any Replacement or Repair, release of funds from the Replacement Reserve Account or Repairs Escrow Account, inspection of the Mortgaged Property by Lender or its agents, representatives, or designees, or other acknowledgment of completion of any Replacement or Repair in a manner satisfactory to Lender shall not be deemed an acknowledgment or warranty to any Person that the Replacement or Repair has been completed in accordance with applicable building, zoning, or other codes, ordinances, statutes, laws, regulations, or requirements of any Governmental Authority, such responsibility being at all times exclusively that of Borrower.

ARTICLE 14 - DEFAULTS/REMEDIES

Section 14.01 Events of Default.

The occurrence of any one or more of the following in this Section 14.01 shall constitute an Event of Default under this Loan Agreement.

(a) Automatic Events of Default.

Any of the following shall constitute an automatic Event of Default:

(1) any failure by Borrower to pay or deposit when due any amount required by the Note, this Loan Agreement or any other Loan Document;

(2) any failure by Borrower to maintain the insurance coverage required by any Loan Document;

(3) any failure by Borrower to comply with the provisions of Section 4.02(d) relating to its single asset status;

(4) if any warranty, representation, certification, or statement of Borrower, Guarantor, or Key Principal in this Loan Agreement or any of the other Loan Documents is false, inaccurate, or misleading in any material respect when made;

(5) fraud, gross negligence, willful misconduct, or material misrepresentation or material omission by or on behalf of Borrower, Guarantor, or Key Principal or any of their officers, directors, trustees, partners, members, or managers in connection with:

(A) the application for, or creation of, the Indebtedness;

(B) any financial statement, rent roll, or other report or information provided to Lender during the term of the Mortgage Loan; or

(C) any request for Lender's consent to any proposed action, including a request for disbursement of Reserve/Escrow Account Funds or Collateral Account Funds;

(6) the occurrence of any Transfer not permitted by the Loan Documents;

(7) the occurrence of a Bankruptcy Event;

(8) the commencement of a forfeiture action or other similar proceeding, whether civil or criminal, which, in Lender's reasonable judgment, could result in a forfeiture of the Mortgaged Property or otherwise materially impair the lien created by this Loan Agreement or the Security Instrument or Lender's interest in the Mortgaged Property;

(9) if Borrower, Guarantor, or Key Principal is a trust, or if Control of Borrower, Guarantor, or Key Principal is Transferred or if a Restricted Ownership Interest in Borrower, Guarantor, or Key Principal would be Transferred due to the termination or revocation of a trust, the termination or revocation of such trust, except as set forth in Section 11.03(d);

(10) any failure by Borrower to complete any Repair related to fire, life, or safety issues in accordance with the terms of this Loan Agreement within the Completion Period (or such other date set forth on the Required Repair Schedule or otherwise required by Lender in writing for such Repair); or

(11) any exercise by the holder of any other debt instrument secured by a mortgage, deed of trust, or deed to secure debt on the Mortgaged Property of a right to declare all amounts due under that debt instrument immediately due and payable.

(b) Events of Default Subject to a Specified Cure Period.

Any of the following shall constitute an Event of Default subject to the cure period set forth in the Loan Documents:

(1) if Key Principal or Guarantor is a natural person, the death of such individual, unless all requirements of Section 11.03(e) are met;

(2) the occurrence of a Guarantor Bankruptcy Event, unless requirements of Section 11.03(f) are met;

(3) any failure by Borrower, Key Principal, or Guarantor to comply with the provisions of Section 5.02(b) and Section 5.02(c); or

(4) any failure by Borrower to perform any obligation under this Loan Agreement or any Loan Document that is subject to a specified written notice and cure period, which failure continues beyond such specified written notice and cure period as set forth herein or in the applicable Loan Document.

(c) Events of Default Subject to Extended Cure Period.

The following shall constitute an Event of Default if the existence of such condition or event, or such failure to perform or default in performance continues for a period of thirty (30) days after written notice by Lender to Borrower of the existence of such condition or event, or of such failure to perform or default in performance, provided, however, such period may be extended for up to an additional thirty (30) days if Borrower, in the discretion of Lender, is diligently pursuing a cure of such; provided, further, however, no such written notice, grace period, or extension shall apply if, in Lender's discretion, immediate exercise by Lender of a right or remedy under this Loan Agreement or any Loan Document is required to avoid harm to Lender or impairment of the Mortgage Loan (including the Loan Documents), the Mortgaged Property or any other security given for the Mortgage Loan:

(1) any failure by Borrower to perform any of its obligations under this Loan Agreement or any Loan Document (other than those specified in Section 14.01(a) or Section 14.01(b) above) as and when required.

Section 14.02 Remedies.

(a) Acceleration; Foreclosure.

If an Event of Default has occurred and is continuing, the entire unpaid principal balance of the Mortgage Loan, any Accrued Interest, interest accruing at the Default Rate, the Prepayment Premium (if applicable), and all other Indebtedness, at the option of Lender, shall immediately become due and payable, without any prior written notice to Borrower, unless applicable law requires otherwise (and in such case, after any required written notice has been given). Lender may exercise this option to accelerate regardless of any prior forbearance. In addition, Lender shall have all rights and remedies afforded to Lender hereunder and under the other Loan Documents, including, foreclosure on and/or the power of sale of the Mortgaged Property, as provided in the Security Instrument, and any rights and remedies available to Lender at law or in equity (subject to Borrower's statutory rights of reinstatement, if any). Any proceeds of a Foreclosure Event may be held and applied by Lender as additional collateral for the Indebtedness pursuant to this Loan Agreement. Notwithstanding the foregoing, the occurrence of any Bankruptcy Event shall automatically accelerate the Mortgage Loan and all obligations and Indebtedness shall be immediately due and payable without written notice or further action by Lender.

(b) Loss of Right to Disbursements from Collateral Accounts.

If an Event of Default has occurred and is continuing, Borrower shall immediately lose all of its rights to receive disbursements from the Reserve/Escrow Accounts and any Collateral Accounts. During the continuance of any such Event of Default, Lender may use the Reserve/Escrow Account Funds and any Collateral Account Funds (or any portion thereof) for any purpose, including:

- (1) repayment of the Indebtedness, including principal prepayments and the Prepayment Premium applicable to such full or partial prepayment, as applicable (however, such application of funds shall not cure or be deemed to cure any Event of Default);
- (2) reimbursement of Lender for all losses and expenses (including reasonable legal fees) suffered or incurred by Lender as a result of such Event of Default;
- (3) completion of the Replacement or Repair or for any other replacement or repair to the Mortgaged Property; and
- (4) payment of any amount expended in exercising (and the exercise of) all rights and remedies available to Lender at law or in equity or under this Loan Agreement or under any of the other Loan Documents.

Nothing in this Loan Agreement shall obligate Lender to apply all or any portion of the Reserve/Escrow Account Funds or Collateral Account Funds on account of any Event of Default by Borrower or to repayment of the Indebtedness or in any specific order of priority.

(c) Remedies Cumulative.

Each right and remedy provided in this Loan Agreement is distinct from all other rights or remedies under this Loan Agreement or any other Loan Document or afforded by applicable law, and each shall be cumulative and may be exercised concurrently, independently, or successively, in any order. Lender shall not be required to demonstrate any actual impairment of its security or any increased risk of additional default by Borrower in order to exercise any of its remedies with respect to an Event of Default.

Section 14.03 Additional Lender Rights; Forbearance.

(a) No Effect Upon Obligations.

Lender may, but shall not be obligated to, agree with Borrower, from time to time, and without giving notice to, or obtaining the consent of, or having any effect upon the obligations of, Guarantor, Key Principal, or other third party obligor, to take any of the following actions:

(1) the time for payment of the principal of or interest on the Indebtedness may be extended, or the Indebtedness may be renewed in whole or in part;

(2) the rate of interest on or period of amortization of the Mortgage Loan or the amount of the Monthly Debt Service Payments payable under the Loan Documents may be modified;

(3) the time for Borrower's performance of or compliance with any covenant or agreement contained in any Loan Document, whether presently existing or hereinafter entered into, may be extended or such performance or compliance may be waived;

(4) any or all payments due under this Loan Agreement or any other Loan Document may be reduced;

(5) any Loan Document may be modified or amended by Lender and Borrower in any respect, including an increase in the principal amount of the Mortgage Loan;

(6) any amounts under this Loan Agreement or any other Loan Document may be released;

(7) any security for the Indebtedness may be modified, exchanged, released, surrendered, or otherwise dealt with, or additional security may be pledged or mortgaged for the Indebtedness;

(8) the payment of the Indebtedness or any security for the Indebtedness, or both, may be subordinated to the right to payment or the security, or both, of any other present or future creditor of Borrower; or

(9) any other terms of the Loan Documents may be modified.

(b) No Waiver of Rights or Remedies.

Any waiver of an Event of Default or forbearance by Lender in exercising any right or remedy under this Loan Agreement or any other Loan Document or otherwise afforded by applicable law, shall not be a waiver of any other Event of Default or preclude the exercise or failure to exercise of any other right or remedy. The acceptance by Lender of payment of all or any part of the Indebtedness after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Lender's right to require prompt payment when due of all other payments on account of the Indebtedness or to exercise any remedies for any failure to make prompt payment. Enforcement by Lender of any security for the Indebtedness shall not constitute an election by Lender of remedies so as to preclude the exercise or failure to exercise of any other right available to Lender. Lender's receipt of any insurance proceeds or amounts in connection with a Condemnation Action shall not operate to cure or waive any Event of Default.

(c) Appointment of Lender as Attorney-In-Fact.

Borrower hereby irrevocably makes, constitutes, and appoints Lender (and any officer of Lender or any Person designated by Lender for that purpose) as Borrower's true and lawful proxy and attorney-in-fact (and agent-in-fact) in Borrower's name, place, and stead, with full power of substitution, to:

(1) use any of the funds in the Replacement Reserve Account or Repairs Escrow Account for the purpose of making or completing the Replacements or Repairs;

(2) make such additions, changes, and corrections to the Replacements or Repairs as shall be necessary or desirable to complete the Replacements or Repairs;

(3) employ such contractors, subcontractors, agents, architects, and inspectors as shall be required for such purposes;

(4) pay, settle, or compromise all bills and claims for materials and work performed in connection with the Replacements or Repairs, or as may be necessary or desirable for the completion of the Replacements or Repairs, or for clearance of title;

(5) adjust and compromise any claims under any and all policies of insurance required pursuant to this Loan Agreement and any other Loan Document, subject only to Borrower's rights under this Loan Agreement;

(6) appear in and prosecute any action arising from any insurance policies;

(7) collect and receive the proceeds of insurance, and to deduct from such proceeds Lender's expenses incurred in the collection of such proceeds;

(8) commence, appear in, and prosecute, in Lender's or Borrower's name, any Condemnation Action;

(9) settle or compromise any claim in connection with any Condemnation Action;

(10) execute all applications and certificates in the name of Borrower which may be required by any of the contract documents;

(11) prosecute and defend all actions or proceedings in connection with the Mortgaged Property or the rehabilitation and repair of the Mortgaged Property;

(12) take such actions as are permitted in this Loan Agreement and any other Loan Documents;

(13) execute such financing statements and other documents and to do such other acts as Lender may require to perfect and preserve Lender's security interest in, and to enforce such interests in, the collateral; and

(14) carry out any remedy provided for in this Loan Agreement and any other Loan Documents, including endorsing Borrower's name to checks, drafts, instruments and other items of payment and proceeds of the collateral, executing change of address forms with the postmaster of the United States Post Office serving the address of Borrower, changing the address of Borrower to that of Lender, opening all envelopes addressed to Borrower, and applying any payments contained therein to the Indebtedness.

Borrower hereby acknowledges that the constitution and appointment of such proxy and attorney-in-fact are coupled with an interest and are irrevocable and shall not be affected by the disability or incompetence of Borrower. Borrower specifically acknowledges and agrees that this power of attorney granted to Lender may be assigned by Lender to Lender's successors or assigns as holder of the Note (and the other Loan Documents). The foregoing powers conferred on Lender under this Section 14.03(c) shall not impose any duty upon Lender to exercise any such powers and shall not require Lender to incur any expense or take any action. Borrower hereby ratifies and confirms all that such attorney-in-fact may do or cause to be done by virtue of any provision of this Loan Agreement and any other Loan Documents.

Notwithstanding the foregoing provisions, Lender shall not exercise its rights as set forth in this Section 14.03(c) unless: (A) an Event of Default has occurred and is continuing, or (B) Lender determines, in its discretion, that exigent circumstances exist or that such exercise is necessary or prudent in order to protect and preserve the Mortgaged Property, or Lender's lien priority and security interest in the Mortgaged Property.

(d) Borrower Waivers.

If more than one Person signs this Loan Agreement as Borrower, each Borrower, with respect to any other Borrower, hereby agrees that Lender, in its discretion, may:

- (1) bring suit against Borrower, or any one or more of Borrower, jointly and severally, or against any one or more of them;
- (2) compromise or settle with any one or more of the persons constituting Borrower, for such consideration as Lender may deem proper;
- (3) release one or more of the persons constituting Borrower, from liability; or
- (4) otherwise deal with Borrower, or any one or more of them, in any manner, and no such action shall impair the rights of Lender to collect from any Borrower the full amount of the Indebtedness.

Section 14.04 Waiver of Marshaling.

Notwithstanding the existence of any other security interests in the Mortgaged Property held by Lender or by any other party, Lender shall have the right to determine the order in which any or all of the Mortgaged Property shall be subjected to the remedies provided in this Loan Agreement, any other Loan Document or applicable law. Lender shall have the right to determine the order in which all or any part of the Indebtedness is satisfied from the proceeds realized upon the exercise of such remedies. Borrower and any party who now or in the future acquires a security interest in the Mortgaged Property and who has actual or constructive notice of this Loan Agreement waives any and all right to require the marshaling of assets or to require that any of the Mortgaged Property be sold in the inverse order of alienation or that any of the Mortgaged Property be sold in parcels or as an entirety in connection with the exercise of any of the remedies permitted by applicable law or provided in this Loan Agreement or any other Loan Documents.

Lender shall account for any moneys received by Lender in respect of any foreclosure on or disposition of collateral hereunder and under the other Loan Documents provided that Lender shall not have any duty as to any collateral, and Lender shall be accountable only for amounts that it actually receives as a result of the exercise of such powers. NONE OF LENDER OR ITS AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, OR REPRESENTATIVES SHALL BE RESPONSIBLE TO BORROWER (a) FOR ANY ACT OR FAILURE TO ACT UNDER ANY POWER OF ATTORNEY OR OTHERWISE, EXCEPT IN RESPECT OF DAMAGES ATTRIBUTABLE SOLELY TO THEIR OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AS FINALLY DETERMINED PURSUANT TO A FINAL, NON-APPEALABLE COURT ORDER BY A COURT OF COMPETENT JURISDICTION, OR (b) FOR ANY PUNITIVE, EXEMPLARY, INDIRECT OR CONSEQUENTIAL DAMAGES.

ARTICLE 15 - MISCELLANEOUS

Section 15.01 Governing Law; Consent to Jurisdiction and Venue.

(a) Governing Law.

This Loan Agreement and any other Loan Document which does not itself expressly identify the law that is to apply to it, shall be governed by the laws of the Property Jurisdiction without regard to the application of choice of law principles.

(b) Venue.

Any controversy arising under or in relation to this Loan Agreement or any other Loan Document shall be litigated exclusively in the Property Jurisdiction without regard to conflicts of laws principles. The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this Loan Agreement or any other Loan Document. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence, or otherwise.

Section 15.02 Notice.

(a) Process of Serving Notice.

Except as otherwise set forth herein or in any other Loan Document, all notices under this Loan Agreement and any other Loan Document shall be:

- (1) in writing and shall be:
 - (A) delivered, in person;
 - (B) mailed, postage prepaid, either by registered or certified delivery, return receipt requested;
 - (C) sent by overnight courier; or
 - (D) sent by electronic mail with originals to follow by overnight courier;
- (2) addressed to the intended recipient at Borrower's Notice Address and Lender's Notice Address, as applicable; and
- (3) deemed given on the earlier to occur of:
 - (A) the date when the notice is received by the addressee; or

(B) if the recipient refuses or rejects delivery, the date on which the notice is so refused or rejected, as conclusively established by the records of the United States Postal Service or such express courier service.

(b) Change of Address.

Any party to this Loan Agreement may change the address to which notices intended for it are to be directed by means of notice given to the other parties identified on the Summary of Loan Terms in accordance with this Section 15.02.

(c) Default Method of Notice.

Any required notice under this Loan Agreement or any other Loan Document which does not specify how notices are to be given shall be given in accordance with this Section 15.02.

(d) Receipt of Notices.

Neither Borrower nor Lender shall refuse or reject delivery of any notice given in accordance with this Loan Agreement. Each party is required to acknowledge, in writing, the receipt of any notice upon request by the other party.

Section 15.03 Successors and Assigns Bound; Sale of Mortgage Loan.

(a) Binding Agreement.

This Loan Agreement shall bind, and the rights granted by this Loan Agreement shall inure to, the successors and assigns of Lender and the permitted successors and assigns of Borrower. However, a Transfer not permitted by this Loan Agreement shall be an Event of Default and shall be void ab initio.

(b) Sale of Mortgage Loan; Change of Servicer.

Nothing in this Loan Agreement shall limit Lender's (including its successors and assigns) right to sell or transfer the Mortgage Loan or any interest in the Mortgage Loan. The Mortgage Loan or a partial interest in the Mortgage Loan (together with this Loan Agreement and the other Loan Documents) may be sold one or more times without prior written notice to Borrower. A sale may result in a change of the Loan Servicer.

Section 15.04 Counterparts.

This Loan Agreement may be executed in any number of counterparts with the same effect as if the parties hereto had signed the same document and all such counterparts shall be construed together and shall constitute one instrument.

Section 15.05 Joint and Several (or Solidary) Liability.

If more than one Person signs this Loan Agreement as Borrower, the obligations of such Persons shall be joint and several (solidary instead for purposes of Louisiana law).

Section 15.06 Relationship of Parties; No Third Party Beneficiary.

(a) Solely Creditor and Debtor.

The relationship between Lender and Borrower shall be solely that of creditor and debtor, respectively, and nothing contained in this Loan Agreement shall create any other relationship between Lender and Borrower. Nothing contained in this Loan Agreement shall constitute Lender as a joint venturer, partner, or agent of Borrower, or render Lender liable for any debts, obligations, acts, omissions, representations, or contracts of Borrower.

(b) No Third Party Beneficiaries.

No creditor of any party to this Loan Agreement and no other Person shall be a third party beneficiary of this Loan Agreement or any other Loan Document or any account created or contemplated under this Loan Agreement or any other Loan Document. Nothing contained in this Loan Agreement shall be deemed or construed to create an obligation on the part of Lender to any third party nor shall any third party have a right to enforce against Lender any right that Borrower may have under this Loan Agreement. Without limiting the foregoing:

- (1) any Servicing Arrangement between Lender and any Loan Servicer shall constitute a contractual obligation of such Loan Servicer that is independent of the obligation of Borrower for the payment of the Indebtedness;
- (2) Borrower shall not be a third party beneficiary of any Servicing Arrangement; and
- (3) no payment by the Loan Servicer under any Servicing Arrangement will reduce the amount of the Indebtedness.

Section 15.07 Severability; Entire Agreement; Amendments.

The invalidity or unenforceability of any provision of this Loan Agreement or any other Loan Document shall not affect the validity or enforceability of any other provision of this Loan Agreement or of any other Loan Document, all of which shall remain in full force and effect, including the Guaranty. This Loan Agreement contains the complete and entire agreement among the parties as to the matters covered, rights granted, and the obligations assumed in this Loan Agreement. This Loan Agreement may not be amended or modified except by written agreement signed by the parties hereto.

Section 15.08 Construction.

(a) The captions and headings of the sections of this Loan Agreement and the Loan Documents are for convenience only and shall be disregarded in construing this Loan Agreement and the Loan Documents.

(b) Any reference in this Loan Agreement to an “Exhibit” or “Schedule” or a “Section” or an “Article” shall, unless otherwise explicitly provided, be construed as referring, respectively, to an Exhibit or Schedule attached to this Loan Agreement or to a Section or Article of this Loan Agreement.

(c) Any reference in this Loan Agreement to a statute or regulation shall be construed as referring to that statute or regulation as amended from time to time.

(d) Use of the singular in this Loan Agreement includes the plural and use of the plural includes the singular.

(e) As used in this Loan Agreement, the term “including” means “including, but not limited to” or “including, without limitation,” and is for example only and not a limitation.

(f) Whenever Borrower’s knowledge is implicated in this Loan Agreement or the phrase “to Borrower’s knowledge” or a similar phrase is used in this Loan Agreement, Borrower’s knowledge or such phrase(s) shall be interpreted to mean to the best of Borrower’s knowledge after reasonable and diligent inquiry and investigation.

(g) Unless otherwise provided in this Loan Agreement, if Lender’s approval, designation, determination, selection, estimate, action, or decision is required, permitted, or contemplated hereunder, such approval, designation, determination, selection, estimate, action, or decision shall be made in Lender’s sole and absolute discretion.

(h) All references in this Loan Agreement to a separate instrument or agreement shall include such instrument or agreement as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(i) “Lender may” shall mean at Lender’s discretion, but shall not be an obligation.

(j) If the Mortgage Loan proceeds are disbursed on a date that is later than the Effective Date, as described in Section 2.02(a)(1), the representations and warranties in the Loan Documents with respect to the ownership and operation of the Mortgaged Property shall be deemed to be made as of the disbursement date.

Section 15.09 Mortgage Loan Servicing.

All actions regarding the servicing of the Mortgage Loan, including the collection of payments, the giving and receipt of notice, inspections of the Mortgaged Property, inspections of books and records, and the granting of consents and approvals, may be taken by the Loan Servicer unless Borrower receives notice to the contrary. If Borrower receives conflicting

notices regarding the identity of the Loan Servicer or any other subject, any such written notice from Lender shall govern. The Loan Servicer may change from time to time (whether related or unrelated to a sale of the Mortgage Loan). If there is a change of the Loan Servicer, Borrower will be given written notice of the change.

Section 15.10 Disclosure of Information.

Lender may furnish information regarding Borrower, Key Principal, or Guarantor, or the Mortgaged Property to third parties with an existing or prospective interest in the servicing, enforcement, evaluation, performance, purchase, or securitization of the Mortgage Loan, including trustees, master servicers, special servicers, rating agencies, and organizations maintaining databases on the underwriting and performance of multifamily mortgage loans. Borrower irrevocably waives any and all rights it may have under applicable law to prohibit such disclosure, including any right of privacy.

Section 15.11 Waiver; Conflict.

No specific waiver of any of the terms of this Loan Agreement shall be considered as a general waiver. If any provision of this Loan Agreement is in conflict with any provision of any other Loan Document, the provision contained in this Loan Agreement shall control.

Section 15.12 No Reliance.

Borrower acknowledges, represents, and warrants that:

- (a) it understands the nature and structure of the transactions contemplated by this Loan Agreement and the other Loan Documents;
- (b) it is familiar with the provisions of all of the documents and instruments relating to such transactions;
- (c) it understands the risks inherent in such transactions, including the risk of loss of all or any part of the Mortgaged Property;
- (d) it has had the opportunity to consult counsel; and
- (e) it has not relied on Lender for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Loan Agreement or any other Loan Document or otherwise relied on Lender in any manner in connection with interpreting, entering into, or otherwise in connection with this Loan Agreement, any other Loan Document, or any of the matters contemplated hereby or thereby.

Section 15.13 Subrogation.

If, and to the extent that, the proceeds of the Mortgage Loan are used to pay, satisfy, or discharge any obligation of Borrower for the payment of money that is secured by a pre-existing mortgage, deed of trust, or other lien encumbering the Mortgaged Property, such Mortgage Loan

proceeds shall be deemed to have been advanced by Lender at Borrower's request, and Lender shall be subrogated automatically, and without further action on its part, to the rights, including lien priority, of the owner or holder of the obligation secured by such prior lien, whether or not such prior lien is released.

Section 15.14 Counting of Days.

Except where otherwise specifically provided, any reference in this Loan Agreement to a period of "days" means calendar days, not Business Days. If the date on which Borrower is required to perform an obligation under this Loan Agreement is not a Business Day, Borrower shall be required to perform such obligation by the Business Day immediately preceding such date; provided, however, in respect of any Payment Date, or if the Maturity Date is other than a Business Day, Borrower shall be obligated to make such payment by the Business Day immediately following such date.

Section 15.15 Revival and Reinstatement of Indebtedness.

If the payment of all or any part of the Indebtedness by Borrower, Guarantor, or any other Person, or the transfer to Lender of any collateral or other property should for any reason subsequently be declared to be void or voidable under any state or federal law relating to creditors' rights, including provisions of the Insolvency Laws relating to a Voidable Transfer, and if Lender is required to repay or restore, in whole or in part, any such Voidable Transfer, or elects to do so upon the advice of its counsel, then the amount of such Voidable Transfer or the amount of such Voidable Transfer that Lender is required or elects to repay or restore, including all reasonable costs, expenses, and attorneys' fees incurred by Lender in connection therewith, and the Indebtedness shall be automatically revived, reinstated, and restored by such amount and shall exist as though such Voidable Transfer had never been made.

Section 15.16 Time is of the Essence.

Borrower agrees that, with respect to each and every obligation and covenant contained in this Loan Agreement and the other Loan Documents, time is of the essence.

Section 15.17 Final Agreement.

THIS LOAN AGREEMENT ALONG WITH ALL OF THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are merged into this Loan Agreement and the other Loan Documents. This Loan Agreement, the other Loan Documents, and any of their provisions may not be waived, modified, amended, discharged, or terminated except by an agreement in writing signed by the party against which the enforcement of the waiver, modification, amendment, discharge, or termination is sought, and then only to the extent set forth in that agreement.

Section 15.18 WAIVER OF TRIAL BY JURY.

TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH OF BORROWER AND LENDER (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS LOAN AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR THE RELATIONSHIP BETWEEN THE PARTIES AS BORROWER AND LENDER, THAT IS TRIABLE OF RIGHT BY A JURY, AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

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IN WITNESS WHEREOF, Borrower and Lender have signed and delivered this Loan Agreement under seal (where applicable) or have caused this Loan Agreement to be signed and delivered under seal (where applicable) by their duly authorized representatives. Where applicable law so provides, Borrower and Lender intend that this Loan Agreement shall be deemed to be signed and delivered as a sealed instrument.

BORROWER:

YELLOWSTONE BOULEVARD, LLC, a Texas limited liability company

By: **Yellowstone Boulevard I, LLC**, its Managing Member

By: **Bozrah International Ministries, Inc.**, its Managing Member

By: _____
Name: Brian Courtney
Title: President

LENDER:

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY
AFFAIRS**, a public and official agency of the State of Texas

By: _____

Name: J. B. Goodwin

Title: Chair

SCHEDULE 1
TO MULTIFAMILY LOAN AND SECURITY AGREEMENT

Definitions Schedule
(Interest Rate Type – Fixed Rate)

Capitalized terms used in the Loan Agreement have the meanings given to such terms in this Definitions Schedule.

“**Accrued Interest**” means unpaid interest, if any, on the Mortgage Loan that has not been added to the unpaid principal balance of the Mortgage Loan pursuant to Section 2.02(b) (Capitalization of Accrued But Unpaid Interest) of the Loan Agreement.

“**Additional Lender Repairs**” means repairs of the type listed on the Required Repair Schedule but not otherwise identified thereon that are determined advisable by Lender to keep the Mortgaged Property in good order and repair (ordinary wear and tear excepted) and in good marketable condition or to prevent deterioration of the Mortgaged Property.

“**Additional Lender Replacements**” means replacements of the type listed on the Required Replacement Schedule but not otherwise identified thereon that are determined advisable by Lender to keep the Mortgaged Property in good order and repair (ordinary wear and tear excepted) and in good marketable condition or to prevent deterioration of the Mortgaged Property.

“**Amortization Period**” has the meaning set forth in the Summary of Loan Terms.

“**Amortization Type**” has the meaning set forth in the Summary of Loan Terms.

“**Bank Secrecy Act**” means the Bank Secrecy Act of 1970, as amended (e.g., 31 U.S.C. Sections 5311-5330).

“**Bankruptcy Event**” means any one or more of the following:

- (a) the commencement, filing or continuation of a voluntary case or proceeding under one or more of the Insolvency Laws by Borrower;
- (b) the acknowledgment in writing by Borrower (other than to Lender in connection with a workout) that it is unable to pay its debts generally as they mature;
- (c) the making of a general assignment for the benefit of creditors by Borrower;
- (d) the commencement, filing or continuation of an involuntary case or proceeding under one or more Insolvency Laws against Borrower; or

(e) the appointment of a receiver (other than a receiver appointed at the direction or request of Lender under the terms of the Loan Documents), liquidator, custodian, sequestrator, trustee or other similar officer who exercises control over Borrower or any substantial part of the assets of Borrower;

provided, however, that any proceeding or case under (d) or (e) above shall not be a Bankruptcy Event until the ninetieth (90th) day after filing (if not earlier dismissed) so long as such proceeding or case occurred without the consent, encouragement or active participation of (1) Borrower, Guarantor, or Key Principal, (2) any Person Controlling Borrower, Guarantor, or Key Principal, or (3) any Person Controlled by or under common Control with Borrower, Guarantor, or Key Principal (in which event such case or proceeding shall be a Bankruptcy Event immediately).

“Borrower” means, individually (and jointly and severally (solidarily instead for purposes of Louisiana law) if more than one), the entity (or entities) identified as “Borrower” in the first paragraph of the Loan Agreement.

“Borrower Affiliate” means, as to Borrower, Guarantor or Key Principal:

(a) any Person that owns any direct ownership interest in Borrower, Guarantor or Key Principal;

(b) any Person that indirectly owns, with the power to vote, twenty percent (20%) or more of the ownership interests in Borrower, Guarantor or Key Principal;

(c) any Person Controlled by, under common Control with, or which Controls, Borrower, Guarantor or Key Principal;

(d) any entity in which Borrower, Guarantor or Key Principal directly or indirectly owns, with the power to vote, twenty percent (20%) or more of the ownership interests in such entity; or

(e) any other individual that is related (to the third degree of consanguinity) by blood or marriage to Borrower, Guarantor or Key Principal.

“Borrower Requested Repairs” means repairs not listed on the Required Repair Schedule requested by Borrower to be reimbursed from the Repairs Escrow Account and determined advisable by Lender to keep the Mortgaged Property in good order and repair and in a good marketable condition or to prevent deterioration of the Mortgaged Property.

“Borrower Requested Replacements” means replacements not listed on the Required Replacement Schedule requested by Borrower to be reimbursed from the Replacement Reserve Account and determined advisable by Lender to keep the Mortgaged Property in good order and repair and in a good marketable condition or to prevent deterioration of the Mortgaged Property.

“**Borrower’s General Business Address**” has the meaning set forth in the Summary of Loan Terms.

“**Borrower’s Notice Address**” has the meaning set forth in the Summary of Loan Terms.

“**Business Day**” means any day other than (a) a Saturday, (b) a Sunday, (c) a day on which Lender is not open for business, or (d) a day on which the Federal Reserve Bank of New York is not open for business.

“**Collateral Account Funds**” means, collectively, the funds on deposit in any or all of the Collateral Accounts, including the Reserve/Escrow Account Funds.

“**Collateral Accounts**” means any account designated as such by Lender pursuant to a Collateral Agreement or as established pursuant to this Loan Agreement, including the Reserve/Escrow Account.

“**Collateral Agreement**” means any separate agreement between Borrower and Lender and any other party for the establishment of any other fund, reserve or account affecting the Mortgage Loan.

“**Completion Period**” has the meaning set forth in the Summary of Loan Terms.

“**Condemnation Action**” has the meaning set forth in the Security Instrument.

“**Control**” (including with correlative meanings, such as “Controlling,” “Controlled by” and “under common Control with”) means, as applied to any entity, the possession, directly or indirectly, of the power to direct or cause the direction of the management and operations of such entity, whether through the ownership of voting securities or other ownership interests, by contract or otherwise.

“**Credit Score**” means a numerical value or a categorization derived from a statistical tool or modeling system used to measure credit risk and predict the likelihood of certain credit behaviors, including default.

“**Debt Service Amounts**” means the Monthly Debt Service Payments and all other amounts payable under the Loan Agreement, the Note, the Security Instrument or any other Loan Document.

“**Default Rate**” means an interest rate equal to the lesser of:

- (a) the sum of the Interest Rate plus four (4) percentage points; or
- (b) the maximum interest rate which may be collected from Borrower under applicable law.

“**Definitions Schedule**” means this Schedule 1 (Definitions Schedule) to the Loan Agreement.

“Economic Sanctions” means any economic or financial sanction administered or enforced by the United States Government (including, without limitation, those administered by OFAC at <http://www.treasury.gov/about/organizational-structure/offices/Pages/Office-of-Foreign-Assets-Control.aspx>), the U.S. Department of Commerce, or the U.S. Department of State.

“Effective Date” has the meaning set forth in the Summary of Loan Terms.

“Employee Benefit Plan” means a plan described in Section 3(3) of ERISA, regardless of whether the plan is subject to ERISA.

“Enforcement Costs” has the meaning set forth in the Security Instrument.

“Environmental Indemnity Agreement” means that certain Environmental Indemnity Agreement dated as of the Effective Date made by Borrower to and for the benefit of Lender, as the same may be amended, restated, replaced, supplemented, or otherwise modified from time to time.

“Environmental Inspections” has the meaning set forth in the Environmental Indemnity Agreement.

“Environmental Laws” has the meaning set forth in the Environmental Indemnity Agreement.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Affiliate” shall mean, with respect to Borrower, any entity that, together with Borrower, would be treated as a single employer under Section 414(b) or (c) of the Internal Revenue Code, or Section 4001(a)(14) of ERISA, or the regulations thereunder.

“ERISA Plan” means any employee pension benefit plan within the meaning of Section 3(2) of ERISA (or related trust) that is subject to the requirements of Title IV of ERISA, Sections 430 or 431 of the Internal Revenue Code, or Sections 302, 303, or 304 of ERISA, which is maintained or contributed to by Borrower or its ERISA Affiliates.

“Event of Default” means the occurrence of any event listed in Section 14.01 (Events of Default) of the Loan Agreement.

“Exceptions to Representations and Warranties Schedule” means that certain Schedule 7 (Exceptions to Representations and Warranties Schedule) to the Loan Agreement.

“First Payment Date” has the meaning set forth in the Summary of Loan Terms.

“First Principal and Interest Payment Date” has the meaning set forth in the Summary of Loan Terms, if applicable.

“Fixed Rate” has the meaning set forth in the Summary of Loan Terms.

“**Fixtures**” has the meaning set forth in the Security Instrument.

“**Force Majeure**” shall mean acts of God, acts of war, civil disturbance, governmental action (including the revocation or refusal to grant licenses or permits, where such revocation or refusal is not due to the fault of Borrower), strikes, lockouts, fire, unavoidable casualties or any other causes beyond the reasonable control of Borrower (other than lack of financing), and of which Borrower shall have notified Lender in writing within ten (10) days after its occurrence.

“**Foreclosure Event**” means:

- (a) foreclosure under the Security Instrument;
- (b) any other exercise by Lender of rights and remedies (whether under the Security Instrument or under applicable law, including Insolvency Laws) as holder of the Mortgage Loan and/or the Security Instrument, as a result of which Lender (or its designee or nominee) or a third party purchaser becomes owner of the Mortgaged Property;
- (c) delivery by Borrower to Lender (or its designee or nominee) of a deed or other conveyance of Borrower’s interest in the Mortgaged Property in lieu of any of the foregoing; or
- (d) in Louisiana, any dation en paiement.

“**Goods**” has the meaning set forth in the Security Instrument.

“**Governmental Authority**” means any court, board, commission, department or body of any municipal, county, state or federal governmental unit, or any subdivision of any of them, that has or acquires jurisdiction over Borrower or the Mortgaged Property or the use, operation or improvement of the Mortgaged Property.

“**Guarantor**” means, individually and collectively, any guarantor of the Indebtedness or any other obligation of Borrower under any Loan Document.

“**Guarantor Bankruptcy Event**” means any one or more of the following:

- (a) the commencement, filing or continuation of a voluntary case or proceeding under one or more of the Insolvency Laws by Guarantor;
- (b) the acknowledgment in writing by Guarantor (other than to Lender in connection with a workout) that it is unable to pay its debts generally as they mature;
- (c) the making of a general assignment for the benefit of creditors by Guarantor;
- (d) the commencement, filing or continuation of an involuntary case or proceeding under one or more Insolvency Laws against Guarantor; or

(e) the appointment of a receiver, liquidator, custodian, sequestrator, trustee or other similar officer who exercises control over Guarantor or any substantial part of the assets of Guarantor, as applicable;

provided, however, that any proceeding or case under (d) or (e) above shall not be a Guarantor Bankruptcy Event until the ninetieth (90th) day after filing (if not earlier dismissed) so long as such proceeding or case occurred without the consent, encouragement or active participation of (1) Borrower, Guarantor or Key Principal, (2) any Person Controlling Borrower, Guarantor or Key Principal, or (3) any Person Controlled by or under common Control with Borrower, Guarantor or Key Principal (in which event such case or proceeding shall be a Guarantor Bankruptcy Event immediately).

“Guarantor’s General Business Address” has the meaning set forth in the Summary of Loan Terms.

“Guarantor’s Notice Address” has the meaning set forth in the Summary of Loan Terms.

“Guaranty” means, individually and collectively, any Payment Guaranty, Non-Recourse Guaranty or other guaranty executed by Guarantor in connection with the Mortgage Loan.

“Immediate Family Members” means a child, stepchild, grandchild, spouse, sibling, or parent, each of whom is not a Prohibited Person.

“Imposition Deposits” has the meaning set forth in the Security Instrument.

“Impositions” has the meaning set forth in the Security Instrument.

“Improvements” has the meaning set forth in the Security Instrument.

“Indebtedness” has the meaning set forth in the Security Instrument.

“Initial Replacement Reserve Deposit” has the meaning set forth in the Summary of Loan Terms.

“Insolvency Laws” means the United States Bankruptcy Code, 11 U.S.C. Section 101, et seq., together with any other federal or state law affecting debtor and creditor rights or relating to the bankruptcy, insolvency, reorganization, arrangement, moratorium, readjustment of debt, dissolution, liquidation or similar laws, proceedings, or equitable principles affecting the enforcement of creditors’ rights, as amended from time to time.

“Insolvent” means:

(a) that the sum total of all of a specified Person’s liabilities (whether secured or unsecured, contingent or fixed, or liquidated or unliquidated) is in excess of the value of such

Person's non-exempt assets, i.e., all of the assets of such Person that are available to satisfy claims of creditors; or

(b) such Person's inability to pay its debts as they become due.

"Intended Prepayment Date" means the date upon which Borrower intends to make a prepayment on the Mortgage Loan, as set forth in the Prepayment Notice.

"Interest Accrual Method" has the meaning set forth in the Summary of Loan Terms.

"Interest Only Term" has the meaning set forth in the Summary of Loan Terms.

"Interest Rate" means the Fixed Rate.

"Interest Rate Type" has the meaning set forth in the Summary of Loan Terms.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended.

"Investor" means any Person to whom Lender intends to (a) sell, transfer, deliver or assign the Mortgage Loan in the secondary mortgage market, or (b) sell an MBS backed by the Mortgage Loan.

"Key Principal" means, collectively:

(a) the natural person(s) or entity that Controls Borrower that Lender determines is critical to the successful operation and management of Borrower and the Mortgaged Property, as identified as such in the Summary of Loan Terms; or

(b) any natural person or entity who becomes a Key Principal after the date of the Loan Agreement and is identified as such in an assumption agreement, or another amendment or supplement to the Loan Agreement.

"Key Principal's General Business Address" has the meaning set forth in the Summary of Loan Terms.

"Key Principal's Notice Address" has the meaning set forth in the Summary of Loan Terms.

"Land" means the land described in Exhibit A to the Security Instrument.

"Last Interest Only Payment Date" has the meaning set forth in the Summary of Loan Terms, if applicable.

"Late Charge" means an amount equal to the delinquent amount then due under the Loan Documents multiplied by five percent (5%).

"Leases" has the meaning set forth in the Security Instrument.

“**Lender**” means the entity identified as “Lender” in the first paragraph of the Loan Agreement and its transferees, successors and assigns, or any subsequent holder of the Note.

“**Lender’s General Business Address**” has the meaning set forth in the Summary of Loan Terms.

“**Lender’s Notice Address**” has the meaning set forth in the Summary of Loan Terms.

“**Lender’s Payment Address**” has the meaning set forth in the Summary of Loan Terms.

“**Lien**” has the meaning set forth in the Security Instrument.

“**Loan Agreement**” means the Multifamily Loan and Security Agreement dated as of the Effective Date executed by and between Borrower and Lender to which this Definitions Schedule is attached, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Loan Amount**” has the meaning set forth in the Summary of Loan Terms.

“**Loan Application**” means the application for the Mortgage Loan submitted by Borrower to Lender.

“**Loan Documents**” means the Note, the Loan Agreement, the Security Instrument, the Environmental Indemnity Agreement, the Guaranty, all guaranties, all indemnity agreements, all Collateral Agreements, all O&M Plans, and any other documents now or in the future executed by Borrower, Guarantor, Key Principal, any other guarantor or any other Person in connection with the Mortgage Loan, as such documents may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Loan Servicer**” means the entity that from time to time is designated by Lender to collect payments and deposits and receive notices under the Note, the Loan Agreement, the Security Instrument and any other Loan Document, and otherwise to service the Mortgage Loan for the benefit of Lender. Unless Borrower receives notice to the contrary, the Loan Servicer shall be the Lender originally named on the Summary of Loan Terms.

“**Loan Term**” has the meaning set forth in the Summary of Loan Terms.

“**Loan Year**” has the meaning set forth in the Summary of Loan Terms.

“**Material Commercial Lease**” means:

(a) any Lease that comprises five percent (5%) or more of the total gross income at the Mortgaged Property on an annualized basis; or

(b) regardless of the percentage of the total gross income at the Mortgaged Property that it comprises, any Lease relating to:

- (1) solar power, thermal power generation, or co-power generation, or for the installation of solar panels or any other electrical power generation equipment, and any related power purchase agreement;
- (2) mineral rights or rights relating to subsurface oil and/or natural gas;
- (3) telecommunications or a cell tower; or
- (4) any dwelling unit at the Mortgaged Property leased to Guarantor, Key Principal, or another Borrower Affiliate.

“**Maturity Date**” has the meaning set forth in the Summary of Loan Terms.

“**Maximum Inspection Fee**” has the meaning set forth in the Summary of Loan Terms.

“**Maximum Repair Cost**” shall be the amount(s) set forth in the Required Repair Schedule, if any.

“**Maximum Repair Disbursement Interval**” has the meaning set forth in the Summary of Loan Terms.

“**Maximum Replacement Reserve Disbursement Interval**” has the meaning set forth in the Summary of Loan Terms.

“**MBS**” means an investment security that represents an undivided beneficial interest in a pool of mortgage loans or participation interests in mortgage loans held in trust pursuant to the terms of a governing trust document.

“**Mezzanine Debt**” means a loan to a direct or indirect owner of Borrower secured by a pledge of such owner’s interest in an entity owning a direct or indirect interest in Borrower.

“**Minimum Repairs Disbursement Amount**” has the meaning set forth in the Summary of Loan Terms.

“**Minimum Replacement Reserve Disbursement Amount**” has the meaning set forth in the Summary of Loan Terms.

“**Monthly Debt Service Payment**” has the meaning set forth in the Summary of Loan Terms.

“**Monthly Replacement Reserve Deposit**” has the meaning set forth in the Summary of Loan Terms.

“**Mortgage Loan**” means the mortgage loan made by Lender to Borrower in the principal amount of the Note made pursuant to the Loan Agreement, evidenced by the Note and secured by the Loan Documents that are expressly stated to be security for the Mortgage Loan.

“**Mortgaged Property**” has the meaning set forth in the Security Instrument.

“**Multifamily Project**” has the meaning set forth in the Summary of Loan Terms.

“**Multifamily Project Address**” has the meaning set forth in the Summary of Loan Terms.

“**Net Cash Flow**” means, for any specified period, the total of (a) the net rental income for the Mortgaged Property, plus (b) other allowable income for the Mortgaged Property, if any, minus (c) operating expenses for the Mortgaged Property, minus (d) the full amount underwritten for the Replacement Reserve Account (regardless of whether deposits have been or will be waived or reduced), and as adjusted for economic vacancy and other factors by Lender for the specific asset class or loan type.

“**Non-Recourse Guaranty**” means, if applicable, that certain Guaranty of Non-Recourse Obligations of even date herewith executed by Guarantor to and for the benefit of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Note**” means that certain Multifamily Note of even date herewith in the original principal amount of the stated Loan Amount made by Borrower in favor of Lender, and all schedules, riders, allonges and addenda attached thereto, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**O&M Plan**” has the meaning set forth in the Environmental Indemnity Agreement.

“**OFAC**” means the United States Treasury Department, Office of Foreign Assets Control, and any successor thereto.

“**Payment Date**” means the First Payment Date and the first day of each month thereafter until the Mortgage Loan is fully paid.

“**Payment Guaranty**” means, if applicable, that certain Guaranty (Payment) of even date herewith executed by Guarantor to and for the benefit of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Permitted Encumbrance**” has the meaning set forth in the Security Instrument.

“**Permitted Mezzanine Debt**” means Mezzanine Debt incurred by a direct or indirect owner or owners of Borrower where the exercise of any of the rights and remedies by the holder or holders of the Mezzanine Debt would not in any circumstance cause (a) a change in Control in Borrower, Key Principal, or Guarantor, or (b) a Transfer of a direct or indirect Restricted Ownership Interest in Borrower, Key Principal, or Guarantor.

“**Permitted Preferred Equity**” means Preferred Equity that does not (a) require mandatory dividends, distributions, payments or returns (including at maturity or in connection with a

redemption), or (b) provide the Preferred Equity owner with rights or remedies on account of a failure to receive any preferred dividends, distributions, payments or returns (or, if such rights are provided, the exercise of such rights do not violate the Loan Documents or are otherwise exercised with the prior written consent of Lender in accordance with Article 11 (Liens, Transfers and Assumptions) of the Loan Agreement and the payment of all applicable fees and expenses as set forth in Section 11.03(g) (Further Conditions to Transfers and Assumption) of the Loan Agreement).

“Permitted Prepayment Date” means the last Business Day of a calendar month.

“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).

“Personal Property” means the Goods, accounts, choses of action, chattel paper, documents, general intangibles (including Software), payment intangibles, instruments, investment property, letter of credit rights, supporting obligations, computer information, source codes, object codes, records and data, all telephone numbers or listings, claims (including claims for indemnity or breach of warranty), deposit accounts and other property or assets of any kind or nature related to the Land or the Improvements, including operating agreements, surveys, plans and specifications and contracts for architectural, engineering and construction services relating to the Land or the Improvements, and all other intangible property and rights relating to the operation of, or used in connection with, the Land or the Improvements, including all governmental permits relating to any activities on the Land.

“Personalty” has the meaning set forth in the Security Instrument.

“Preferred Equity” means a direct or indirect equity ownership interest in, economic interests in, or rights with respect to, Borrower that provide an equity owner preferred dividend, distribution, payment, or return treatment relative to other equity owners.

“Prepayment Lockout Period” has the meaning set forth in the Summary of Loan Terms.

“Prepayment Notice” means the written notice that Borrower is required to provide to Lender in accordance with Section 2.03 (Lockout/Prepayment) of the Loan Agreement in order to make a prepayment on the Mortgage Loan, which shall include, at a minimum, the Intended Prepayment Date.

“Prepayment Premium” means the amount payable by Borrower in connection with a prepayment of the Mortgage Loan, as provided in Section 2.03 (Lockout/Prepayment) of the Loan Agreement and calculated in accordance with the Prepayment Premium Schedule.

“Prepayment Premium Period End Date” or **“Yield Maintenance Period End Date”** has the meaning set forth in the Summary of Loan Terms.

“Prepayment Premium Period Term” or **“Yield Maintenance Period Term”** has the meaning set forth in the Summary of Loan Terms.

“Prepayment Premium Schedule” means that certain Schedule 4 (Prepayment Premium Schedule) to the Loan Agreement.

“Prohibited Person” means:

(a) any Person with whom Lender or Fannie Mae is prohibited from doing business pursuant to any law, rule, regulation, judicial proceeding or administrative directive; or

(b) any Person identified on the United States Department of Housing and Urban Development’s “Limited Denial of Participation, HUD Funding Disqualifications and Voluntary Abstentions List,” or on the General Services Administration’s “System for Award Management (SAM)” exclusion list, each of which may be amended from time to time, and any successor or replacement thereof; or

(c) any Person that is determined by Fannie Mae to pose an unacceptable credit risk due to the aggregate amount of debt of such Person owned or held by Fannie Mae; or

(d) any Person that has caused any unsatisfactory experience of a material nature with Fannie Mae or Lender, such as a default, fraud, intentional misrepresentation, litigation, arbitration or other similar act.

“Property Jurisdiction” has the meaning set forth in the Security Instrument.

“Property Square Footage” has the meaning set forth in the Summary of Loan Terms.

“Publicly-Held Corporation” means a corporation, the outstanding voting stock of which is registered under Sections 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended.

“Publicly-Held Trust” means a real estate investment trust, the outstanding voting shares or beneficial interests of which are registered under Sections 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended.

“Rents” has the meaning set forth in the Security Instrument.

“Repair Threshold” has the meaning set forth in the Summary of Loan Terms.

“Repairs” means, individually and collectively, the Required Repairs, Borrower Requested Repairs, and Additional Lender Repairs.

“Repairs Escrow Account” means the account established by Lender into which the Repairs Escrow Deposit is deposited to fund the Repairs.

“**Repairs Escrow Account Administrative Fee**” has the meaning set forth in the Summary of Loan Terms.

“**Repairs Escrow Deposit**” has the meaning set forth in the Summary of Loan Terms.

“**Replacement Reserve Account**” means the account established by Lender into which the Replacement Reserve Deposits are deposited to fund the Replacements.

“**Replacement Reserve Account Administration Fee**” has the meaning set forth in the Summary of Loan Terms.

“**Replacement Reserve Account Interest Disbursement Frequency**” has the meaning set forth in the Summary of Loan Terms.

“**Replacement Reserve Deposits**” means the Initial Replacement Reserve Deposit, Monthly Replacement Reserve Deposits and any other deposits to the Replacement Reserve Account required by the Loan Agreement.

“**Replacement Threshold**” has the meaning set forth in the Summary of Loan Terms.

“**Replacements**” means, individually and collectively, the Required Replacements, Borrower Requested Replacements and Additional Lender Replacements.

“**Required Repair Schedule**” means that certain Schedule 6 (Required Repair Schedule) to the Loan Agreement.

“**Required Repairs**” means those items listed on the Required Repair Schedule.

“**Required Replacement Schedule**” means that certain Schedule 5 (Required Replacement Schedule) to the Loan Agreement.

“**Required Replacements**” means those items listed on the Required Replacement Schedule.

“**Reserve/Escrow Account Funds**” means, collectively, the funds on deposit in the Reserve/Escrow Accounts.

“**Reserve/Escrow Accounts**” means, together, the Replacement Reserve Account and the Repairs Escrow Account.

“**Residential Lease**” means a Lease of an individual dwelling unit.

“**Restoration**” means restoring and repairing the Mortgaged Property to the equivalent of its physical condition immediately prior to the casualty or to a condition approved by Lender following a casualty.

“**Restricted Ownership Interest**” means, with respect to any entity, the following:

- (a) if such entity is a general partnership or a joint venture, fifty percent (50%) or more of all general partnership or joint venture interests in such entity;
- (b) if such entity is a limited partnership:
 - (1) the interest of any general partner; or
 - (2) fifty percent (50%) or more of all limited partnership interests in such entity;
- (c) if such entity is a limited liability company or a limited liability partnership:
 - (1) the interest of any managing member or the contractual rights of any non-member manager; or
 - (2) fifty percent (50%) or more of all membership or other ownership interests in such entity;
- (d) if such entity is a corporation (other than a Publicly-Held Corporation) with only one class of voting stock, fifty percent (50%) or more of voting stock in such corporation;
- (e) if such entity is a corporation (other than a Publicly-Held Corporation) with more than one class of voting stock, the amount of shares of voting stock sufficient to have the power to elect the majority of directors of such corporation; or
- (f) if such entity is a trust (other than a land trust or a Publicly-Held Trust), the power to Control such trust vested in the trustee of such trust or the ability to remove, appoint or substitute the trustee of such trust (unless the trustee of such trust after such removal, appointment or substitution is a trustee identified in the trust agreement approved by Lender).

“**Review Fee**” means the non-refundable fee of \$3,000 payable to Lender.

“**Sanctioned Country**” means a country subject to either a targeted or comprehensive country-wide sanctions program administered and enforced by OFAC, which list is updated from time to time.

“**Sanctioned Person**” means (a) a Person named on the list of “Specially Designated Nationals and Blocked Persons” maintained by OFAC, available at <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>, or as otherwise published from time to time; (b) (1) an agency of the government of a Sanctioned Country, (2) an organization controlled by a Sanctioned Country, or (3) a Person resident in a Sanctioned Country, to the extent any Person described in clauses (1), (2) or (3) is the subject of a sanctions program administered by OFAC; and, (c) a Person whose property and interests in property are blocked pursuant to an Executive Order or regulations administered by OFAC consistent with the guidance issued by OFAC.

“**Schedule of Interest Rate Type Provisions**” means that certain Schedule 3 (Schedule of Interest Rate Type Provisions) to the Loan Agreement.

“**Security Instrument**” means that certain multifamily mortgage, deed to secure debt or deed of trust executed and delivered by Borrower as security for the Mortgage Loan and encumbering the Mortgaged Property, including all riders or schedules attached thereto, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Servicing Arrangement**” means any arrangement between Lender and the Loan Servicer for loss sharing or interim advancement of funds.

“**Summary of Loan Terms**” means that certain Schedule 2 (Summary of Loan Terms) to the Loan Agreement.

“**Taxes**” has the meaning set forth in the Security Instrument.

“**Title Policy**” means the mortgagee’s loan policy of title insurance issued in connection with the Mortgage Loan and insuring the lien of the Security Instrument as set forth therein, as approved by Lender.

“**Total Parking Spaces**” has the meaning set forth in the Summary of Loan Terms.

“**Total Residential Units**” has the meaning set forth in the Summary of Loan Terms.

“**Transfer**” means:

(a) a sale, assignment, transfer or other disposition (whether voluntary, involuntary, or by operation of law), other than Residential Leases, Material Commercial Leases or non-Material Commercial Leases permitted by this Loan Agreement;

(b) a granting, pledging, creating or attachment of a lien, encumbrance or security interest (whether voluntary, involuntary, or by operation of law);

(c) an issuance or other creation of a direct or indirect ownership interest;

(d) a withdrawal, retirement, removal or involuntary resignation of any owner or manager of a legal entity; or

(e) a merger, consolidation, dissolution or liquidation of a legal entity.

“**Transfer Fee**” means a fee equal to one percent (1%) of the unpaid principal balance of the Mortgage Loan payable to Lender.

“**UCC**” has the meaning set forth in the Security Instrument.

“**UCC Collateral**” has the meaning set forth in the Security Instrument.

“Voidable Transfer” means any fraudulent conveyance, preference or other voidable or recoverable payment of money or transfer of property.

“Yield Maintenance Period End Date” or **“Prepayment Premium Period End Date”** has the meaning set forth in the Summary of Loan Terms.

“Yield Maintenance Period Term” or **“Prepayment Premium Period Term”** has the meaning set forth in the Summary of Loan Terms.

INITIAL PAGE TO
SCHEDULE 1
TO MULTIFAMILY LOAN AND SECURITY AGREEMENT

Definitions Schedule
(Interest Rate Type – Fixed Rate)

Borrower Initials

**SCHEDULE 2 TO
MULTIFAMILY LOAN AND SECURITY AGREEMENT**

Summary of Loan Terms

**SCHEDULE 3
TO MULTIFAMILY LOAN AND SECURITY AGREEMENT**

**Schedule of Interest Rate Type Provisions
(Fixed Rate)**

1. Defined Terms.

Capitalized terms not otherwise defined in this Schedule have the meanings given to such terms in the Definitions Schedule to the Loan Agreement.

2. Interest Accrual.

Except as otherwise provided in the Loan Agreement, interest shall accrue at the Interest Rate until fully paid.

**INITIAL PAGE TO
SCHEDULE 3
TO MULTIFAMILY LOAN AND SECURITY AGREEMENT**

**Schedule of Interest Rate Type Provisions
(Fixed Rate)**

Borrower Initials

**SCHEDULE 4
TO MULTIFAMILY LOAN AND SECURITY AGREEMENT**

**Prepayment Premium Schedule
(Standard Yield Maintenance – Fixed Rate)**

1. Defined Terms.

All capitalized terms used but not defined in this Prepayment Premium Schedule shall have the meanings assigned to them in the Loan Agreement.

2. Prepayment Premium.

Any Prepayment Premium payable under Section 2.03 (Lockout/Prepayment) of the Loan Agreement shall be computed as follows:

(a) If the prepayment is made at any time after the Effective Date and before the Yield Maintenance Period End Date, the Prepayment Premium shall be the greater of:

(1) one percent (1%) of the amount of principal being prepaid; or

(2) the product obtained by multiplying:

(A) the amount of principal being prepaid,

by

(B) the difference obtained by subtracting from the Fixed Rate on the Mortgage Loan, the Yield Rate (as defined below) on the twenty-fifth (25th) Business Day preceding (i) the Intended Prepayment Date, or (ii) the date Lender accelerates the Mortgage Loan or otherwise accepts a prepayment pursuant to Section 2.03(d) (Application of Collateral) of the Loan Agreement,

by

(C) the present value factor calculated using the following formula:

$$\frac{1 - (1 + r)^{-n/12}}{r}$$

[r = Yield Rate

n = the number of months remaining between (i) either of the following: (x) in the case of a voluntary prepayment, the last day of the month in which the prepayment is made, or (y) in any other case, the date on which Lender accelerates

the unpaid principal balance of the Mortgage Loan and (ii) the Yield Maintenance Period End Date.

For purposes of this clause (2), the “**Yield Rate**” means the yield calculated by interpolating the yields for the immediately shorter and longer term U.S. “Treasury constant maturities” (as reported in the Federal Reserve Statistical Release H.15 Selected Interest Rates (the “**Fed Release**”) under the heading “U.S. government securities”) closest to the remaining term of the Yield Maintenance Period Term, as follows (rounded to three (3) decimal places):

$$\left(\frac{(a - b)}{(x - y)} \times (z - y) \right) + b$$

a = the yield for the longer U.S. Treasury constant maturity

b = the yield for the shorter U.S. Treasury constant maturity

x = the term of the longer U.S. Treasury constant maturity

y = the term of the shorter U.S. Treasury constant maturity

z = “n” (as defined in the present value factor calculation above) divided by twelve (12).

Notwithstanding any provision to the contrary, if “z” equals a term reported under the U.S. “Treasury constant maturities” subheading in the Fed Release, the yield for such term shall be used, and interpolation shall not be necessary. If publication of the Fed Release is discontinued by the Federal Reserve Board, Lender shall determine the Yield Rate from another source selected by Lender. Any determination of the Yield Rate by Lender will be binding absent manifest error.]

(b) If the prepayment is made on or after the Yield Maintenance Period End Date but before the last calendar day of the fourth (4th) month prior to the month in which the Maturity Date occurs, the Prepayment Premium shall be one percent (1%) of the amount of principal being prepaid.

(c) Notwithstanding the provisions of Section 2.03 (Lockout/Prepayment) of the Loan Agreement, no Prepayment Premium shall be payable with respect to any prepayment made on or after the last calendar day of the fourth (4th) month prior to the month in which the Maturity Date occurs.

**INITIAL PAGE TO
SCHEDULE 4
TO MULTIFAMILY LOAN AND SECURITY AGREEMENT**

**Prepayment Premium Schedule
(Standard Yield Maintenance – Fixed Rate)**

Borrower Initials

SCHEDULE 5 TO
MULTIFAMILY LOAN AND SECURITY AGREEMENT

Required Replacement Schedule

INITIAL PAGE TO
SCHEDULE 5 TO
MULTIFAMILY LOAN AND SECURITY AGREEMENT

Required Replacement Schedule

Borrower Initials

**SCHEDULE 6 TO
MULTIFAMILY LOAN AND SECURITY AGREEMENT**

Required Repair Schedule

Repair Description	Estimated Cost	Maximum Repair Cost	Completion Date
		Estimated Cost x [125][150]%	

INITIAL PAGE TO
SCHEDULE 6 TO
MULTIFAMILY LOAN AND SECURITY AGREEMENT

Required Repair Schedule

Borrower Initials

**SCHEDULE 7 TO
MULTIFAMILY LOAN AND SECURITY AGREEMENT**

Exceptions to Representations and Warranties Schedule

[IF NONE, SO STATE]

INITIAL PAGE TO
SCHEDULE 7 TO
MULTIFAMILY LOAN AND SECURITY AGREEMENT

Exceptions to Representations and Warranties Schedule

Borrower Initials

EXHIBIT A

MODIFICATIONS TO MULTIFAMILY LOAN AND SECURITY AGREEMENT (Rent Restriction Agreement – Scorecard Exclusions for Affordable Housing – M.TEB)

The foregoing Loan Agreement is hereby modified as follows:

1. Capitalized terms used and not specifically defined herein have the meanings given to such terms in the Loan Agreement.

2. The Definitions Schedule is hereby amended by adding the following new definitions in the appropriate alphabetical order:

“**Agency**” means, with respect to a Rent Restriction Agreement, the applicable governmental unit, agency, authority or other public body identified as “Agency” on the Summary of Loan Terms.

“**Bonds**” means that certain Multifamily Tax-Exempt Bonds (M-TEBS) (Park Yellowstone) Series 2018 in the principal amount of \$16,000,000.00 issued by the Texas Department of Housing and Community Affairs, as Issuer, with U.S. Bank National Association, as Trustee.

“**Rent Restriction Agreement**” means, individually and collectively, the “Regulatory Agreement(s)” or “Recorded Use Restriction(s)” between Borrower and the Agency (or otherwise enforceable by the Agency) and identified on the Summary of Loan Terms that restrict(s) all or a portion of the residential units at the Mortgaged Property for occupancy by tenants with limited incomes and which restrict(s) the rents that can be charged for such units.

“**Trust Indenture**” means the Indenture of Trust pursuant to which the Bonds were issued.

3. Section 3.02(a) (Personal Liability Based on Lender’s Loss) of the Loan Agreement is hereby amended by adding the following subsection to the end thereof:

(8) any failure of Borrower to comply with Section 16.03(a) (Compliance with Rent Restriction Agreement) that constitutes an Event of Default under Section 14.01(b)(5) (Events of Default Subject to a Specified Cure Period) of this Loan Agreement; or

(9) (A) failure of the Bonds to be paid (other than nonpayments as a result of a payment default by Fannie Mae on the MBS); or (B) any losses directly or indirectly related to the Bonds or the documents executed in connection with the Bonds.

4. Section 14.01(b) (Events of Default Subject to a Specified Cure Period) of the Loan Agreement is hereby amended by adding the following provision to the end thereof:

(5) any failure by Borrower to comply with Section 16.03(a) of this Loan Agreement, which failure continues beyond the expiration of any applicable cure period specified under the Rent Restriction Agreement; or

(6) any default beyond the expiration of any applicable cure period under (i) the Trust Indenture, (ii) any other bond documents or agreements entered into in connection with the Bonds that impact the use, operations or monitoring of the Mortgaged Property, and (iii) the subordinate bond documents.

5. The following article is hereby added to the Loan Agreement as Article 16 (Items Related to the Rent Restriction Agreement):

ARTICLE 16 – ITEMS RELATED TO THE RENT RESTRICTION AGREEMENT

Section 16.01 Representations Regarding Rent Restriction Agreement.

Borrower represents and warrants that the Rent Restriction Agreement is the only agreement, contract, or arrangement (recorded or unrecorded) affecting the Mortgaged Property or Borrower that (a) restricts all or a portion of the residential units for occupancy by tenants with limited income, and (b) restricts rents that can be charged for those units, including restrictions developed in accordance with the affordability requirements of any state or local zoning regulation, real estate tax abatement program, loan program, or similar state or local program. True, correct, and complete copies of each Rent Restriction Agreement, including all amendments thereto, are attached to the Summary of Loan Terms.

Section 16.02 Notice of Default Under Rent Restriction Agreement.

Within three (3) Business Days after Borrower's receipt, Borrower shall provide Lender with a copy of any default notice, warning letter, or similar communication with respect to the Rent Restriction Agreement and shall identify the manner in which Borrower or the Mortgaged Property is alleged to be non-compliant.

Section 16.03 Compliance with Rent Restriction Agreement.

(a) Borrower covenants and agrees to comply with all requirements of the Rent Restriction Agreement.

(b) In the event that any Rent Restriction Agreement requires Borrower to provide evidence of compliance to the Agency (or its designee), Borrower covenants and agrees to provide Lender with copies of all such reports, certifications, and documents within five (5) Business Days after submitting the same to the applicable Agency (or its designee).

Section 16.04 No Amendment of Rent Restriction Agreement.

No Rent Restriction Agreement may be amended, modified, or terminated without the prior written consent of Lender.

INITIAL PAGE TO

EXHIBIT A

**MODIFICATIONS TO MULTIFAMILY LOAN AND SECURITY AGREEMENT
(Rent Restriction Agreement – Scorecard Exclusions for Affordable Housing– M.TEB)**

Borrower Initials

EXHIBIT B

MODIFICATIONS TO MULTIFAMILY LOAN AND SECURITY AGREEMENT (Tax Credit Properties)

The foregoing Loan Agreement is hereby modified as follows:

1. Capitalized terms used and not specifically defined herein have the meanings given to such terms in the Loan Agreement.
2. The Definitions Schedule is hereby amended by adding the following new definitions in the appropriate alphabetical order:

“Affiliate” means, as to any particular Person, any Person directly or indirectly, through one or more intermediaries, Controlling, Controlled by or under common Control with the Person or Persons in question.

“Borrower General Partner/Manager” means, individually and collectively, any general partner, managing member, manager (if non-member managed) or Controlling shareholder(s) of Borrower. Each Borrower General Partner/Manager as of the Effective Date is identified on the Summary of Loan Terms.

“Equity Investor” means a Person that holds a minimum interest of ninety-nine percent (99%) in Borrower as a limited partner (if Borrower is a limited partnership) or as an investor member (if Borrower is a limited liability company) and to whom are allocated (a) Tax Credits, tax losses, depreciation or other federal income tax benefits or (b) any state or local tax credits or other state or local tax benefits of any kind, in each case attributable to use of the Mortgaged Property as a “qualified low-income housing project” within the meaning of Section 42(g) of the Internal Revenue Code. Borrower’s Equity Investor as of the Effective Date is identified on the Summary of Loan Terms.

“Equity Investor General Partner/Manager” means, individually and collectively, any general partner(s), managing member(s) or Controlling shareholder(s) of the Equity Investor. Equity Investor General Partner/Manager as of the Effective Date is identified on the Summary of Loan Terms.

“Extended Use Agreement” has the meaning set forth in the Security Instrument.

“Initial Owners” means, with respect to any entity, the Person or Person(s) that, on the Effective Date, own, directly or indirectly, in the aggregate one hundred percent (100%) of the ownership interests in such entity.

“IRS Filing Deadline” means the date set forth on the Summary of Loan Terms.

“Minimum Set-Aside Test” means the set-aside test elected by Borrower pursuant to Section 42(g)(1)(A) or (B) of the Internal Revenue Code with respect to the percentage of

units built or to be built upon the Mortgaged Property to be occupied by tenants with incomes equal to no more than the designated percentage of area median income. Borrower's election of either the 40-60 Set-Aside Test (as provided in Section 42(g)(1)(B) of the Internal Revenue Code) or the 20-50 Set-Aside Test as the Minimum Set-Aside Test (as provided in Section 42(g)(1)(A) of the Internal Revenue Code) for the Mortgaged Property is indicated on the Summary of Loan Terms.

"Permitted Affiliate" means a single purpose entity that is (a) Equity Investor's General Partner/Manager; (b) an Affiliate of Equity Investor General Partner/Manager; or (c) an Affiliate of Equity Investor, including a special limited partner in Borrower.

"Rent Restriction Test" means the rent restrictions imposed on the low-income units in the Mortgaged Property pursuant to Section 42(g)(2) of the Internal Revenue Code, whereby the gross rent charged to tenant(s) of the low-income units cannot exceed thirty percent (30%) of the imputed income limitation of the applicable units based upon the Minimum Set-Aside Test elected by the Borrower.

"Tax Credits" means the tax credits allocated to Borrower pursuant to Section 42 of the Internal Revenue Code in connection with the Mortgaged Property's operation as a "qualified low-income housing project" within the meaning of Section 42(g)(1) of the Internal Revenue Code. The Tax Credits projected as of the Effective Date is the amount identified on the Summary of Loan Terms.

"Tax Credit Agency" means the state housing credit agency having responsibility for monitoring compliance of the Mortgaged Property with the requirements of (a) Section 42 of the Internal Revenue Code and (b) the Extended Use Agreement.

3. Section 11.03 (Liens, Transfers and Assumptions - Mortgage Loan Administration Matters Regarding Liens, Transfers and Assumptions) is hereby amended by adding the following provisions to the end thereof:

(h) Tax Credit Transfers.

(1) Approved Transfers.

Notwithstanding anything in this Loan Agreement to the contrary, provided that (a) the Person identified as "Borrower" on the Summary of Loan Terms owns the Mortgaged Property and remains Borrower under the Note and this Loan Agreement, (b) the Person identified as "Borrower General Partner/Manager" on the Schedule of Loan Terms is the sole general partner or is the managing general partner of Borrower (if Borrower is a limited partnership) or is the managing member or sole manager (if Borrower is a limited liability company), (c) the Person identified as "Equity Investor" on the Schedule of Loan Terms or its Permitted Affiliate continues to maintain its rights to receive the allocation of Tax Credits available to Borrower with respect to the Mortgaged Property, substantially as allocated as of the Effective Date, and (d) the provisions

of Section 11.03(h)(2) (Tax Credit Transfers - Additional Conditions on Transfers) regarding additional conditions on Transfer(s) are satisfied, the Transfer of an interest by a Key Principal, Guarantor or Borrower as described in Section 11.02(b)(2) (Covenants – Transfers – Interests in Borrower, Key Principal, or Guarantor) resulting from any of the following Transfers shall not constitute an Event of Default:

(A) the removal of Borrower General Partner/Manager as general partner, managing general partner, sole manager or managing member (as applicable) of Borrower and its replacement as general partner, managing general partner, sole manager or managing member (as applicable) by a Permitted Affiliate in accordance with the terms of the limited partnership agreement or operating agreement (as applicable) of Borrower;

(B) a Transfer of limited partner interests or investor member interests of Equity Investor to a Permitted Affiliate, provided that if such Transfer is of less than the Equity Investor's entire interest in Borrower, the Equity Investor General Partner/Manager must remain the sole general partner, managing general partner, managing member or sole manager (as applicable) of Equity Investor; or

(C) a Transfer of any of Key Principal's or Guarantor's interest in Borrower provided that, upon written notice from Lender to Borrower and Equity Investor, Equity Investor shall identify a Person satisfactory to Lender to serve as substitute Key Principal or Guarantor and such Person is substituted as Key Principal or Guarantor under this Loan Agreement within ten (10) days following the receipt by the Equity Investor of Lender's approval of such substitute Key Principal or Guarantor.

(2) Additional Conditions on Transfers.

The Transfers described in Section 11.03(h)(1) (Tax Credit Transfers – Approved Transfers) shall only be permitted if:

(A) Lender shall have received not less than ten (10) days' prior written notice of the Transfer, together with copies of (i) the documents transferring such entity's interest to the Permitted Affiliate; (ii) the organizational documents of the Permitted Affiliate; (iii) an organizational diagram showing the new ownership structure and relationships among the resulting owners and Borrower;

(B) at the time of the proposed Transfer, no Event of Default shall have occurred and be continuing (and no event that with the giving of notice or passage of time, or both, would constitute an Event of Default shall have occurred and be continuing);

(C) the proposed transferee is not a Prohibited Person; and

(D) the proposed transferee otherwise complies with the requirements of Section 4.02(b) (Economic Sanctions, Anti-Money Laundering, and Anti-Corruption).

If the conditions set forth in this Section 11.03(h)(2) (Tax Credit Transfers - Additional Conditions on Transfers) are satisfied, the Transfer Fee shall be waived for any Transfer made pursuant to Section 11.03(h)(1) (Tax Credit Transfers – Approved Transfers). Borrower shall pay the Review Fee and out-of-pocket costs set forth in Section 11.03(g) (Further Conditions to Transfers and Assumption).

(3) Other Removal of Borrower General Partner/Manager.

If Borrower General Partner/Manager is removed as a general partner, managing general partner, managing member or sole manager (as applicable) of Borrower, in accordance with the terms of the limited partnership agreement or operating agreement (as applicable) of Borrower, and is replaced by another Person that is not a Permitted Affiliate (to the extent that a Transfer of an interest by Key Principal, Guarantor or Borrower as described in this Article 11 (Liens, Transfers and Assumptions) is accomplished thereby), the transferor and transferee shall be required to comply with all requirements of this Article 11 (Liens, Transfers and Assumptions), including payment of the fees set forth in Section 11.03(g) (Further Conditions to Transfers and Assumption).

4. Section 14.01(a) (Events of Default – Automatic Events of Default) of the Loan Agreement is hereby amended by adding the following provision to the end thereof:

(12) any default, event of default, or breach (however such terms may be defined in the Extended Use Agreement) after the expiration of any deadline for performance and applicable notice or cure periods, if any, under the Extended Use Agreement.

5. Section 15.02 (Notice) of the Loan Agreement is hereby amended by adding the following provision to the end thereof:

(e) Lender agrees that effective notice to Borrower under this Loan Agreement and the other Loan Documents shall require delivery of a copy of any such notice to Equity Investor. Equity Investor’s notice address is included in the Summary of Loan Terms.

6. The following article is hereby added to the Loan Agreement as Article 17 (Items Related to Tax Credit Properties):

ARTICLE 17 – ITEMS RELATED TO TAX CREDIT PROPERTIES

Section 17.01 Recourse Liability.

Notwithstanding any provision in this Loan Agreement to the contrary, the provisions of Section 3.02(b)(1) and Section 3.02(b)(2) (Personal Liability of Borrower (Exceptions to Non-Recourse Provision – Full Personal Liability for Mortgage Loan) of this Loan Agreement, as they relate to Events of Default described in Section 14.01(a)(3) and Section 14.01(a)(6) (Events of Default – Automatic Events of Default) of this Loan Agreement, shall be operative only after the Equity Investor has been given notice of the applicable Event of Default described in Section 14.01(a)(3) and Section 14.01(a)(6) (Events of Default – Automatic Events of Default) of this Loan Agreement, together with an opportunity to remedy such Event of Default within thirty (30) days. Further, Lender agrees that, notwithstanding its rights to invoke the remedies permitted by the Loan Documents, upon the breach of any covenant or agreement by Borrower in the Loan Documents (including the covenants to pay the Indebtedness when due), so long as Equity Investor maintains its ownership interest in Borrower, a Foreclosure Event shall not occur until such time as Equity Investor has first been given thirty (30) days’ written notice of such default and has failed to cure such default within such thirty (30) day period; provided, however, that (a) during such thirty (30) day period Lender shall be entitled to accelerate the Note and to pursue its remedies (provided that a Foreclosure Event shall not occur), and (b) no notice or grace period shall apply in the case of any Event of Default where a failure by Lender to exercise a right or remedy under this Loan Agreement, in Lender’s judgment could result in harm to Lender, impairment of Lender’s rights and remedies under the Extended Use Agreement or this Loan Agreement or any other security given under any other Loan Document.

Section 17.02 Annual LIHTC Reporting Requirements.

Borrower must submit to Lender, each year on or before the IRS Filing Deadline at the time of annual submission of Borrower’s financial analysis of operations, a copy of Borrower’s federal income tax information return (Internal Revenue Service Form 1065, or any successor form designated by the Internal Revenue Service) and all attached schedules, forms and elections, including Internal Revenue Forms 8586 and 8609-A (and, with the Internal Revenue Service Form 1065 for the first year of the Mortgaged Property’s “Credit Period” (within the meaning of Section 42(f)(1) of the Internal Revenue Code), a copy of each fully completed and signed IRS Form 8609 for the Mortgaged Property), which must reflect the total Tax Credits allocated to the Mortgaged Property and the Tax Credits claimed for the Mortgaged Property in the preceding year.

Section 17.03 Annual Compliance.

Borrower shall submit to Lender on an annual basis, evidence that the Mortgaged Property is in ongoing compliance with all income, occupancy and rent restrictions under the Extended Use Agreement relating to the Mortgaged Property. Such submissions shall be made contemporaneously with Borrower’s reports required to be made to the Tax Credit Agency under the Extended Use

Agreement. If the Tax Credit Agency issues an Internal Revenue Service Form 8823, Borrower shall provide to Lender a copy of each such form within five (5) Business Days of Borrower's receipt of such form(s) from the Tax Credit Agency.

Section 17.04 Tax Credit Representations and Warranties.

All representations and warranties made by Borrower to Lender in this Section 17.04 (Tax Credit Representations and Warranties) are made as of the Effective Date, and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) There are no restrictions on the sale or refinancing of the Mortgaged Property, other than the restrictions set forth in this Loan Agreement and the Extended Use Agreement and the Rent Restriction Agreement.

(b) Borrower and the Mortgaged Property satisfies all restrictions and requirements, including tenant income and rent restrictions and record-keeping and retention requirements, applicable to projects generating Tax Credits under Section 42 of the Internal Revenue Code.

(c) Borrower and the Mortgaged Property satisfies all covenants and restrictions set forth in the Extended Use Agreement.

(d) The only tenant eligibility requirements or rent restrictions applicable to the Mortgaged Property or Borrower are those that apply to residential units pursuant to the Minimum Set-Aside Test elected by Borrower for the low-income units in the Mortgaged Property or as set forth in the Extended Use Agreement or Rent Restriction Agreement and the Rent Restriction Agreement.

(e) Neither the Extended Use Agreement nor any other document, instrument or agreement to which Borrower is a party restricts, limits or waives the right of Lender to cause a termination of the Extended Use Agreement in accordance with Internal Revenue Code Section 42(h)(6)(E)(i)(I).

Section 17.05 Tax Credit Covenants.

(a) Borrower and the Mortgaged Property shall continue to satisfy all restrictions and requirements, including tenant income and rent restrictions and record-keeping and retention requirements, applicable to projects generating Tax Credits under Section 42 of the Internal Revenue Code.

(b) Borrower and the Mortgaged Property shall continue to satisfy all covenants and restrictions set forth in the Extended Use Agreement.

(c) The only tenant eligibility requirements or rent restrictions applicable to the Mortgaged Property or Borrower shall be those that apply to

residential units pursuant to the Minimum Set-Aside Test elected by Borrower for the low-income units in the Mortgaged Property or as set forth in the Extended Use Agreement and the Rent Restriction Agreement.

(d) Neither the Extended Use Agreement nor any other document, instrument or agreement to which Borrower is a party shall restrict, limit or waive the right of Lender to cause a termination of the Extended Use Agreement in accordance with Internal Revenue Code Section 42(h)(6)(E)(i)(I).

(e) All requirements that are necessary to achieve and maintain (1) compliance with the Minimum Set-Aside Test, the Rent Restriction Test, and any other requirements necessary to initially qualify, and to continue to qualify, for Tax Credits, including all applicable requirements set forth in the Extended Use Agreement, (2) issuance and completion of each required IRS Form 8609 for the Mortgaged Property in a timely fashion and in compliance with Section 42(l) of the Internal Revenue Code, and (3) issuance of all necessary permanent, unconditional certificates of occupancy, including all governmental approvals required to permit occupancy of all the units, shall be met at all times during which such requirements are required to be met to qualify for the full amount of the anticipated Tax Credits.

INITIAL PAGE TO
EXHIBIT B
MODIFICATIONS TO MULTIFAMILY LOAN AND SECURITY AGREEMENT
(Tax Credit Properties)

Borrower Initials

EXHIBIT C

MODIFICATIONS TO MULTIFAMILY LOAN AND SECURITY AGREEMENT (Rehabilitation Reserve – Moderate Rehabilitation)

The foregoing Loan Agreement is hereby modified as follows:

1. Capitalized terms used and not specifically defined herein have the meanings given to such terms in the Loan Agreement.
2. The Definitions Schedule is hereby amended by adding the following new definitions in the appropriate alphabetical order:

“Additional Cost Item” means (a) a disbursement from the Rehabilitation Reserve Account to reimburse Borrower for labor or materials other than Rehabilitation Work specified on the Rehabilitation Work Schedule, or (b) any Rehabilitation Work Item the cost of which exceeds the limitations set forth in Section [__].02(a)(5) (Disbursements for Rehabilitation Work) of this Loan Agreement.

“Additional Lender Rehabilitation Work” means rehabilitation work not listed on the Rehabilitation Work Schedule determined advisable by Lender to keep the Mortgaged Property in good order and repair and in a good marketable condition, or to prevent deterioration of the Mortgaged Property.

“Borrower Requested Rehabilitation Work” means rehabilitation work not listed on the Rehabilitation Work Schedule requested by Borrower to be reimbursed from the Rehabilitation Reserve Account and determined advisable by Lender to keep the Mortgaged Property in good order and repair and in a good and marketable condition, or to prevent deterioration of the Mortgaged Property.

“Maximum Rehabilitation Reserve Disbursement Interval” has the meaning set forth on the Summary of Loan Terms.

“Minimum Rehabilitation Reserve Disbursement Amount” has the meaning set forth on the Summary of Loan Terms.

“Permitted Rehabilitation Disbursement Amount” means the amount equal to the Rehabilitation Completion Percentage multiplied by the original amount of the Rehabilitation Reserve Deposit.

“Rehabilitation Completion Percentage” means the percentage of the Rehabilitation Work completed as of the date of the disbursement request.

“Rehabilitation Completion Period” has the meaning set forth on the Summary of Loan Terms.

“Rehabilitation Reserve Account” means a custodial account as required by Lender from time to time.

“Rehabilitation Reserve Account Administrative Fee” has the meaning set forth on the Summary of Loan Terms.

“Rehabilitation Reserve Account Funds” means collectively the Rehabilitation Reserve Deposit and all other funds from time to time held in the Rehabilitation Reserve Account.

“Rehabilitation Reserve Account Interest Disbursement Frequency” has the meaning set forth on the Summary of Loan Terms.

“Rehabilitation Reserve Deposit” has the meaning set forth on the Summary of Loan Terms.

“Rehabilitation Work” means, individually and collectively, the Required Rehabilitation Work, Borrower Requested Rehabilitation Work and Additional Lender Rehabilitation Work.

“Rehabilitation Work Item” means any portion of the Rehabilitation Work.

“Rehabilitation Work Item Cost Threshold” has the meaning set forth on the Summary of Loan Terms.

“Rehabilitation Work Schedule” means that certain Schedule [___] (Rehabilitation Work Schedule) to the Loan Agreement which is attached hereto and hereby made a part of the Loan Agreement.

“Required Rehabilitation Work” means the repairs and improvements to the Mortgaged Property listed on the Rehabilitation Work Schedule.

“Three Month Period” means each of the three (3) consecutive full calendar months immediately preceding the month in which Borrower requests final disbursement of Rehabilitation Reserve Account Funds.

3. The following article is hereby added to the Loan Agreement as Article 18 (Rehabilitation Reserve):

ARTICLE 18– REHABILITATION RESERVE

Section 18.01 Covenants.

(a) Initial Deposit to Rehabilitation Reserve Account.

On the Effective Date, Borrower shall pay to Lender the Rehabilitation Reserve Deposit for deposit into the Rehabilitation Reserve Account, which deposit shall be in an amount equal to the total estimated cost in accordance with the Rehabilitation Work Schedule.

(b) Agreement to Complete Work.

Borrower shall commence the Rehabilitation Work as follows:

(1) with respect to any Required Rehabilitation Work, immediately following the Effective Date (or as soon thereafter as weather reasonably shall permit) and shall at all times thereafter diligently pursue the completion of all Rehabilitation Work. Borrower shall complete all Required Rehabilitation Work within the Rehabilitation Completion Period;

(2) with respect to Additional Lender Rehabilitation Work, promptly following Lender's notice of such Additional Lender Rehabilitation Work (subject to weather conditions, if applicable), commence any such Additional Lender Rehabilitation Work in accordance with Lender's timelines, or if no timelines are provided, as soon as practical.

(c) Payment for Rehabilitation Work.

Borrower shall:

(1) pay all invoices for the Rehabilitation Work, regardless of whether funds on deposit in the Rehabilitation Reserve Account are sufficient, prior to any request for disbursement from the Rehabilitation Reserve Account (unless Lender has agreed to issue joint checks in connection with a particular Rehabilitation Work Item);

(2) pay all applicable fees and charges of any Governmental Authority on account of the Rehabilitation Work; and

(3) provide evidence satisfactory to Lender of completion of (A) the Required Rehabilitation Work within the Rehabilitation Completion Period, and (B) any Borrower Requested Rehabilitation Work or Additional Lender Rehabilitation Work by the date specified by Lender for any such Borrower Requested Rehabilitation Work or Additional Lender Rehabilitation Work.

(d) Assignment of Contracts for Replacements and Repairs.

Borrower shall collaterally assign to Lender as additional security any contract or subcontract for Rehabilitation Work, upon Lender's written request, on a form of assignment approved by Lender.

(e) Indemnification.

If Lender elects to exercise its rights under Section 14.03 due to Borrower's failure to timely commence or complete any Rehabilitation Work, Borrower shall indemnify and hold Lender harmless from and against any and all actions, suits, claims, demands, liabilities, losses, damages, obligations and costs or expenses, including litigation costs and reasonable attorneys' fees, arising from or in any way connected with the performance by Lender of the Rehabilitation Work or the investment of the Rehabilitation Reserve Account Funds; provided that Borrower shall have no indemnity obligation if such actions, suits, claims, demands, liabilities, losses, damages, obligations and costs or expenses, including litigation costs and reasonable attorneys' fees, arise as a result of the willful misconduct or gross negligence of Lender, Lender's agents, employees or representatives as determined by a court of competent jurisdiction pursuant to a final non-appealable court order.

(f) Amendments to Loan Documents.

Subject to Section 5.02, Borrower shall execute and deliver to Lender, upon written request, an amendment to this Loan Agreement, the Security Instrument, and any other Loan Document deemed necessary or desirable to perfect Lender's lien upon any portion of the Mortgaged Property for which Rehabilitation Reserve Account Funds were expended.

(g) Administrative Fees and Expenses.

Borrower shall pay to Lender:

(1) by the date specified in the applicable invoice, the Rehabilitation Reserve Account Administrative Fee for Lender's services in administering the Rehabilitation Reserve Account and investing the funds on deposit in the Rehabilitation Reserve Account;

(2) upon demand, a reasonable inspection fee, not exceeding the Maximum Inspection Fee, for each inspection of the Mortgaged Property by Lender in connection with a Rehabilitation Work Item, plus all other reasonable costs and out-of-pocket expenses relating to such inspections; and

(3) upon demand, all reasonable fees charged by any engineer, architect, inspector or other person inspecting the Mortgaged Property on behalf of Lender for each inspection of the Mortgaged Property in connection with a Rehabilitation Work Item, plus all other reasonable costs and out-of-pocket expenses relating to such inspections.

Section 18.02 Mortgage Loan Administration Matters Regarding Rehabilitation Reserve Account.

(a) Accounts, Deposits and Disbursements.

(a) (1) Custodial Account.

The Rehabilitation Reserve Account shall be deemed a Collateral Account under this Loan Agreement and any Rehabilitation Reserve Account Funds shall be deemed part of the Collateral Account Funds under this Loan Agreement. The Rehabilitation Reserve Account shall be an interest-bearing account that meets the standards for custodial accounts as required by Lender from time to time. Lender shall not be responsible for any losses resulting from the investment of the Rehabilitation Reserve Account Funds or for obtaining any specific level or percentage of earnings on such investment. All interest earned on the Rehabilitation Reserve Account Funds shall be added to and become part of such Rehabilitation Reserve Account; provided, however, if applicable law requires, and so long as no Event of Default has occurred and is continuing under any of the Loan Documents, Lender shall pay to Borrower the interest earned on the Rehabilitation Reserve Account not less frequently than the Rehabilitation Reserve Account Interest Disbursement Frequency. In no event shall Lender be obligated to disburse funds from the Rehabilitation Reserve Account if an Event of Default has occurred and is continuing.

(2) Disbursements by Lender Only.

Only Lender or a designated representative of Lender may make disbursements from the Rehabilitation Reserve Account. Except as provided in Section 18.02(a)(8) (Joint Checks for Periodic Disbursements), disbursements shall only be made upon Borrower request and after satisfaction of all conditions for disbursement.

(3) Adjustment to Deposits.

In connection with any Transfer of the Mortgaged Property, or any Transfer of an ownership interest in Borrower, Guarantor or Key Principal that requires Lender's consent, Lender may review the amounts on deposit, if any, in the Rehabilitation Reserve Account and the likely Rehabilitation Work required by the Mortgaged Property, and the related contingencies which may arise during the remaining Loan Term. Based upon that review, Lender may require an additional deposit to the Rehabilitation Reserve Account as a condition to Lender's consent to such Transfer. In all events, the transferee shall be required to assume Borrower's duties and obligations under this Loan Agreement.

(4) Insufficient Funds.

Lender may, upon thirty (30) days prior written notice to Borrower, require an additional deposit(s) to the Rehabilitation Reserve Account if Lender determines that the amounts on deposit in the Rehabilitation Reserve Account are not sufficient to cover the costs for the Required Rehabilitation Work, or, pursuant to the terms of Section 18.02(a)(9) (Disbursements for Other than Required Rehabilitation Work; Excess Costs), are not sufficient to cover the costs for Borrower Requested Rehabilitation Work, or Additional Lender Rehabilitation Work. Borrower's agreement to complete the Rehabilitation Work as required by this Loan Agreement shall not be affected by the insufficiency of any balance in the Rehabilitation Reserve Account.

(5) Disbursements for Rehabilitation Work.

Disbursement requests may only be made after completion of the applicable Rehabilitation Work and only to reimburse Borrower for the actual approved costs of the Rehabilitation Work. Lender shall not be required to disburse any amounts which would: (A) cause the total amount disbursed to date to exceed the Permitted Rehabilitation Disbursement Amount; or (B) cause the amount of funds remaining in the Rehabilitation Reserve Account after any disbursement (other than with respect to the final disbursement) to be less than the then current estimated cost of completing all remaining Rehabilitation Work. Further, in no event shall Lender be obligated to disburse Rehabilitation Reserve Account Funds if: (i) all equity contributions have not been received by Borrower from its investors/partners and properly invested in the Mortgaged Property as of the date of the first requested disbursement hereunder; or (ii) an Event of Default has occurred and is continuing. Lender shall not disburse from the Replacement Reserve Account or the Repairs Escrow Account for costs of

Rehabilitation Work. Lender shall not disburse from the Rehabilitation Reserve Account the costs of routine maintenance to the Mortgaged Property or for costs which are to be reimbursed from any Reserve/Escrow Account. Disbursement from the Rehabilitation Reserve Account shall not be made more frequently than the Maximum Rehabilitation Reserve Disbursement Interval. Other than in connection with a final request for disbursement, disbursements from the Rehabilitation Reserve Account shall not be less than the Minimum Rehabilitation Reserve Disbursement Amount.

(6) Disbursement Requests.

Each request by Borrower for disbursement from the Rehabilitation Reserve Account must be in writing and must:

(A) specify the Rehabilitation Work for which reimbursement is requested; provided that for any Borrower Requested Rehabilitation Work and Additional Lender Rehabilitation Work, Lender shall have approved the use of the Rehabilitation Reserve Account Funds for such replacements or repairs pursuant to the terms of Section [].02(a)(9) (Disbursements for Other than Rehabilitation Work; Excess Costs);

(B) if applicable, specify the quantity and price of the items or materials purchased, grouped by type or category;

(C) if applicable, specify the cost of all contracted labor or other services, including architectural services, involved in the Rehabilitation Work for which such request for disbursement is made;

(D) if applicable, include copies of invoices for all items or materials purchased and all contracted labor or services provided;

(E) include evidence of payment of such Rehabilitation Work satisfactory to Lender (unless Lender has agreed to issue joint checks in connection with a particular Rehabilitation Work Item as provided in this Loan Agreement);

(F) if applicable, contain a certification by Borrower that the Rehabilitation Work has been completed lien free and in a good and workmanlike manner, in accordance with any plans and specifications previously approved by Lender (if applicable) and in

compliance with all applicable laws, ordinances, rules and regulations of any Governmental Authority having jurisdiction over the Mortgaged Property, and otherwise in accordance with the provisions of this Loan Agreement; and

(G) if applicable, include evidence that any certificates of occupancy required by local law or authorities have been issued.

(7) Conditions to Disbursement.

Lender may require any or all of the following at the expense of Borrower as a condition to disbursement of funds from the Rehabilitation Reserve Account; provided that for any Borrower Requested Rehabilitation Work and Additional Lender Rehabilitation Work, Lender shall have approved the use of the Rehabilitation Reserve Account Funds for such replacements or repairs pursuant to the terms of Section 18.02(a)(9) (Disbursements for Other than Required Rehabilitation Work; Excess Costs):

(A) an inspection by Lender of the Mortgaged Property and the applicable Rehabilitation Work Item;

(B) an inspection or certificate of completion by an appropriate independent qualified professional (such as an architect, engineer or property inspector, depending on the nature of the Rehabilitation Work) selected by Lender;

(C) either:

(i) a search of title to the Mortgaged Property effective to the date of disbursement; or

(ii) a “date-down” endorsement to Lender’s Title Policy extending the effective date of such policy to the date of disbursement, and showing no Liens other than (1) Permitted Encumbrances, (2) liens which Borrower is diligently contesting in good faith that have been bonded off to the satisfaction of Lender, or (3) mechanics’ or materialmen’s liens which attach automatically under the laws of the Governmental Authority upon the commencement of any work upon, or delivery of any materials to, the Mortgaged Property but for which Borrower is not delinquent in the payment for any such services or materials; and

(D) an acknowledgement of payment, waiver of claims and release of lien for work performed and materials supplied from each contractor, subcontractor, or materialman in accordance with the requirements of applicable law and covering all work performed and materials supplied (including equipment and fixtures) for the Mortgaged Property by that contractor, subcontractor or materialman through the date covered by the disbursement request (or, in the event that payment to such contractor, subcontractor or materialman is to be made by a joint check, the release of lien shall be effective through the date covered by the previous disbursement).

(8) Joint Checks for Periodic Disbursements.

Lender may issue joint checks, payable to Borrower and the applicable supplier, materialman, mechanic, contractor, subcontractor or other similar party, if:

(A) the cost of the Rehabilitation Work Item exceeds the Rehabilitation Work Item Cost Threshold, and the contractor performing such Rehabilitation Work requires periodic payments pursuant to the terms of the applicable written contract;

(B) the contract for such Rehabilitation Work requires payment upon completion of the applicable portion of the work;

(C) Borrower makes the disbursement request after completion of the applicable portion of the work required to be completed under such contract;

(D) the materials for which the request for disbursement has been made are on site at the Mortgaged Property and are properly secured or installed;

(E) Lender determines that the remaining funds in the Rehabilitation Reserve Account designated for such Replacement are sufficient to pay such costs and the then-current estimated cost of completing all remaining Required Rehabilitation Work and, as applicable, any other Borrower Requested Rehabilitation Work or Additional Lender Rehabilitation Work that has been previously approved by Lender;

(F) each supplier, materialman, mechanic, contractor, subcontractor or other similar party receiving payments shall have

provided, if requested in writing by Lender, a waiver of liens with respect to amounts which have been previously paid to them; and

(G) all other conditions for disbursement have been satisfied.

(9) Disbursements for Other than Required Rehabilitation Work; Excess Costs.

(1) (A) Borrower Requested Rehabilitation Work.

In the event Borrower requests a disbursement from the Rehabilitation Reserve Account to reimburse Borrower for any Borrower Requested Rehabilitation Work, such request shall be in writing and explain the reason for the request. Lender shall make disbursements for Borrower Requested Rehabilitation Work, if:

(i) it is of the type intended to be covered by the Rehabilitation Reserve Account;

(ii) the costs are commercially reasonable;

(iii) the amount of funds in the Rehabilitation Reserve Account is sufficient to pay such costs and the then-current estimated cost of completing all remaining Required Rehabilitation Work and, as applicable, any other Borrower Requested Rehabilitation Work or Additional Lender Rehabilitation Work that has been previously approved by Lender; and

(iv) all conditions for disbursement from the Rehabilitation Reserve Account have been satisfied.

Nothing in this Loan Agreement shall limit Lender's right to require an additional deposit to the Rehabilitation Reserve Account in connection with any such Borrower Requested Rehabilitation Work.

(2) (B) Additional Lender Rehabilitation Work.

Lender may from time to time require that Borrower complete Additional Lender Rehabilitation Work, which Additional Lender Rehabilitation Work shall be commenced and completed in accordance with Section [__].01(b) (Agreement to Complete Work). Lender shall make disbursements from the

Rehabilitation Reserve Account for Additional Lender Rehabilitation Work if:

- (i) the costs are commercially reasonable;
- (ii) the amount of funds in the Rehabilitation Reserve Account is sufficient to pay such costs and the then-current estimated cost of completing all remaining Required Rehabilitation Work and, as applicable, and any other Borrower Requested Rehabilitation Work or Additional Lender Rehabilitation Work that has been previously approved by Lender; and
- (iii) all conditions for disbursement from the Rehabilitation Reserve Account have been satisfied.

Nothing in this Loan Agreement shall limit Lender's right to require an additional deposit to the Rehabilitation Reserve Account for any such Additional Lender Rehabilitation Work.

(10) Excess Costs.

In the event any Rehabilitation Work Item exceeds the approved cost set forth on the Rehabilitation Work Schedule for such Rehabilitation Work Item, Borrower may submit a disbursement request to reimburse Borrower for such excess cost. The disbursement request must be in writing and include an explanation for such request. Lender shall make disbursements from the Rehabilitation Reserve Account if:

- (A) the excess cost is commercially reasonable;
- (B) the amount of funds in the Rehabilitation Reserve Account is sufficient to pay such costs and the then-current estimated cost of completing all remaining Required Rehabilitation Work and, as applicable, any other Borrower Requested Rehabilitation Work or Additional Lender Rehabilitation Work that has been previously approved by Lender; and
- (C) all conditions for disbursement from the Rehabilitation Reserve Account have been satisfied.

(11) Final Disbursements.

- (A) Upon completion of all Rehabilitation Work in accordance with this Loan Agreement on or before the expiration

of the Rehabilitation Completion Period and so long as no Event of Default has occurred and is continuing, Lender shall disburse to Borrower any amounts then remaining in the Rehabilitation Reserve Account, if

(i) all conditions for disbursements set forth in Section 18.02(a)(7) (Conditions to Disbursement) have been satisfied; and

(ii) Borrower shall have provided to Lender a certified rent roll, in such form as Lender may require, demonstrating that in the Three Month Period not less than ninety percent (90%) of the units of the Mortgaged Property were physically occupied under Residential Leases that comply with the terms of this Loan Agreement.

(B) Upon payment in full of the Indebtedness and release by Lender of the lien of the Security Instrument, Lender shall disburse to Borrower any and all amounts then remaining in the Rehabilitation Reserve Account (if not previously released).

(b) Approvals of Contracts; Assignment of Claims.

Lender retains the right to approve all contracts or work orders with materialmen, mechanics, suppliers, subcontractors, contractors or other parties providing labor or materials in connection with the Rehabilitation Work. Notwithstanding Borrower's assignment (in the Security Instrument) of its rights and claims against all persons or entities supplying labor or materials in connection with the Rehabilitation Work, Lender will not pursue any such right or claim unless an Event of Default has occurred and is continuing or as otherwise provided in Section 14.03.

(c) Delays and Workmanship.

If any Rehabilitation Work Item has not timely commenced, has not been timely performed in a workmanlike manner, or has not been timely completed in a workmanlike manner, Lender may, without notice to Borrower:

(1) withhold disbursements from the Rehabilitation Reserve Account for such unsatisfactory Rehabilitation Work Item;

(2) proceed under existing contracts or contract with third parties to make or complete such Rehabilitation Work Item;

(3) apply the funds in the Rehabilitation Reserve Account toward the labor and materials necessary to make or complete such Rehabilitation Work Item; or

(4) exercise any and all other remedies available to Lender under this Loan Agreement or any other Loan Document, including any remedies otherwise available upon the occurrence of an Event of Default.

To facilitate Lender's completion or making of such Rehabilitation Work Item, Lender shall have the right to enter onto the Mortgaged Property and perform any and all work and labor necessary to make or complete the Rehabilitation Work Item and employ watchmen to protect the Mortgaged Property from damage. All funds so expended by Lender shall be deemed to have been advanced to Borrower shall be part of the Indebtedness and shall be secured by the Security Instrument and this Loan Agreement.

(d) Lender as Attorney-In-Fact.

Borrower hereby authorizes and appoints Lender as attorney-in-fact pursuant to Section 14.03(c) (Appointment of Lender as Attorney-In-Fact).

(e) No Lender Obligation.

Nothing in this Loan Agreement shall:

(1) make Lender responsible for making or completing the Rehabilitation Work;

(2) require Lender to expend funds from the Rehabilitation Reserve Account to make or complete any Rehabilitation Work;

(3) obligate Lender to proceed with the Rehabilitation Work;
or

(4) obligate Lender to demand from Borrower additional sums to make or complete any Rehabilitation Work.

(f) No Lender Warranty.

Lender's approval of any plans for any Rehabilitation Work, release of funds from the Rehabilitation Reserve Account, inspection of the Mortgaged Property by Lender or Lender's agents, or other acknowledgment of completion of any Rehabilitation Work in a manner satisfactory to Lender shall not be deemed an acknowledgment or warranty to any person that the Rehabilitation Work has been completed in accordance with applicable building, zoning or other

codes, ordinances, statutes, laws, regulations or requirements of any governmental agency, such responsibility being at all times exclusively that of Borrower.

Borrower Initials

SCHEDULE [] TO MULTIFAMILY LOAN AND SECURITY AGREEMENT

Rehabilitation Work Schedule

[Attach a list of Required Rehabilitation Work, estimated cost of Required Rehabilitation Work and the completion date of any Required Rehabilitation Work with a completion date other than by the end of the Rehabilitation Completion Period.]

Work	Estimated Cost	Completion Date

Borrower Initials

EXHIBIT D

MODIFICATIONS TO MULTIFAMILY LOAN AND SECURITY AGREEMENT (Green Mortgage Loan)

The foregoing Loan Agreement is hereby modified as follows:

4. Capitalized terms used and not specifically defined herein have the meanings given to such terms in the Loan Agreement.
2. The following Article is hereby added to the Loan Agreement as Article 19 (Green Mortgage Loan):

ARTICLE 19 – GREEN MORTGAGE LOAN

Section 19.01 Covenants.

(a) Borrower shall (1) track and report the energy and water consumption and cost for all energy and water sources, metered and unmetered (e.g., unmetered sources including invoiced delivery of fuel oil or wood pellets, or use of well water), that provide energy and water service to the Mortgaged Property using the United States Environmental Protection Agency's ENERGY STAR® Portfolio Manager; and (2) perform any other ongoing monitoring necessary for tracking and reporting the energy and water consumption performance and energy and water costs of the Mortgaged Property in ENERGY STAR Portfolio Manager.

(b) Borrower shall include with the delivery of items required under Section 8.02(b)(2), the Fannie Mae Energy Performance Metrics report, as generated by ENERGY STAR Portfolio Manager (or any successor or replacement application), for the Mortgaged Property for such calendar year. All fields applicable to the Mortgaged Property must be filled out, regardless of whether such field is listed in Portfolio Manager as "optional," and which must result in a report that includes all of the following information for the Mortgaged Property:

- (1) the ENERGY STAR score;
- (2) the Source Energy Use Intensity (EUI);
- (3) the annual cost of each energy type;
- (4) the EPA Water Score;
- (5) the Water Use Intensity (WUI);

- (6) the annual cost of water;
- (7) the month and year ending period for items (1) through (6) above; and
- (8) the ENERGY STAR Portfolio Manager Property Identification Number.

(c) Borrower shall furnish to Lender such other energy, water, waste, and other utility information relating to the Mortgaged Property as Lender may request, and shall permit Lender, its agents, representatives, and designees to enter upon and inspect the Mortgaged Property for such purposes (subject to the rights of tenants under the Leases) (i) during normal business hours, (ii) at such other reasonable time upon reasonable notice of not less than one (1) Business Day, and (iii) at any time after an Event of Default has occurred and is continuing.

Borrower Initials

EXHIBIT D

MODIFICATIONS TO LOAN AGREEMENT (Equity Bridge Loan)

The foregoing Loan Agreement is hereby modified as follows:

5. Capitalized terms used and not specifically defined herein have the meanings given to such terms in the Loan Agreement.

6. The Definitions Schedule is hereby amended by adding the following new definitions in the appropriate alphabetical order:

“Assignment of Capital Contributions” means that certain Assignment of Capital Contributions by and between Borrower and Bridge Lender, and consented to by the Equity Investor, pursuant to which the Borrower has assigned to Bridge Lender certain capital contributions to be made by the Equity Investor pursuant to the operating agreement of the Borrower.

“Bridge Guarantor” means collectively VESTA CORPORATION, a Connecticut corporation, ARTHUR N.K. GREENBLATT, an individual, and HOPMEADOW DEVELOPMENT, INC., a Connecticut corporation.

“Bridge Guaranty” means that certain Guaranty and Suretyship Agreement made by the Bridge Guarantor for the benefit of Bridge Lender, guaranteeing the obligations of Borrower under the Bridge Loan Agreement.

“Bridge Lender” means PNC BANK, NATIONAL ASSOCIATION.

“Bridge Loan Agreement” means the Bridge Loan and Security Agreement of even date herewith by and between Borrower and Bridge Lender pursuant to which the Bridge Loan has been made.

“Bridge Loan Documents” means the Bridge Note, the Bridge Loan Agreement, the Bridge Guaranty, the Assignment of Capital Contributions, the Pledge and Security Agreement, and all other documents evidencing, securing or otherwise executed and delivered in connection with the Equity Bridge Loan.

“Bridge Note” means the promissory note of even date herewith issued by Borrower to Bridge Lender, or order, to evidence the Equity Bridge Loan.

“Bridge Security Interests” means, collectively, all collateral, interests and rights granted, pledged or assigned to Bridge Lender pursuant to the Assignment of Capital Contributions, and the Pledge and Security Agreement.

“Equity Bridge Loan” means that bridge loan in the amount of \$[5,073,567], made by Bridge Lender to Borrower pursuant to the Bridge Loan Agreement.

“Pledge and Security Agreement” means that certain Pledge and Security Agreement (Assignment of Membership Interest) by and between Vesta Equity Yellowstone LLC, Borrower General Partner/Manager and Bridge Lender, pursuant to which the Borrower General Partner/Manager and Vesta Equity Yellowstone LLC have pledged its interest in the Borrower to the Bridge Lender as security for the Equity Bridge Loan.

7. Section 4.02 (Affirmative Covenants) is hereby amended by adding the following provision to the end thereof:

(j) Subordination of Indemnities. Borrower hereby subordinates in full, any current or future indemnity or guaranty obligation of the Bridge Guarantor for the benefit of the Equity Bridge Lender to the Guaranty.

8. Section 11.02(c) is hereby deleted in its entirety and replaced with the following:

(c) No Other Indebtedness. Other than the Mortgage Loan and the Equity Bridge Loan, Borrower shall not incur or be obligated at any time with respect to any loan or other indebtedness (except trade payables or otherwise permitted in this Loan Agreement), including any indebtedness secured by a Lien on, or the cash flows from, the Mortgaged Property.

9. Section 11.02(d) is hereby deleted in its entirety and replaced with the following:

(d) No Mezzanine Financing or Preferred Equity. Neither Borrower nor any direct or indirect owner of Borrower shall: (1) incur any Mezzanine Debt other than Permitted Mezzanine Debt and the Equity Bridge Loan; (2) issue any Preferred Equity other than Permitted Preferred Equity; (3) incur any similar indebtedness or issue any similar equity; or (4) grant any lien or encumbrance on the Mortgaged Property in connection with the Equity Bridge Loan.

10. Section 11.03 (Liens, Transfers, and Assumptions - Mortgage Loan Administration Matters Regarding Liens, Transfers and Assumptions) is hereby amended by adding the following provisions to the end thereof:

(h) Equity Bridge Transfers.

(1) Approved and Conditionally Permitted Transfers.

Notwithstanding anything in this Loan Agreement to the contrary, so long as the Equity Bridge Loan is outstanding and the allocation of Tax Credits available to Borrower with respect to the Mortgaged Property remain substantially as allocated as of the Effective Date, the following Transfers shall be permitted and shall not constitute an Event of Default:

(A) the Transfer of an interest in Borrower resulting from the granting of an Bridge Security Interest; and

(B) A Transfer of the [Equity Investor][Borrower General Partner/Manager]’s interest in Borrower to Bridge Lender or an Affiliate of Bridge Lender (either such Person, the “**Permitted Transferee**”) resulting from the Bridge Lender’s exercise of its rights and remedies pursuant to the Equity Bridge Loan Documents, provided the conditions set forth in Section 11.03(h)(2) are satisfied.

(2) Additional Conditions on Transfers.

The Transfer described in Section 11.03(h)(1)(B) (Equity Bridge Transfers – Approved Transfers) shall only be permitted if:

(A) Lender shall have received not less than ten (10) days’ prior written notice of the Transfer, together with copies of (i) the documents transferring such entity’s interest to the Permitted Transferee; (ii) the organizational documents of the Borrower and, if required by Lender, the Permitted Transferee (to be effective upon such Transfer); (iii) an organizational diagram showing the new ownership structure and relationships among the resulting owners and Borrower;

(B) at the time of the proposed Transfer, no Event of Default shall have occurred and be continuing (and no event that with the giving of notice or passage of time, or both, would constitute an Event of Default shall have occurred and be continuing);

(C) none of the Permitted Transferee or any of its owners are a Prohibited Person; [and]

(D) the Permitted Transferee otherwise complies with the requirements of Section 4.02(b) (Economic Sanctions, Anti-Money Laundering, and Anti-Corruption)[.];

(E) Permitted Transferee shall identify a Person or Persons satisfactory to Lender to serve as new key principal and new guarantor, as applicable;

(F) Lender determines that:

(i) the proposed Permitted Transferee, new key principal, and any other new guarantor fully satisfy all of Lender’s then-applicable eligibility, credit, management, and other loan underwriting standards, which shall include an analysis of (i) the previous relationships between Lender and the proposed Permitted Transferee, new key principal,

new guarantor, and any Person in Control of them, and the organization of the new Permitted Transferee, new key principal, and new guarantor (if applicable), and (ii) the operating and financial performance of the Mortgaged Property, including physical condition and occupancy;

(ii) none of the proposed new key principal and any new guarantor, or any owners of the proposed new key principal, and any new guarantor, are a Prohibited Person; and

(iii) none of the proposed Permitted Transferee, new key principal, and any new guarantor (if any of such are entities) shall have an organizational existence termination date that ends before the Maturity Date;

(G) one or more individuals or entities acceptable to Lender as new guarantors have executed and delivered to Lender:

(i) an assumption agreement acceptable to Lender that requires the new guarantor to assume and perform all obligations of Guarantor under any Guaranty given in connection with the Mortgage Loan; or

(ii) a substitute Non-Recourse Guaranty and other substitute guaranty in a form acceptable to Lender; and

(H) the conditions set forth under Section 11.03(g)(1) (Further Conditions to Transfers and Assumption), as applicable, shall have been satisfied.]

If the conditions set forth in this Section 11.03(h)(2) (Equity Bridge Transfers - Additional Conditions on Transfers) are satisfied, the Transfer Fee shall be reduced to \$10,000 for any Transfer made pursuant to Section 11.03(h)(1)(B) of this Loan Agreement. Borrower shall also pay the Review Fee and out-of-pocket costs set forth in Section 11.03(g)(2) (Further Conditions to Transfers and Assumption).]

11. Section 14.01(a) (Events of Default – Automatic Events of Default) of the Loan Agreement is hereby amended by adding the following provision to the end thereof:

(18) any default, event of default, or breach (however such terms may be defined in the Bridge Loan Documents) after the expiration of any deadline for performance and applicable notice or cure periods, if any, under the Equity Bridge Loan Documents.

Borrower Initials

LOAN AGREEMENT

Dated as of January 1, 2019

between

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

and

YELLOWSTONE BOULEVARD LLC

[\$2,880,000]

Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(Park Yellowstone) Series 2019

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(This Index is not a part of the Loan Agreement
but rather is for convenience of reference only.)

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LOAN AGREEMENT

THIS LOAN AGREEMENT made and entered into as of January 1, 2019 between the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS** (the “**Issuer**”) a public and official agency of the State of Texas, and **YELLOWSTONE BOULEVARD LLC**, a Texas limited liability company (the “**Borrower**”), under the following circumstances summarized in the following recitals (the capitalized terms not defined in the recitals being used therein as defined in Article I hereof):

1. The Issuer is authorized by the provisions of Chapter 2306, Texas Government Code, as amended (the “**Act**”), to issue one or more series of its revenue bonds and to loan the proceeds thereof to finance the acquisition, equipping and rehabilitation of multifamily housing developments for use as rental housing that persons and families of low, very low and extremely low income and families of moderate income and persons with special needs can afford.

2. The Issuer has determined to issue its Multifamily Housing Revenue Bonds (Park Yellowstone) Series 2019 (the “**Bonds**”), and, as more fully set forth in the Indenture, the Issuer has determined to lend the proceeds of the sale of the Bonds in the original principal amount of \$[2,880,000] (the “**Loan**”) to the Borrower to assist in the financing of the Project.

3. To provide and secure amounts to repay the Loan to the Issuer, the Borrower will cause Eligible Funds to be delivered to the Trustee under the Indenture for the benefit of the Issuer.

4. The repayment of the Loan will also be secured by the Bond Mortgage.

5. In order to assure compliance with Sections 103 and 142 through 150, inclusive, of the Code, the Issuer, the Borrower, and the Trustee have entered into the Tax Exemption Agreement, dated as of even date herewith (the “**Tax Exemption Agreement**”), and have also entered into a Regulatory and Land Use Restriction Agreement, dated as of even date herewith (as amended and supplemented from time to time, the “**Regulatory Agreement**”), each of which sets forth various certifications, representations, and covenants relating to the tax-exempt status of the Bonds.

6. The parties to this Loan Agreement acknowledge the matters set forth in the Recitals to the Indenture.

NOW THEREFORE, in consideration of the premises and the mutual representations and agreements hereinafter contained, the Issuer and the Borrower agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Use of Defined Terms. In addition to the words and terms defined elsewhere in this Loan Agreement, the words and terms that are used but not defined in this Loan Agreement, including the recitals above, shall have the meanings set forth in the Trust Indenture (the “**Indenture**”), dated as of the date of this Loan Agreement between the Issuer and the Trustee, or in the Tax Exemption Agreement.

Section 1.2. Interpretation. Any reference herein to the Issuer, to the Governing Body or to any member or officer of either includes entities or officials succeeding to their respective functions, duties or responsibilities pursuant to or by operation of law or lawfully performing their functions.

Any reference to a section or provision of the Constitution of the State or the Act, or to a section, provision or chapter of the laws of the State or to any statute of the United States of America, includes that section, provision or chapter as amended, modified, revised, supplemented or superseded from time to time; provided, that no amendment, modification, revision, supplement or superseding section, provision or chapter shall be applicable solely by reason of this provision, if it constitutes in any way an impairment of the rights or obligations of the Issuer, the Holders, the Trustee or the Borrower under this Loan Agreement.

Unless the context indicates otherwise, words importing the singular number include the plural number, and vice versa; the terms “hereof,” “hereby,” “herein,” “hereto,” “hereunder” and similar terms refer to this Loan Agreement; and the term “hereafter” means after, and the term “heretofore” means before, the date of delivery of the Bonds. Words of any gender include the correlative words of the other genders, unless the sense indicates otherwise.

Section 1.3. Captions and Headings. The captions and headings in this Loan Agreement are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Articles, Sections, subsections, paragraphs, subparagraphs or clauses hereof.

(End of Article I)

ARTICLE II

REPRESENTATIONS

Section 2.1. Representations, Warranties and Covenants of the Issuer. The Issuer makes the following representations, warranties and covenants:

(a) The Issuer is a public and official agency of the State. Under the provisions of the Act, the Issuer has the power to enter into the transactions on its part contemplated by this Loan Agreement and the other Issuer Documents and to carry out its obligations hereunder and thereunder. The issuance of the Bonds to provide funding for the Loan is intended to serve the public interest and will further the purposes of the Act including the provision of decent, safe and sanitary housing at affordable prices for persons and families of low, very low and extremely low income and families of moderate income and persons with special needs; to accomplish the foregoing, the Issuer intends to issue the Bonds on the terms set forth in the Indenture and to use the proceeds derived from the sale of the Bonds as specified in the Indenture and this Loan Agreement. By proper action, the Issuer has authorized the execution, delivery and due performance of the Issuer Documents.

(b) Neither the execution and delivery of the Bonds, the Issuer Documents, nor the Issuer's compliance with the terms, conditions or provisions on the part of the Issuer in the Bonds and the Issuer Documents, to the best knowledge of the Issuer, conflicts in any material respect with or results in a material breach of any of the terms, conditions or provisions of the Constitution or any statute of the State, or of any agreement, instrument, judgment, order or decree to which the Issuer is now a party or by which it is bound or constitutes a material default by the Issuer under any of the foregoing.

(c) The Issuer has determined that the Project constitutes a "housing development" within the meaning of the Act, and the lending to the Borrower of the proceeds received by the Issuer from the sale of the Bonds for the purposes herein specified will further the public purposes of the Act.

(d) THE ISSUER MAKES NO WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT OR ANY PORTION THEREOF, INCLUDING WITHOUT LIMITATION, THE HABITABILITY THEREOF; THE MERCHANTABILITY OR FITNESS THEREOF FOR ANY PARTICULAR PURPOSES; THE DESIGN OR CONDITION THEREOF; THE WORKMANSHIP, QUALITY, OR CAPACITY THEREOF; LATENT DEFECTS THEREIN; THE VALUE THEREOF; FUTURE PERFORMANCE OR THE COMPLIANCE THEREOF WITH ANY LEGAL REQUIREMENTS.

(e) THE ISSUER DOES NOT MAKE ANY WARRANTY, EITHER EXPRESS OR IMPLIED, THAT MONEYS, IF ANY, WHICH WILL BE PAID INTO THE PROJECT FUND OR OTHERWISE MADE AVAILABLE TO THE BORROWER WILL BE SUFFICIENT TO COMPLETE THE PROJECT, AND THE ISSUER SHALL NOT BE LIABLE TO THE BORROWER, THE HOLDERS OR ANY OTHER PERSON IF FOR ANY REASON THE PROJECT IS NOT COMPLETED.

(f) No representation is made as to compliance with any state securities or “blue sky” laws.

(g) The Issuer makes no representation as to the financial position or business condition of the Borrower and does not represent or warrant as to any of the statements, materials (financial or otherwise), representations or certifications furnished or to be made and furnished by the Borrower in connection with the sale of the Bonds, or as to the correctness, completeness or accuracy of such statements.

(h) The Issuer will not knowingly take or permit to be taken any action that would adversely affect the Federal Tax Status of the Bonds.

(i) The Issuer will, at the expense of the Borrower, take such action or actions from time to time, including amendment of this Loan Agreement, as may be necessary, as stated in an Opinion of Bond Counsel acceptable to the Issuer, to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service from time to time pertaining to obligations on which the interest is tax-exempt under Section 103 of the Code, including, but not limited to, the provisions of Section 142(d) of the Code. The Issuer will not take, or permit to be taken on its behalf, any action that would adversely affect the Federal Tax Status of the Bonds, and it will take, at the sole cost and expense of the Borrower, such action as may be necessary to continue such Federal Tax Status.

Section 2.2. Representations and Covenants of the Borrower. The Borrower represents and covenants that:

(a) It is a limited liability company duly formed and in full force and effect under the laws of the State, is in good standing and duly qualified to transact business in the State and not in violation of any provision of any applicable organizational documents, and is authorized to own and operate the Project in the State.

(b) It has full power and authority to execute, deliver and perform the Borrower Documents and to enter into and carry out the transactions contemplated by those documents. The execution, delivery and performance of the Borrower Documents do not, and will not, to Borrower’s knowledge violate any provision of law applicable to the Borrower and do not, and will not, conflict with or result in a default under any agreement or instrument to which the Borrower is a party or by which it is bound. The Borrower Documents have, by proper action, been duly authorized, executed and delivered by the Borrower and all steps necessary have been taken to constitute the Borrower Documents valid and binding obligations of the Borrower, enforceable in accordance with their terms except as may be limited by laws relating to bankruptcy, insolvency, reorganization or moratorium or other similar laws affecting creditors’ rights.

(c) The Borrower was formed on _____, 2018. The managing member of the Borrower is Yellowstone Boulevard I LLC, a Texas limited liability company (the “**Manager**”). The investor member of the Borrower is PNC Real Estate Tax Credit Capital Institutional Fund 53 LLC, a _____. The Borrower does not currently operate or conduct any business except as related to the financing, acquisition, equipping and rehabilitation of the Project. The Borrower has

no material assets or property other than its anticipated interest in the Project. All membership interests in the Borrower are validly issued and are fully registered, if required, with the applicable Governmental authority and there are no outstanding options or rights to purchase or acquire those interests, except as contained in the Organizational Documents.

(d) The Manager (1) is a limited liability company, duly organized under the laws of the state of Texas and duly qualified to transact business in the State, and (2) has the requisite legal authority to become and to act as a Manager of the Borrower.

(e) The provision of financial assistance to be made available to it under this Loan Agreement and the commitments therefor made by the Issuer have induced the Borrower to undertake the transactions contemplated by this Loan Agreement.

(f) It will use and operate the Project in a manner consistent with the Act and in accordance with the Tax Exemption Agreement and the Regulatory Agreement for as long as required by the Act and the Code and knows of no reason why the Project will not be so operated. If, in the future, there is a cessation of that operation, it will use its best efforts to resume that operation or accomplish an alternate use by the Borrower or others approved by the Issuer which will be consistent with the Act, the Code, the Tax Exemption Agreement and the Regulatory Agreement. The Borrower hereby declares and recites that the Project will be operated by it in furtherance of the public purposes of the Issuer as provided herein.

(g) The Borrower will comply with all requirements of the Act and any and all lawful rules, policies and applicable regulations of the Issuer adopted pursuant to the Act, and will fully cooperate with the Issuer with respect to its compliance and oversight requirements.

(h) The Project will be completed in accordance with the Plans and Specifications and the requirements regarding the construction and operation of the Project set forth in the Tax Exemption Agreement and the Regulatory Agreement. The Project will be operated and maintained in such manner as to satisfy all requirements of the Borrower Documents, conform in all material respects with all applicable zoning, planning, building, and environmental laws and other applicable laws and Governmental regulations, including but not limited to the Americans with Disabilities Act of 1990 (to the extent applicable to the Project).

(i) All rights of way for all roads necessary for the full utilization of the Project have been dedicated to public use and accepted by the appropriate Governmental authority.

(j) The Project will be located entirely within the jurisdiction of the Issuer.

(k) The Borrower will make all necessary filings with and has obtained or will obtain all consents, approvals, permits, authorizations and orders of any Governmental or regulatory agency that are required to be obtained by the Borrower as a condition precedent to the issuance of the Bonds, the execution and delivery of the Borrower Documents or the performance by the Borrower of its obligations thereunder, or that were or are required for the acquisition, equipping, rehabilitation and/or operation of the Project.

(l) No litigation at law or in equity or proceeding before any Governmental agency involving the Borrower is pending or, to the best of its knowledge, threatened in which any liability of the Borrower is not adequately covered by insurance or in which any judgment or order would have a material adverse effect upon the business or assets of the Borrower or that would affect its existence or authority to do business, the acquisition, rehabilitation, equipping or operation of the Project, the validity of any Borrower Documents or the performance of its obligations thereunder, or that would prohibit, restrain or enjoin the issuance and sale of the Bonds or adversely affect the Federal Tax Status of the Bonds.

(m) The Borrower is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in material default under any instrument under and subject to which any indebtedness has been incurred, and no event has occurred and is continuing that, under the provisions of any such agreement, with the lapse of time or the giving of notice, or both, would constitute an event of default by the Borrower thereunder.

(n) The Borrower is not in material default under any agreement which would materially adversely affect the transactions contemplated by the Borrower Documents.

(o) The Borrower is not in default under or in violation of, and the execution, delivery and compliance by the Borrower with the terms and conditions of the Borrower Documents do not and will not conflict with or constitute or result in a default by the Borrower in any material respect under or violate, (i) the Borrower's Organizational Documents, (ii) any agreement or other instrument to which the Borrower is a party or by which it or its assets are bound, or (iii) to the best of its knowledge, any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any court, Government or Governmental authority having jurisdiction over the Borrower or its property, and no event has occurred and is continuing which, with the lapse of time or the giving of notice, or both, would constitute or result in such a default or violation.

(p) The Borrower has received and reviewed a copy of the Indenture and approves the terms and conditions thereof and agrees to the terms thereof. The Borrower shall, for the benefit of the Issuer, each Holder and the Trustee, do and perform all acts and things required or contemplated in the Indenture to be done or performed by it.

(q) The representations and warranties of the Borrower contained in the Tax Exemption Agreement and the Regulatory Agreement are true and correct, and as of the Closing Date, the Borrower is in compliance with all requirements of the Regulatory Agreement and the Tax Exemption Agreement.

(r) The Borrower has filed or caused to be filed all federal, state and local tax returns that are required to be filed or has obtained appropriate extensions therefor, and has paid or caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due.

(s) The Borrower will have fee simple title to the real property and will have absolute ownership of the personal property comprising the Project, and there are no liens or encumbrances against such property other than the liens contemplated by the Bond Mortgage.

(t) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it or the Issuer is a party or of which it is a beneficiary; that it understands the risks inherent in such transactions, including, without limitation, the risk of loss of the Project; and that it has not relied on the Issuer or its counsel for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Loan Agreement and the Indenture or otherwise relied on the Issuer or its counsel in any manner.

(u) No information, statement or report furnished in writing to the Issuer or the Trustee by the Borrower in connection with the transactions provided for in the Financing Documents or the closing of the transactions provided for in the Financing Documents contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in such written materials, in light of the circumstances under which they were made, not misleading.

(v) The Borrower intends to cause the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Tax Exemption Agreement and the Regulatory Agreement, including all applicable requirements of the Act and the Code. All future leases will comply with all applicable laws and the Regulatory Agreement. The Project will satisfy the requirements of this Loan Agreement, the Regulatory Agreement, the Act, the Tax Exemption Agreement and the Code and the Regulations promulgated thereunder with respect to multifamily rental housing.

(w) The proceeds of the Bonds shall be used or deemed used exclusively to pay costs that (i) are Project Costs and (ii) for the greatest number of buildings, the proceeds of the Bonds shall be deemed allocated on a pro rata basis to each building in the Project and the land on which it is located so that each building and the land on which it is located will have been financed 50% or more by the proceeds of the Bonds for the purpose of complying with Section 42(h)(4)(B) of the Code; provided, however, the foregoing representation, covenant and warranty is made for the benefit of the Borrower and its members and neither the Trustee nor the Issuer shall have any obligation to enforce this covenant nor shall they incur any liability to any Person, including without limitation, the Borrower, the members of the Borrower, any other Affiliate of the Borrower or the Holders of the Bonds for any failure to meet the intent expressed in the foregoing representation, covenant and warranty; and provided further, failure to comply with this representation, covenant and warranty shall not constitute a default or an Event of Default under this Loan Agreement or the Indenture.

(x) The Borrower acknowledges the Indenture and acknowledges and agrees to meet each and every obligation of Borrower thereunder.

The Borrower acknowledges that the representations and covenants herein made by the Borrower have been expressly and specifically relied upon by the Issuer in determining to make the Loan to the Borrower and the Loan would not have been made but for such representations and covenants.

(End of Article II)

ARTICLE III

PLAN OF FINANCING

Section 3.1. Issuance of Bonds; Application of Proceeds. To provide funds to finance the Loan, the Issuer shall simultaneously with the execution and delivery hereof proceed with the issuance and delivery of the Bonds upon receipt by the Trustee of the items listed in Section 2.11 of the Indenture. The Issuer agrees to deposit the proceeds of sale of the Bonds in accordance with the Indenture.

The Bonds will be issued pursuant to the Indenture in the aggregate principal amount, will bear interest, will mature and will be subject to redemption, mandatory tender and remarketing as set forth therein. The Borrower hereby approves the terms and conditions of the Indenture and the Bonds, and the terms and conditions under which the Bonds will be issued, sold and delivered and will comply with those provisions of the Indenture that contemplate action by the Borrower, all as if the Borrower were a party to the Indenture.

Pending disbursement pursuant to the terms of the Indenture and Section 3.6 hereof, the proceeds of the Bonds deposited in the Project Fund, together with any investment earnings thereon, shall constitute a part of the Revenues assigned by the Issuer to the Trustee as security for the payment of Bond Service Charges as provided in the Indenture.

Section 3.2. The Loan. The Issuer agrees, upon the terms and conditions herein, to make the Loan to the Borrower with the proceeds received by the Issuer from the sale of the Bonds by causing such proceeds to be deposited with the Trustee for disposition as provided in the Indenture. The obligation of the Issuer to finance the Loan shall be deemed fully discharged, and the principal amount of the Bonds shall be deemed fully advanced to the Borrower under the Note, upon the deposit of the proceeds of the Bonds with the Trustee. The Loan shall be evidenced by the Note payable to the Trustee.

Section 3.3. Eligible Funds.

The Borrower will cause certain Eligible Funds to be made available to the Trustee, from time to time, as required, for deposit into the Collateral Fund, and, upon each such deposit into the Collateral Fund, an equal amount of Bond proceeds will be disbursed from the Project Fund to or at the direction of the provider of such Eligible Funds to pay the costs set forth in an approved Disbursement Request; notwithstanding any provision to the contrary herein or in the other Financing Documents, upon receipt of Eligible Funds, the Trustee shall be obligated either to (i) disburse Bond proceeds in like amount, or (ii) within one Business Day after receipt of the Eligible Funds, return the Eligible Funds to the party that provided such Eligible Funds.

Section 3.4. Acquisition, Rehabilitation, Installation, Equipment and Improvement. The Borrower (a) has acquired or is in the process of acquiring, the Project site and shall rehabilitate, improve and equip the Project with all reasonable dispatch and in accordance with the Plans and Specifications and the Tax Exemption Agreement, (b) shall pay when due all fees, costs and expenses incurred in connection with that acquisition, rehabilitation, installation, equipment and improvement from funds made available therefor in accordance with this Loan Agreement or

otherwise, except to the extent being contested in good faith, and (c) shall ask, demand, sue for, levy, recover and receive all those sums of money, debts and other demands whatsoever which may be due, owing and payable under the terms of any contract, order, receipt, writing and instruction in connection with the acquisition, rehabilitation, improvement and equipping of the Project, and shall enforce the provisions of any contract, agreement, obligation, bond or other performance security with respect thereto. It is understood that the Project is that of the Borrower and any contracts made by the Borrower with respect thereto, whether acquisition contracts, rehabilitation contracts or otherwise, or any work to be done by the Borrower on the Project are made or done by the Borrower in its own behalf and not as agent or contractor for the Issuer. The Borrower agrees that it will compensate all workers employed in the rehabilitation, improvement, and equipping of the Project as required by law.

Section 3.5. Plans and Specifications. The Plans and Specifications have been or shall be filed with the Issuer. The Borrower may revise the Plans and Specifications from time to time, provided that no revision shall be made which would change the purpose of the Project to other than purposes permitted by the Act, the Tax Exemption Agreement or the Regulatory Agreement. At or prior to the execution and delivery of this Loan Agreement, the Borrower shall provide to the Issuer evidence acceptable to the Issuer, in its sole discretion, of the availability of all financing contemplated by the plan of financing for the Project including, without limitation (and without regard to whether the immediate availability of such financing is a condition to undertaking the Project), the equity portion of the financing and all other public and private financing and any interim or bridge financing to be provided in anticipation of the closing of any of the foregoing aspects of the financing therefor. Any material changes in the plan of financing shall be communicated promptly to the Issuer. Copies of all documents evidencing that financing, and the security therefor, all in form reasonably acceptable to the Issuer, shall have been provided to the Issuer.

No material revision of the Plans and Specifications shall be made unless the Borrower has first delivered to the Issuer a narrative description of the proposed revision accompanied by a certificate of the Authorized Borrower Representative certifying the change in costs of the Project resulting from the revision and that the moneys then on deposit in the Project Fund, together with investment earnings thereon, if any, together with other identified available moneys will be sufficient to pay in full the costs of the Project, including the change in costs resulting from such revision and the deferral of developer fee (if applicable).

Section 3.6. Disbursements from the Project Fund. Subject to the provisions below and Section 9 of the Tax Exemption Agreement and so long as no Event of Default hereunder has occurred and is continuing for which the principal amount of the Bonds has been declared to be immediately due and payable pursuant to Section 7.2 hereof and Section 6.03 of the Indenture, and the Bonds have maintained their Federal Tax Status, disbursements from the Project Fund shall be made only to pay any of the following costs:

(a) Costs incurred directly or indirectly for or in connection with the acquisition, rehabilitation, improvement and equipping of the Project, including costs incurred in respect of the Project for preliminary planning and studies; architectural, legal, engineering, accounting, consulting, supervisory and other services; labor, services and materials; and recording of documents and title work.

(b) Premiums attributable to any surety bonds and insurance required to be taken out and maintained during the rehabilitation period with respect to the Project.

(c) Taxes, assessments and other Governmental charges in respect of the Project that may become due and payable during the rehabilitation period.

(d) Costs incurred directly or indirectly in seeking to enforce any remedy against any contractor or subcontractor in respect of any actual or claimed default under any contract relating to the Project.

(e) Subject to the limitations set forth in Section 5.4(a)(2)(B) hereof, Costs of Issuance of the Bonds.

(f) Any other costs, expenses, fees and charges properly chargeable to the cost of acquisition, rehabilitation, improvement and equipping of the Project.

(g) Payment of interest on the Bonds during the rehabilitation period.

(h) Payments to the Rebate Fund.

Any disbursements from the Project Fund for the payment of costs set forth in this Section 3.6 shall be made by the Trustee only upon the receipt by the Trustee of: (a) a Disbursement Request in the form attached hereto as Exhibit B and (b) the receipt of Eligible Funds in an amount equal to the amount of any such Disbursement Request for deposit in the Collateral Fund as provided in Section 4.2 hereof. The Borrower hereby acknowledges and agrees that it shall submit Disbursement Requests to the Trustee no more frequently than once each calendar month. Each such Disbursement Request shall be consecutively numbered.

The Borrower's right to request disbursements from the Project Fund is limited to the principal amount of the Loan.

After the Completion Date and payment, or provision for payment, in full of the costs of the Project set forth in this Section 3.6, the Authorized Borrower Representative promptly shall direct the Trustee to transfer any money remaining in the Project Fund to the Bond Fund, which money shall be used to redeem Bonds in accordance with the Indenture on the earliest date on which such Bonds are subject to optional redemption, as set forth in Section 3.01(a) of the Indenture.

Notwithstanding any provision of this Loan Agreement or any provision of the Indenture to the contrary, the Trustee shall not disburse funds from the Project Fund unless and until the Trustee confirms that amounts on deposit in the Collateral Fund plus amounts on deposit in the Project Fund, less the amount of the requested disbursement from the Project Fund, is at least equal to the then-Outstanding principal amount of the Bonds; provided, however, notwithstanding any provision to the contrary herein or in the other Financing Documents, that upon receipt of Eligible Funds, Trustee shall be obligated to either (i) disburse Bond proceeds in like amount, or (ii) within one Business Day after receipt of the Eligible Funds, return the Eligible Funds to the party that provided such Eligible Funds.

Section 3.7. [Reserved].

Section 3.8. Borrower Required to Pay Costs in Event Project Fund Insufficient. If money in the Project Fund is not sufficient to pay all costs of the Project, the Borrower will complete the Project in accordance with the Plans and Specifications and shall pay all such additional costs from its own funds. The Borrower shall pay all Costs of Issuance of the Bonds in excess of the amount permitted by Section 9(b)(i) of the Tax Exemption Agreement. The Borrower shall not be entitled to any reimbursement for any such additional costs or payment of Costs of Issuance from the Issuer, the Trustee or any Holder; nor shall it be entitled to any abatement, diminution or postponement of any Loan Payments or other amounts to be paid under this Loan Agreement.

Section 3.9. Completion Date. The Borrower shall notify the Issuer and the Trustee of the Completion Date by the delivery of a Completion Certificate signed by the Authorized Borrower Representative substantially in the form of Exhibit C attached to the Financing Agreement. The Completion Certificate shall be delivered as promptly as practicable, but no more than thirty (30) days after the occurrence of the events and conditions referred to in paragraphs (a), (b), and (d) of the Completion Certificate and an accountant's determination has been made that the representation in Section 2.2(w) is true and correct.

Section 3.10. [Reserved].

Section 3.11. Investment of Fund Money. At the written request of the Authorized Borrower Representative, any money held as part of the Bond Fund, the Project Fund, the Collateral Fund and the Rebate Fund shall be invested or reinvested by the Trustee in Eligible Investments as provided in the Indenture, subject to the provisions of the Tax Exemption Agreement. The Issuer (to the extent within its control) and the Borrower each hereby covenant that it will restrict that investment and reinvestment and the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time of delivery of and payment for the Bonds or subsequent intentional acts, so that the Bonds will not constitute "arbitrage bonds" under Section 148 of the Code. No provision of this Loan Agreement shall be construed to impose upon the Trustee any obligation or responsibility for compliance with arbitrage regulations.

Section 3.12. Remarketing of Bonds. The Borrower is hereby granted the right to (a) request a remarketing of the Bonds in the manner and to the extent set forth in Section 3.07 of the Indenture and (ii) with the written consent of the Remarketing Agent (which consent shall not be unreasonably withheld, conditioned or delayed), designate the length of the Remarketing Period and the related Mandatory Tender Date in the manner and to the extent set forth in Sections 3.05 and 3.07 of the Indenture.

(End of Article III)

ARTICLE IV

LOAN PAYMENTS; DEPOSITS TO THE COLLATERAL FUND AND ADDITIONAL PAYMENTS

Section 4.1. Loan Repayment; Delivery of Note. In consideration of and in repayment of the Loan, the Borrower shall deliver or cause to be delivered to the Trustee at least [one] Business Days before each Bond Payment Date, Loan Payments equal to the amount necessary to pay Bond Service Charges due on the next Bond Payment Date. All such Loan Payments shall be paid to the Trustee in accordance with the terms of the Note for the account of the Issuer and shall be held and disbursed in accordance with the provisions of the Indenture and this Loan Agreement.

The Borrower shall be entitled to a credit against the Loan Payments required to be made with respect to the Bonds on any date equal to the available money in the Bond Fund for the payment of Bond Service Charges on that date.

To secure the Borrower's performance of its obligations under this Loan Agreement, the Borrower shall execute and deliver, concurrently with the issuance and delivery of the Bonds, the Note, the Bond Mortgage and the Regulatory Agreement. The Borrower has, concurrently with or before the execution and delivery of the Bonds, executed and delivered and will cause to be recorded in the official records of Harris County, Texas, the Regulatory Agreement.

The Note shall secure equally and ratably all Outstanding Bonds, except that, so long as no Event of Default has occurred and is continuing hereunder, payments by the Borrower on the Note or amounts credited toward such payments shall be used by the Trustee to make a like payment of Bond Service Charges and shall constitute Loan Payments.

Upon payment in full, in accordance with the Indenture, of the Bond Service Charges on the Bonds, whether at maturity or otherwise, or upon provision for the payment thereof having been made in accordance with the provisions of the Indenture, (a) the Note shall be deemed fully paid, the obligations of the Borrower thereunder shall be terminated, and the Note shall be surrendered by the Trustee to the Borrower, and shall be canceled by the Borrower, or (b) an appropriate notation shall be endorsed thereon evidencing the date and amount of the principal payment (or prepayment) equal to the Bonds so paid, or with respect to which provision for payment has been made, and that Note shall be surrendered by the Trustee to the Borrower for cancellation if all Bonds shall have been paid (or provision made therefor) and canceled as aforesaid. Unless the Borrower is entitled to a credit under express terms of this Loan Agreement or the Note, all payments on the Note shall be in the full amount required thereunder.

Section 4.2. Deposits into the Collateral Fund. In consideration of and as a condition to the disbursement of Bond proceeds in the Project Fund for Project costs, and to secure the Borrower's obligation to make Loan Payments, the Borrower shall cause to be delivered to the Trustee at least one Business Day before each such disbursement, Eligible Funds equal to the amount of such disbursement from the Project Fund. All such Eligible Funds shall be paid to the Trustee for the account of the Issuer and shall be held in the Collateral Fund and disbursed in accordance with the provisions of the Indenture. Eligible Funds will not be used to pay for Project costs. Notwithstanding any provision to the contrary herein or in the other Financing Documents,

upon receipt of Eligible Funds, Trustee shall be obligated to either (i) disburse Bond proceeds in like amount, or (ii) within one Business Day after receipt of the Eligible Funds, return the Eligible Funds to the party that provided such Eligible Funds.

Section 4.3. Bond Fund and Collateral Fund. The Borrower and the Issuer each acknowledge that neither the Borrower nor the Issuer has any interest in the Bond Fund or the Collateral Fund and any money deposited therein shall be in the custody of and held by the Trustee in trust for the benefit of the Holders.

Section 4.4. Additional Payments. The Borrower shall pay as Additional Payments hereunder the following:

(a) In all events subject to the limitations set forth in the Tax Exemption Agreement, all Costs of Issuance of the Bonds.

(b) To the Trustee, (i) the Ordinary Trustee Fees and Expenses to the extent that the funds available in the Expense Fund for the payment thereof are not sufficient and available therefor and (ii) the Extraordinary Trustee Fees and Expenses.

(c) To the Issuer, the Issuer's Fees to the extent that the funds available under the Indenture for the payment thereof are not sufficient and available therefor.

(d) All costs of printing any replacement Bonds required to be issued under the Indenture to the extent such costs are not paid by the Holders.

(e) To the extent not paid by the Trustee from the Expense Fund, all of the fees and expenses of the Rebate Analyst and any other necessary consultant employed by the Borrower, the Trustee or the Issuer in connection with any of the requirements imposed by Section 4.09 of the Indenture, Section 14 of the Tax Exemption Agreement, or Section 5.4 hereof to the extent that the funds available under the Indenture for the payment thereof are not sufficient and available therefor. The Borrower shall provide or cause to be provided all information and money (including money necessary to make deposits to the Rebate Fund required by the Indenture, Section 14 of the Tax Exemption Agreement, or Section 5.4 hereof and the fees and expenses of the Rebate Analyst to the extent available money in the Bond Fund under the Indenture is inadequate to pay such amounts) to the Trustee and the Rebate Analyst to enable the Trustee and the Rebate Analyst to comply with the Indenture, Section 14 of the Tax Exemption Agreement, or Section 5.4 hereof.

(f) To the Dissemination Agent, the Dissemination Agent Fee to the extent the funds available in the Expense Fund are not sufficient and available therefor, as well as any other costs and expenses in order to provide for compliance with the terms of the Continuing Disclosure Agreement.

(g) To the Remarketing Agent, the Remarketing Agent Fee and any Remarketing Expenses.

In the event the Borrower is in default under any provision of any of the Borrower Documents, the Borrower shall be liable to, and upon demand shall pay to, the Issuer and the Trustee all reasonable fees and disbursements of such Persons and their agents (including

attorneys' fees and expenses) which are reasonably connected therewith or incidental thereto, except to the extent such fees and disbursements are paid from money available therefor under the Indenture.

To provide for certain of the anticipated Additional Payments, the Borrower agrees to cause to be deposited a portion of the Initial Borrower Contribution into the Expense Fund and the Costs of Issuance Fund as required under the Indenture, and authorizes the Trustee to pay, from money on deposit in the Costs of Issuance Fund the Expense Fund, the amounts provided to be paid from the Costs of Issuance Fund or the Expense Fund in accordance with Sections 4.05 and 4.08, respectively, of the Indenture. All such amounts shall be paid directly to the parties entitled thereto for their own account as and when such amounts become due and payable.

Upon the payment, prepayment, or incurrence of any such cost, expense, or liability described in this Section by any such party, the Additional Payments in respect thereof shall be payable upon written demand to the Borrower, which demand shall be accompanied by invoices or other appropriate documentation concerning the nature, amount and incurrence of such cost, expense or liability. If the Additional Payments payable under this Section are not paid upon such demand, such Additional Payments shall bear interest from the date of such payment or the incurrence thereof at the Interest Rate for Advances until the amount due shall have been fully paid.

The obligations of the Borrower under this Section shall survive the termination of this Loan Agreement and the payment and performance of all of the other obligations of the Borrower hereunder and under the other Borrower Documents.

Section 4.5. Place of Payments. The Borrower shall make all Loan Payments directly to the Trustee at its Designated Office. The Borrower shall direct that all Eligible Funds directly available to the Trustee at its Designated Office. Additional Payments shall be made by the Borrower directly to the Person to whom or to which they are due.

Section 4.6. Obligations Unconditional. The obligations of the Borrower to make Loan Payments, Additional Payments and any payments required of the Borrower under Sections 4.08 and 4.09 of the Indenture shall be absolute and unconditional, and the Borrower shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense, set off, recoupment or counterclaim which the Borrower may have or assert against the Issuer, the Trustee or any other Person; provided that the Borrower may contest or dispute the amount of any such obligation arising under Section 4.08 of the Indenture so long as such dispute or contest does not result in an Event of Default under the Indenture.

Section 4.7. Assignment of Agreement and Revenues; Trustee is Third Party Beneficiary. To secure the payment of Bond Service Charges, the Issuer shall assign to the Trustee, by the Indenture, its rights under and interest in this Loan Agreement (except for the Reserved Rights). The Borrower hereby agrees and consents to those assignments. The Issuer shall not attempt to further assign, transfer or convey its interest in the Revenues or this Loan Agreement or create any pledge or lien of any form or nature with respect to the Revenues, Loan Payments or Eligible Funds hereunder.

The Trustee shall be a third party beneficiary of this Loan Agreement.

Section 4.8. Bond Mortgage. To further secure the Borrower's obligations under this Loan Agreement, the Borrower shall, at its sole expense, execute and deliver to the Trustee and duly record the Bond Mortgage.

(End of Article IV)

ARTICLE V

ADDITIONAL AGREEMENTS AND COVENANTS

Section 5.1. Right of Inspection. At all reasonable times and upon reasonable notice, the Borrower shall allow any duly authorized representative of the Issuer or the Trustee to visit and inspect the Project, to examine and make copies of and from its books of record and account, and to discuss its affairs, finances, and accounts with its officers, and shall furnish to the Issuer and the Trustee any information reasonably required regarding its business affairs and financial condition within a reasonable time after receipt of written request therefor.

Section 5.2. Borrower to Maintain its Existence; Sale of Project. The Borrower shall maintain its existence, not dissolve or sell, transfer or otherwise dispose of all or substantially all of its assets and not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it; provided, that it may do so if the surviving, resulting or transferee entity is other than the Borrower, it assumes in writing all of the obligations of the Borrower under the Borrower Documents and it has a net worth equal to or greater than that of the Borrower immediately prior to such consolidation, merger, sale or transfer. The Borrower shall not permit one or more other entities to consolidate with or merge into it; or take any action or allow any action to be taken to terminate the existence of the Borrower except as provided herein.

No sale, assignment or transfer of title to the Project shall be made unless (a) the Issuer consents to such assignment or transfer, (b) the transferee or assignee, as the case may be, assumes all the duties of the Borrower under the Borrower Documents, provided that such assumption may contain an exculpation of the assignee from personal liability with respect to any obligation hereunder, except the Borrower's obligation to indemnify the Trustee and reimburse the Trustee for the fees and expenses of the Trustee, and (c) no Event of Default as certified in writing to the Trustee by the Borrower shall have occurred and be continuing under the Indenture or this Loan Agreement. The Trustee shall consent to any such assignment or transfer if (i) the Issuer notifies it in writing that the aforesaid condition (a) is satisfied, (ii) the Trustee receives an Opinion of Bond Counsel to the effect that such transfer or assignment would not adversely affect the Federal Tax Status of the Bonds and that all conditions to such transfer have been satisfied, and (iii) the Trustee receives written confirmation from the Rating Agency that such transfer or assignment will not result in a withdrawal or reduction in any rating on the Outstanding Bonds by the Rating Agency (if the Bonds are then rated by the Rating Agency). Upon the assumption of the duties of the Borrower by an assignee as provided herein, the outgoing Borrower shall be released from all executory obligations so assumed; provided, however, the Borrower shall not be released from its obligation to pay or reimburse the fees and expenses of the Issuer and the Trustee and to indemnify the Trustee and the Issuer without the express written consent of the Trustee and the Issuer, as applicable, which consent shall not be unreasonably withheld.

Notwithstanding anything to the contrary contained herein or in any other Borrower Document, the following shall be permitted and shall not require the prior written approval of Issuer or Trustee, (a) the transfer by Investor Member of its interest in Borrower in accordance with the terms of Borrower's Organizational Documents, (b) the removal of the Manager of Borrower in accordance with the Organizational Documents and the replacement thereof with Investor Member or any of its affiliates, (c) the transfer of ownership interests in Investor Member,

(d) upon the expiration of the tax credit compliance period, the transfer of the interests of Investor Member in Borrower to Borrower's Manager or any of its affiliates, (e) any pledge by the Investor Member of its interest in the Borrower in order to finance the Investor Member's capital contributions to the Borrower pursuant to the Borrower's Organizational Documents, and (f) any amendment to the Organizational Documents to memorialize the transfers or removal described above. The parties agree that this section shall control to the extent of any conflict in any Borrower Documents.

Section 5.3. Indemnification. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE BORROWER HEREBY COVENANTS AND AGREES AS FOLLOWS: TO PROTECT, INDEMNIFY AND SAVE THE ISSUER, THE TRUSTEE AND THEIR RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES HARMLESS FROM AND AGAINST ALL LIABILITY, LOSSES, DAMAGES, COSTS, EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES), TAXES, CAUSES OF ACTION, SUITS, CLAIMS, DEMANDS AND JUDGMENTS OF ANY NATURE OR FORM, BY OR ON BEHALF OF ANY PERSON ARISING IN ANY MANNER FROM THE TRANSACTION OF WHICH THIS LOAN AGREEMENT IS A PART OR ARISING IN ANY MANNER IN CONNECTION WITH THE PROJECT OR THE FINANCING OF THE PROJECT INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ARISING FROM (I) THE WORK DONE ON THE PROJECT OR THE OPERATION OF THE PROJECT DURING THE TERM OF THIS LOAN AGREEMENT OR (II) ANY BREACH OR DEFAULT ON THE PART OF THE BORROWER IN THE PERFORMANCE OF ANY OF ITS OBLIGATIONS UNDER THIS LOAN AGREEMENT, OR (III) THE PROJECT OR ANY PART THEREOF, OR (IV) ANY VIOLATION OF CONTRACT, AGREEMENT OR RESTRICTION RELATING TO THE PROJECT EXCLUDING THE PAYMENT OF THE PRINCIPAL, PREMIUM, IF ANY, AND INTEREST ON THE BONDS, OR (V) ANY LIABILITY, VIOLATION OF LAW, ORDINANCE OR REGULATION AFFECTING THE PROJECT OR ANY PART THEREOF OR THE OWNERSHIP OR OCCUPANCY OR USE THEREOF. UPON NOTICE FROM THE ISSUER, THE TRUSTEE, OR ANY OF THEIR RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS OR EMPLOYEES, THE BORROWER SHALL DEFEND THE ISSUER, THE TRUSTEE OR ANY OF THEIR RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS OR EMPLOYEES IN ANY ACTION OR PROCEEDING BROUGHT IN CONNECTION WITH ANY OF THE ABOVE, AND PROVIDE COMPETENT COUNSEL REASONABLY SATISFACTORY TO SUCH PARTY; PROVIDED, HOWEVER, THAT THE ISSUER SHALL HAVE THE RIGHT TO EMPLOY SEPARATE COUNSEL IN ANY ACTION DESCRIBED IN THE PRECEDING SENTENCE AT THE EXPENSE OF THE BORROWER.

IT IS THE INTENTION OF THE PARTIES HERETO THAT THE ISSUER AND ITS RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES SHALL NOT INCUR PECUNIARY LIABILITY BY REASON OF THE TERMS OF THIS LOAN AGREEMENT OR BY REASON OF THE UNDERTAKINGS REQUIRED OF THE ISSUER AND ITS RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES HEREUNDER IN CONNECTION WITH THE ISSUANCE OF THE BONDS, INCLUDING BUT NOT LIMITED TO THE EXECUTION AND DELIVERY OF THE INDENTURE, THIS LOAN AGREEMENT, THE REGULATORY

AGREEMENT, AND ALL OTHER INSTRUMENTS AND DOCUMENTS REQUIRED TO CLOSE THE TRANSACTION; THE PERFORMANCE OF ANY ACT REQUIRED OF THE ISSUER AND ITS RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES BY THIS LOAN AGREEMENT; OR THE PERFORMANCE OF ANY ACT REQUESTED OF THE ISSUER AND ITS RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES BY THE BORROWER OR IN ANY WAY ARISING FROM THE TRANSACTION OF WHICH THIS LOAN AGREEMENT IS A PART OR ARISING IN ANY MANNER IN CONNECTION WITH THE PROJECT OR THE FINANCING OF THE PROJECT, INCLUDING BUT NOT LIMITED TO THE EXECUTION AND DELIVERY OF THE INDENTURE, THIS LOAN AGREEMENT, THE REGULATORY AGREEMENT AND ALL OTHER INSTRUMENTS AND DOCUMENTS REQUIRED TO CLOSE THE TRANSACTION; NEVERTHELESS, IF THE ISSUER OR ITS RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES SHOULD INCUR ANY SUCH PECUNIARY LIABILITY WITH RESPECT TO EVENTS OCCURRING AFTER THE DATE HEREOF, THEN IN SUCH EVENT THE BORROWER SHALL INDEMNIFY AND HOLD THE ISSUER AND ITS RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES HARMLESS AGAINST ALL CLAIMS BY OR ON BEHALF OF ANY PERSON, ARISING OUT OF THE SAME, AND ALL COSTS AND EXPENSES INCURRED IN CONNECTION WITH ANY SUCH CLAIM OR IN CONNECTION WITH ANY ACTION OR PROCEEDING BROUGHT THEREON, AND UPON TIMELY NOTICE FROM THE ISSUER THE BORROWER SHALL DEFEND THE ISSUER AND ITS RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES IN ANY SUCH ACTION OR PROCEEDING, AND PROVIDE COMPETENT COUNSEL SATISFACTORY TO THE ISSUER AND THE BORROWER SHALL PAY THE ISSUER EXPENSES INCLUDING PAYMENT OF THE COUNSEL USED BY THE ISSUER; PROVIDED, HOWEVER, THAT THE ISSUER SHALL HAVE THE RIGHT TO EMPLOY SEPARATE COUNSEL IN ANY ACTION DESCRIBED IN THE PRECEDING SENTENCE AT THE EXPENSE OF THE BORROWER.

NOTWITHSTANDING ANY PROVISION OF THIS LOAN AGREEMENT TO THE CONTRARY, THE ISSUER SHALL BE INDEMNIFIED BY THE BORROWER WITH RESPECT TO LIABILITIES ARISING FROM THE ISSUER'S OWN GROSS NEGLIGENCE, NEGLIGENCE OR BREACH OF CONTRACTUAL DUTY, BUT NOT FOR ANY LIABILITIES ARISING FROM THE ISSUER'S OWN BAD FAITH, FRAUD OR WILLFUL MISCONDUCT.

The Borrower agrees to indemnify the Trustee or any predecessor Trustee for and to hold it harmless against all liabilities, claims, costs and expenses incurred without negligence or misconduct on the part of the Trustee as determined by a court of competent jurisdiction, on account of any action taken or omitted to be taken by the Trustee in accordance with the terms of the Bonds or the Financing Documents arising out of or in connection with the administration of the trusts hereunder or any action taken at the request of or with the consent of the Borrower, including the costs and expenses of the Trustee in defending itself against any such claim, action or proceeding brought in connection with the exercise or performance of any of its powers or duties under the Bonds or the Financing Documents.

In case any action or proceeding is brought against the Issuer or the Trustee, or any of their respective governing board members, officers, commissioners, directors, officials, employees, agents, attorneys, accountants, advisors, consultants or servants, with respect to which indemnity may be sought hereunder, the Borrower, upon written notice thereof from the indemnified party, shall assume the investigation and defense thereof, including the employment of counsel and the payment of all expenses; provided, however, the failure to give such notice shall not relieve the Borrower from its obligation to indemnify the Trustee as provided herein. The indemnified party shall have the right to approve a settlement to which it is a party and to employ separate counsel in any such action or proceedings and to participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel.

Notwithstanding anything else in this Loan Agreement to the contrary, the Borrower shall be responsible for the fees, costs and expenses of counsel to the Issuer and Trustee at all times arising from the indemnification obligations of Borrower pursuant to this Section; provided that the Issuer maintains control of the selection of its counsel at all times.

The provisions of this Section shall survive the termination of this Loan Agreement and the repayment of the Bonds and the Loan.

Notwithstanding any provisions herein to the contrary, the Borrower shall not indemnify the Trustee for the Trustee's, or any Person's acting on behalf of the Trustee, own negligence or misconduct.

Section 5.4. Tax Matters. The Borrower represents, warrants and covenants that:

(a) The Borrower will not take any action or omit to take any action which, if taken or omitted, respectively, would adversely affect the Federal Tax Status of the Bonds. With the intent not to limit the generality of the foregoing, the Borrower covenants and agrees that it will comply with the instructions and requirements of the Tax Exemption Agreement, which is incorporated by reference herein as if set forth fully herein.

(b) The Borrower will, on a timely basis, provide the Issuer with all necessary information and, with respect to the Borrower's rebate requirement or yield reduction payments (both as may be required under the Tax Exemption Agreement) required to be paid, all necessary funds, in addition to any funds that are then available for such purpose in the Rebate Fund, to enable the Issuer to comply with all arbitrage and rebate requirements of the Code. To that end, the Borrower covenants and agrees to make such payments to the Trustee as are required of it under the Tax Exemption Agreement. The obligation of the Borrower to make such payments shall remain in effect and be binding upon the Borrower notwithstanding the release and discharge of the Indenture and this Loan Agreement.

(c) Neither the Borrower nor any "related party," within the meaning of Section 1.150-1(b) of the Regulations, to the Borrower shall be permitted to purchase any Bonds in an amount related to the amount of the Loan.

(d) The requirements stated in this Section 5.4 will survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the Federal Tax Status of the Bonds.

Section 5.5. Affirmative Covenants.

(a) Maintenance of Project. The Borrower shall maintain and preserve the Project in good working order and condition, ordinary wear and tear excepted, and shall from time to time make all necessary repairs, renewals, replacements, additions and improvements to the Project. All damage to apartment units shall be repaired promptly and apartment units shall be maintained so as to be available at all times for habitation.

(b) Keeping of Records and Books of Account. The Borrower shall keep adequate records and books of account in which complete entries will be made in accordance with the requirements of the Issuer or indicating deviations therefrom, reflecting all financial transactions.

(c) Payment of Taxes, Etc. The Borrower shall promptly pay and discharge: all taxes, assessments, fees, and other Governmental charges levied or imposed upon it or upon any of its properties, income or profits, before the same shall become delinquent; all lawful claims of materialmen, mechanics, carriers, warehousemen, landlords and other similar Persons for labor, materials, supplies and rentals, which if unpaid might by law become a lien upon its properties; any indebtedness heretofore or hereafter incurred by it when due, and discharge, perform and observe covenants, provisions and conditions to be discharged, performed and observed by it in connection therewith, or in connection with any agreement or other instrument relating thereto or in connection with any lien existing at any time upon any of its properties; provided, however, that the Borrower shall not be required to pay any of the foregoing if (a) the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings, (b) the Borrower shall have set aside on its books adequate reserves with respect thereto and (c) the title of the Borrower to, and its right to use, its properties is not materially and adversely affected thereby. The Borrower hereby agrees that, in the event it fails to pay or cause to be paid taxes, assessments, fees and other Governmental charges or levies or the premium on any required insurance, the Trustee may make such payment, but is not obligated to do so, and the Trustee shall be reimbursed by the Borrower therefor with interest on the amount so advanced at the Interest Rate for Advances.

(d) Reserved.

(e) Reserved.

(f) Notice of Default. In the event that any Event of Default occurs, the Borrower shall give prompt notice in writing of such happening to the Trustee.

(g) Performance of Contracts, Etc. Except to the extent contested in good faith, the Borrower shall perform according to and shall comply with all of its contractual obligations and all requirements of law if nonperformance thereof would materially and adversely affect the business or credit of the Borrower on an individual basis or would materially impair the ability of

the Borrower to perform this Loan Agreement, the Tax Exemption Agreement, the Regulatory Agreement or the Note or any other agreement or instrument herein or therein contemplated.

(h) Reserved.

(i) Cooperation in Perfecting Security Interests, Etc. The Borrower shall promptly perform such acts as may be necessary or advisable to perfect and maintain any lien provided for in this Loan Agreement or in any agreement or document contemplated herein or therein, or otherwise to carry out the intent of this Loan Agreement. The Borrower shall promptly execute, deliver and perform or cause to be done, executed, delivered and performed all such documents, instruments, agreements, things and acts, including, without limitation, financing statements, continuation statements and mortgages as may be necessary or advisable to perfect or maintain a lien on any and all assets or rights owned by the Borrower, or any interest of the Borrower therein. The Trustee shall not be responsible for the filing of financing statements.

(j) Environmental Matters. The Borrower will take and continue to take prompt action to remedy all environmental pollution and contamination, hazardous waste disposal and other environmental cleanup problems located on the Project, if any, whether or not such cleanup problems have resulted from the order or request of a municipal, state, federal, administrative or judicial authority, or otherwise. The foregoing covenant shall not constitute or create a waiver of any rights the Borrower may have to pursue any legal rights or remedies against any third party for any environmental claims.

(k) Non-discrimination. The Borrower will not and will require each contractor, subcontractor and commercial tenant of the Project to covenant that it will not discriminate by reason of race, creed, color, handicap, national origin or sex in the employment of any Person employed by it in connection with the Project or working in or on the Project. The Borrower will require each manager of the Project to covenant that in the leasing of the Project it will not discriminate by reason of race, creed, color, handicap, national origin or sex.

Section 5.6. Negative Covenants. So long as no Event of Default or Default hereunder shall have occurred and be continuing, the Borrower shall be permitted to incur any indebtedness for any cost of the Project or other obligation or payment due under this Loan Agreement, the Indenture or the Regulatory Agreement.

Section 5.7. Nature of Business. The Borrower will not change the general character of its business as conducted at the date hereof, or engage in any type of business not reasonably related to its business as normally conducted.

Section 5.8. Continuing Disclosure. The Borrower hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Loan Agreement or the Indenture, failure of the Borrower to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default hereunder or under the Indenture or a default with respect to the Bonds. The Borrower will provide to the Trustee (to the extent Trustee is not the Dissemination Agent) and the Issuer copies of the annual financial statements of the Project and notices of material events provided pursuant to the Continuing Disclosure Agreement.

Section 5.9. Compliance with Texas Government Code. Pursuant to Section 2270.002, Texas Government Code, and subject to or as otherwise required by applicable federal law, the Borrower hereby represents that the Borrower does not boycott Israel and will not boycott Israel through the term of this Loan Agreement, the Regulatory Agreement and the Tax Exemption Agreement, and such representation is hereby incorporated by reference into each of the documents referenced herein. For purposes of this representation, “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

Pursuant to Subchapter F, Chapter 2252, Texas Government Code, to the extent applicable to this Loan Agreement, the Regulatory Agreement and the Tax Exemption Agreement, the Borrower represents that neither it nor any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of the Borrower, is a company engaged in business with Iran, Sudan, or a foreign terrorist organization or on a list prepared and maintained by the Comptroller of Public Accounts of the State of Texas under Section 806.051, 807.051, or 2252.1153, Texas Government Code.

(End of Article V)

ARTICLE VI

PREPAYMENT AND TERMINATION

Section 6.1. Optional Prepayment. Provided no Event of Default shall have occurred and be continuing, at any time and from time to time, the Borrower may deliver money to the Trustee in addition to Loan Payments or Additional Payments required to be made as a prepayment, in whole, of the Loan and direct the Trustee in writing to use the money so delivered for the purpose of redeeming Bonds, in accordance with the Indenture. Pending application for those purposes, any money so delivered shall be held by the Trustee in a special account in the Bond Fund and delivery of such money shall not operate to abate or postpone Loan Payments or Additional Payments otherwise becoming due or to alter or suspend any other obligations of the Borrower under this Loan Agreement.

Provided no Event of Default shall have occurred or be continuing, at any time the Bonds are subject to optional redemption in accordance with applicable provisions of the Indenture, the Borrower may in writing direct the Trustee to call Bonds for optional redemption in whole or in part in accordance with the applicable provisions of the Indenture providing for optional redemption at the price stated in the Indenture, from amounts held in the Collateral Fund, the Project Fund and the Bond Fund provided such amounts are sufficient to pay the redemption price of the Bonds in full.

Section 6.2. [Reserved].

Section 6.3. Borrower's Obligation upon Tender of Bonds. If any Tendered Bond is not remarketed on any Mandatory Tender Date and a sufficient amount is not available in the Collateral Fund, the Negative Arbitrage Account of the Bond Fund, and the Project Fund as provided in Section 3.05(e) of the Indenture for the purpose of paying the purchase price of such Bond, the Borrower will cause to be paid to the Trustee by the applicable times provided in the Indenture, an amount equal to the amount by which the principal amount of all Bonds tendered and not remarketed, together with interest accrued to the Mandatory Tender Date, exceeds the amount otherwise available pursuant to Section 3.05(e) of the Indenture.

Section 6.4. Option to Terminate. The Borrower shall have the option to cancel or terminate this Loan Agreement at any time when (a) the Indenture shall have been released in accordance with its provisions, and (b) sufficient money or security acceptable to the Issuer and the Trustee are on deposit with the Trustee or the Issuer, or both, to meet all Loan Payments and Additional Payments due or to become due through the date on which the last of the Bonds is then scheduled to be retired or redeemed, or, with respect to Additional Payments to become due, provisions satisfactory to the Trustee and the Issuer are made for paying such amounts as they come due. Such option shall be exercised by the Authorized Borrower Representative, on behalf of the Borrower, giving the Issuer and the Trustee five days' notice in writing of such cancellation or termination and such cancellation or termination shall become effective at the end of such notice period. The provisions of this Section shall not be deemed to permit a prepayment of the Note other than in accordance with its terms.

(End of Article VI)

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.1. Events of Default. Each of the following shall be an Event of Default hereunder:

(a) The Borrower shall fail to pay any Loan Payment on or prior to the date on which that Loan Payment is due and payable to the extent amounts on deposit in the Bond Fund, including amounts transferred from the Collateral Fund and the Project Fund, are insufficient to pay the Bond Service Charges due on the next Bond Payment Date;

(b) The Borrower shall fail to observe and perform any other agreement, term or condition contained in this Loan Agreement or any other Financing Document and the continuation of such failure for a period of 30 days after written notice thereof shall have been given to the Borrower and the Investor Member by the Issuer or the Trustee, or for such longer period as the Issuer and the Trustee may agree to in writing; provided, that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, that failure shall not constitute an Event of Default so long as the Borrower institutes curative action within the applicable period and diligently pursues that action to completion, which must be resolved within 180 days after the aforementioned notice;

(c) The Borrower shall: (i) admit in writing its inability to pay its debts generally as they become due; (ii) have an order for relief entered in any case commenced by or against it under the federal bankruptcy laws, as now or hereafter in effect, which is not dismissed within 90 days; (iii) commence a proceeding under any other federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for ninety days; (iv) make an assignment for the benefit of creditors; or (v) have a receiver or trustee appointed for it or for the whole or any substantial part of its property which appointment is not vacated within a period of 90 days;

(d) Any representation or warranty made by the Borrower herein or any statement in any report, certificate, financial statement or other instrument furnished in connection with this Loan Agreement or with the purchase of the Bonds shall at any time prove to have been false or misleading in any adverse material respect when made or given; and

(e) There shall occur an “Event of Default” (as defined in the Indenture) by the Borrower or an event of default beyond applicable notice and cure periods under the Regulatory Agreement.

Notwithstanding the foregoing, if, by reason of Force Majeure, the Borrower is unable to perform or observe any agreement, term or condition hereof which would give rise to an Event of Default under subsection (b) hereof, the Borrower shall not be deemed in default during the continuance of such inability. However, the Borrower shall promptly give notice to the Trustee and the Issuer of the existence of an event of Force Majeure and shall use commercially reasonable

efforts to remove the effects thereof; provided that the settlement of strikes or other industrial disturbances shall be entirely within its discretion.

The term “**Force Majeure**” shall mean, without limitation, the following:

(i) acts of God; strikes, lockouts or other industrial disturbances; acts of terrorism or of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornados; storms; droughts; floods; arrests; restraint of Government and people; explosions; breakage, malfunction or accident to facilities, machinery, transmission pipes or canals; partial or entire failure of utilities; shortages of labor, materials, supplies or transportation; or

(ii) any cause, circumstance or event not reasonably within the control of the Borrower.

The declaration of an Event of Default under subsection (c) above, and the exercise of remedies upon any such declaration, shall be subject to any applicable limitations of federal bankruptcy law affecting or precluding that declaration or exercise during the pendency of or immediately following any bankruptcy, liquidation or reorganization proceedings.

Section 7.2. Remedies on Default. Whenever an Event of Default shall have happened and be subsisting, beyond any applicable notice or cure period any one or more of the following remedial steps may be taken:

(a) If acceleration of the principal amount of the Bonds has been declared pursuant to Section 6.03 of the Indenture, the Trustee shall declare all Loan Payments to be due and payable together with any other amounts payable by the Borrower under this Loan Agreement and the Note, whereupon the same shall become immediately due and payable;

(b) The Trustee may exercise any or all or any combination of the remedies specified in this Loan Agreement or any other Financing Document;

(c) The Issuer or the Trustee may have access to, inspect, examine and make copies of the books, records, accounts and financial data of the Borrower pertaining to the Project; or

(d) The Issuer or the Trustee may pursue all remedies now or hereafter existing at law or in equity to collect all amounts then due and thereafter to become due under this Loan Agreement and the Regulatory Agreement and the Note or to enforce the performance and observance of any other obligation or agreement of the Borrower under those instruments, subject however, to any limitations set forth in this Loan Agreement and/or the other Financing Documents.

Notwithstanding the foregoing, neither the Issuer nor the Trustee shall be obligated to take any step which in its opinion will or might cause it to expend time or money or otherwise incur liability

unless and until a satisfactory indemnity bond has been furnished to the Issuer or the Trustee at no cost or expense to the Issuer or the Trustee. Any amounts collected as Loan Payments or applicable to Loan Payments and any other amounts which would be applicable to payment of Bond Service Charges collected pursuant to action taken under this Section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if the Outstanding Bonds have been paid and discharged in accordance with the provisions of the Indenture, shall be paid as provided in Section 4.14 of the Indenture for transfers of remaining amounts in the Bond Fund.

The provisions of this Section are subject to the further limitation that the rescission by the Trustee of its declaration that all of the Bonds are immediately due and payable also shall constitute an annulment of any corresponding declaration made pursuant to paragraph (a) of this Section and a waiver and rescission of the consequences of that declaration and of the Event of Default with respect to which that declaration has been made, provided that no such waiver or rescission shall extend to or affect any subsequent or other default or impair any right consequent thereon.

Section 7.3. No Remedy Exclusive. No remedy conferred upon or reserved to the Issuer or the Trustee by this Loan Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement, the Regulatory Agreement or the Note, or now or hereafter existing at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair that right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than any notice required by law or for which express provision is made herein.

Section 7.4. Agreement to Pay Attorneys' Fees and Expenses. If an Event of Default should occur and the Issuer or the Trustee should incur expenses, including reasonable attorneys' fees, in connection with the enforcement of this Loan Agreement, the Tax Exemption Agreement, the Regulatory Agreement or the Note or the collection of sums due thereunder, the Borrower shall reimburse the Issuer and the Trustee, as applicable, for the expenses so incurred upon demand.

Section 7.5. No Waiver. No failure by the Issuer or the Trustee to insist upon the strict performance by the Borrower of any provision hereof shall constitute a waiver of their right to strict performance and no express waiver shall be deemed to apply to any other existing or subsequent right to remedy the failure by the Borrower to observe or comply with any provision hereof.

Section 7.6. Notice of Default. The Borrower shall notify the Trustee in writing immediately if it becomes aware of the occurrence of any Event of Default hereunder or of any fact, condition or event which, with the giving of notice or passage of time or both, would become an Event of Default. The Issuer and the Trustee shall give notice to the other and to the Investor Member of the occurrence of any Event of Default by Borrower of which it has actual knowledge.

Section 7.7. Investor Member's Cure Rights. The Issuer hereby agrees that any cure of any Event of Default hereunder made or tendered by the Investor Member shall be deemed to be

cure made or tendered by the Borrower, and shall be accepted or rejected by the Issuer on the same basis as if made or tendered by the Borrower.

(End of Article VII)

ARTICLE VIII

MISCELLANEOUS

Section 8.1. Term of Agreement. This Loan Agreement shall be and remain in full force and effect from the date of delivery of the Bonds to the Holders until such time as all of the Bonds shall have been fully paid (or provision made for such payment) pursuant to the Indenture and all other sums payable by the Borrower under this Loan Agreement and the Note shall have been paid, except for obligations of the Borrower under Sections 3.8, 4.4, 5.3, and 5.4 hereof, which shall survive any termination of this Loan Agreement and the resignation or removal of the Trustee.

Section 8.2. Amounts Remaining in Funds. Subject to any applicable escheat laws, any amounts in the Bond Fund remaining unclaimed by the Holders of Bonds for the maximum amount of time permitted under the laws of the State after the due date thereof (whether at stated maturity or otherwise), at the option of the Borrower, shall be deemed to belong to and shall be paid, at the written request of the Borrower, to the Borrower by the Trustee as overpayment of Loan Payments. With respect to that principal of and interest on the Bonds to be paid from money paid to the Borrower pursuant to the preceding sentence, the Holders of the Bonds entitled to such money shall look solely to the Borrower for the payment of such money. Further, any amounts remaining in the Bond Fund, the Project Fund and any other Special Funds or accounts created under this Loan Agreement, the Regulatory Agreement or the Indenture after all of the Outstanding Bonds shall be deemed to have been paid and discharged under the provisions of the Indenture and all other amounts required to be paid under this Loan Agreement, the Note, Regulatory Agreement and the Indenture have been paid, shall, subject to Section 4.14 of the Indenture, be paid to the Borrower to the extent that such moneys are in excess of the amounts necessary to effect the payment and discharge of the Outstanding Bonds.

Section 8.3. Notices. All notices, certificates, requests or other communications hereunder shall be in writing and shall be deemed to be sufficiently given when mailed by registered or certified mail, postage prepaid, or forwarded by overnight courier service, delivery charges prepaid, and addressed to the appropriate Notice Address. A duplicate copy of each notice, certificate, request or other communication given hereunder to the Issuer, the Borrower, the Investor Member or the Trustee shall also be given to the others. The Borrower, the Issuer, the Investor Member and the Trustee, by notice given hereunder, may designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

Section 8.4. Extent of Covenants of the Issuer; No Personal Liability. All covenants, obligations and agreements of the Issuer contained in this Loan Agreement and the Indenture shall be effective to the extent authorized and permitted by applicable law. No such covenant, obligation or agreement shall be deemed to be a covenant, obligation or agreement of any present or future member, officer, agent or employee of the Issuer or the Governing Body in other than his official capacity, and neither the members of the Governing Body nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof or by reason of the covenants, obligations or agreements of the Issuer contained in this Loan Agreement or in the Indenture.

Section 8.5. Limited Liability of the Issuer; No Liability of Officers. Notwithstanding anything contained herein to the contrary:

(a) **THE ISSUER SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON, THE BONDS SOLELY OUT OF THE TRUST ESTATE. THE BONDS SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE HOLDERS THEREOF AGAINST THE TRUST ESTATE, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THE INDENTURE. THE BONDS, TOGETHER WITH INTEREST THEREON, SHALL BE LIMITED OBLIGATIONS OF THE ISSUER GIVING RISE TO NO CHARGE AGAINST THE ISSUER'S GENERAL CREDIT AND PAYABLE SOLELY FROM, AND CONSTITUTE CLAIMS OF THE HOLDERS THEREOF AGAINST ONLY, THE TRUST ESTATE. THE BONDS, THE PREMIUM, IF ANY, AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE DEBT OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, AND NONE OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON, NOR IN ANY EVENT SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE SPECIFICALLY PLEDGED THERETO. NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE ISSUER HAS NO TAXING POWER.**

(b) All covenants, obligations and agreements of the Issuer contained in this Loan Agreement and the Indenture shall be effective to the extent authorized and permitted by applicable law. No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any present or future governing board member, director, officer, employee or agent of the Issuer in his individual capacity, and neither the governing board members of the Issuer nor any director, officer or employee thereof executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. No governing board member, director, officer, employee or agent of the Issuer shall incur any personal liability with respect to any other action taken by him pursuant to the Indenture or the Act, provided such governing board member, director, officer, employee or agent acts in good faith.

(c) No agreements or provisions contained in the Indenture nor any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project, or the issuance, sale and delivery of the Bonds, shall give rise to any pecuniary liability of the Issuer or a charge against its general credit, or shall obligate the Issuer financially in any way except as may be payable from the repayments by the Borrower under this Loan Agreement and the proceeds of the Bonds and other amounts pledged under the Indenture as part of the Trust Estate. No failure of the Issuer to comply with any term, condition, covenant or agreement herein or in any document executed by the Issuer in connection with the issuance and sale of the Bonds shall subject the Issuer to liability for any claim for damages, costs or other financial or pecuniary charge except to the extent that the same can be paid or recovered from the repayments by the Borrower under this Loan Agreement or proceeds of the Bonds and other

amounts pledged under the Indenture as part of the Trust Estate. Nothing herein shall preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Issuer for any failure to comply with any term, condition, covenant or agreement herein, provided that no costs, expenses or other monetary relief shall be recoverable from the Issuer except as may be payable from the repayments by the Borrower or the proceeds of the Bonds and other amounts pledged under the Indenture as part of the Trust Estate.

(d) No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in the Indenture against any past, present or future governing board member, director, officer, employee or agent of the Issuer, or of any successor public corporation, as such, either directly or through the Issuer or any successor public corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such governing board members, directors, officers, employees or agents, as such, is hereby expressly waived and released as a condition of, and consideration for, the execution of the Indenture and the issuance of such Bonds.

(e) Anything in the Indenture to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that (i) the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice, or other instrument furnished to the Issuer by the Trustee or the Borrower as to the existence of any fact or state of affairs required hereunder to be noticed by the Issuer; (ii) the Issuer shall not be under any obligation hereunder to perform any record keeping or to provide any legal services; and (iii) none of the provisions of the Indenture shall require the Issuer to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless it shall first have been adequately indemnified to its satisfaction against the cost, expenses, and liability which may be incurred thereby.

(f) No provision, representation, covenant or agreement contained in this Loan Agreement or in the Indenture, the Bonds, or any obligation herein or therein imposed upon the Issuer, or the breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability (except to the extent of any loan repayments, revenues and receipts derived by the Issuer pursuant to this Loan Agreement and other moneys held pursuant to the Indenture, other than in the Rebate Fund). No provision hereof shall be construed to impose a charge against the general credit of the Issuer, the State or any other political subdivision of the State, the taxing powers of the foregoing, within the meaning of any constitutional provision or statutory limitation, or any personal or pecuniary liability upon any governing board member, director, officer, agent or employee of the Issuer.

Section 8.6. Limited Liability of Borrower. Anything in this Loan Agreement to the contrary notwithstanding, the monetary obligations of the Borrower contained in this Loan Agreement (except for fees, payments and indemnification under Sections 4.4, 5.3 and 7.4 hereof; provided, such exception shall not apply to any partner, member, manager, director, official or officer of the Borrower) shall be limited obligations payable solely from the income and assets of the Project and the Eligible Funds and neither the Borrower nor any partner, member, manager, director, official or officer of the Borrower shall have any personal liability for the satisfaction of any obligation of the Borrower or claim against the Borrower, arising out of this Loan Agreement.

Notwithstanding anything contained in this Loan Agreement to the contrary, neither Issuer nor the Trustee may assert any claim arising hereunder against the Borrower's interest in the Project or in the rents or other income of the Project for the payment of any charge due hereunder.

Section 8.7. Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding in accordance with its terms upon the Issuer, the Borrower, the Trustee and their respective permitted successors and assigns provided that this Loan Agreement may not be assigned by the Borrower (except in connection with a sale or transfer of assets pursuant to Section 5.2 hereof) and may not be assigned by the Issuer except to the Trustee pursuant to the Indenture or as otherwise may be necessary to enforce or secure payment of Bond Service Charges. This Loan Agreement may be enforced only by the parties, their assignees and others who may, by law, stand in their respective places.

Section 8.8. Amendments and Supplements. Except as otherwise expressly provided in this Loan Agreement or the Indenture, subsequent to the issuance of the Bonds and prior to all conditions provided for in the Indenture for release of the Indenture having been met, this Loan Agreement, the Regulatory Agreement and the Note may not be effectively amended, changed, modified, altered or terminated except in accordance with the provisions of Article X of the Indenture, as applicable.

Section 8.9. Execution Counterparts. This Loan Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

Section 8.10. Severability. If any provision of this Loan Agreement, or any covenant, obligation or agreement contained herein is determined by a court of competent jurisdiction to be invalid or unenforceable, that determination shall not affect any other provision, covenant, obligation or agreement, each of which shall be construed and enforced as if the invalid or unenforceable portion were not contained herein. That invalidity or unenforceability shall not affect any valid and enforceable application thereof, and each such provision, covenant, obligation or agreement shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 8.11. Governing Law. This Loan Agreement shall be deemed to be a contract made under the laws of the State and for all purposes shall be governed by and construed in accordance with the laws of the State.

Section 8.12. Casualty Proceeds; Right to Rebuild. Notwithstanding anything to the contrary contained in this Loan Agreement, the Regulatory Agreement, the Note, or any other loan document executed in connection therewith, in the event of any fire or other casualty to the Project or eminent domain proceedings resulting in condemnation of the Project, or any part thereof, Borrower shall have the right to rebuild the Project, and to use all available insurance or condemnation proceeds therefor, provided that (a) such proceeds are sufficient to keep the loan in balance and rebuild the Project in a manner that provides adequate security to the Issuer for repayment of the Loan, or if such proceeds are insufficient then Borrower shall have funded any deficiency, (b) the Issuer shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for

rebuilding under a construction escrow or similar arrangement, and (c) no continuing material default then exists by Borrower under the Loan Agreement or any other loan documents executed in connection therewith. If the casualty or condemnation affects only part of the Project and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the Loan in a manner that provides adequate security to the Issuer for repayment of the remaining balance of the Loan.

(End of Article VIII)

IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Loan Agreement to be duly executed in their respective names, all as of the date hereinbefore written.

**TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS**

By: _____
Name: J.B. Goodwin
Title: Chair

YELLOWSTONE BOULEVARD LLC

By: Yellowstone Boulevard I LLC, its Managing
Member

By: Bozrah International Ministries, Inc.,
its Managing Member

By: _____
Name: Brian Courtney
Title: President

EXHIBIT A

FORM OF NOTE

This Note has not been registered under the Securities Act of 1933. Its transferability is restricted by the Trust Indenture and the Loan Agreement referred to herein.

\$ _____

January 1, 2019

YELLOWSTONE BOULEVARD LLC, a Texas limited liability company (the “**Borrower**”), for value received, promises to pay in installments to the Texas Department of Housing and Community Affairs (the “**Issuer**”), the principal amount of

DOLLAR AMOUNT (\$ _____)

and to pay interest on the unpaid balance of such principal sum from and after the date hereof, at the Initial Interest Rate set forth in the Bonds (as defined below) to but not including February 1, 2021 (the “Initial Mandatory Tender Date”) and thereafter at the Remarketing Rate (as defined in the Indenture) until the payment of such principal sum has been made or provided for. The principal amount stated above shall be paid on or before February 1, 2022. Interest shall be calculated on the basis of a 360-day year of 12 equal months. Interest on this Note shall be paid at least one Business Day before each February 1 and August 1, commencing August 1, 2019 (the “**Interest Payment Dates**”).

This Note is issued pursuant to that certain Loan Agreement (the “**Loan Agreement**”) dated as of January 1, 2019, between the Issuer and the Borrower pursuant to which the Issuer has made a mortgage loan in the principal amount of this Note to the Borrower (the “**Loan**”), and this Note is entitled to the benefits of the Loan Agreement and subject to the terms, conditions and provisions thereof. The Loan was funded with a portion of the proceeds from the Issuer’s \$[2,880,000] Multifamily Housing Revenue Bonds (Park Yellowstone) Series 2019 (the “**Bonds**”) issued pursuant to and secured by the Trust Indenture (the “**Indenture**”), dated as of January 1, 2019, between the Issuer and the Trustee. Terms used but not defined herein shall have the meanings ascribed to such terms in the Loan Agreement and the Indenture.

Under the Loan Agreement, the Borrower has agreed to repay the Loan by making payments (“**Loan Payments**”) at the times and in the amounts set forth in the Loan Agreement and in this Note for application to the payment of Bond Service Charges on the Bonds as and when due. The Borrower shall be entitled to a credit against the Loan Payments required to be made with respect to the Bonds on any date equal to the available money in the Bond Fund for the payment of Bond Service Charges on that date.

To provide funds to pay the principal of and interest on the Bonds as and when due as specified herein, the Borrower hereby agrees to and shall make Loan Payments at least one Business Day before each Interest Payment Date in an amount equal to the Bond Service Charges on the Bonds payable on such Interest Payment Date. In addition, to provide funds to pay the Bond Service Charges on the Bonds as and when due at any other time, the Borrower hereby agrees to and shall make Loan Payments at least one Business Day before the date on which any Bond

Service Charges on the Bonds shall be due and payable, whether at maturity, upon redemption, mandatory tender or otherwise, in an amount equal to those Bond Service Charges.

If payment or provision for payment in accordance with the Indenture is made in respect of the Bond Service Charges on the Bonds from money other than Loan Payments, this Note shall be deemed paid to the extent such payments or provision for payment of Bonds has been made. Consistent with the provisions of the immediately preceding sentence, the Borrower shall have credited against its obligation to make Loan Payments any amounts transferred from the Project Fund or the Collateral Fund to the Bond Fund. Subject to the foregoing, all Loan Payments shall be in the full amount required hereunder.

This Note is secured, among other things, by a Subordinate Short Term Fourth Multifamily Deed of Trust, Security Agreement and Fixture Filing, dated as of January 1, 2019 (the “**Bond Mortgage**”). Reference is made to the Bond Mortgage for other rights of the holder of this Note as to collateral for this Note.

All Loan Payments shall be made to the Trustee at its Designated Office for the account of the Issuer and deposited in the Bond Fund created by the Indenture. Except as otherwise provided in the Indenture, the Loan Payments shall be used by the Trustee to pay the Bond Service Charges on the Bonds as and when due.

The obligation of the Borrower to make the payments required hereunder shall be absolute and unconditional and the Borrower shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense, set off, recoupment or counterclaim which the Borrower may have or assert against the Issuer, the Trustee or any other Person.

This Note is subject to prepayment, in whole, upon the terms and conditions set forth in Article VI of the Loan Agreement. Any prepayment is subject to satisfaction of any applicable notice, deposit or other requirements set forth in the Loan Agreement or the Indenture.

Whenever an Event of Default under Section 6.01 of the Indenture shall have occurred and, as a result thereof, the principal of and any premium on all Bonds then Outstanding, and interest accrued thereon, shall have been declared to be immediately due and payable pursuant to Section 6.03 of the Indenture, the unpaid principal amount of and any premium and accrued interest on this Note shall also be due and payable in on the date on which the principal of and premium and interest on the Bonds shall have been declared due and payable; provided that the annulment of a declaration of acceleration with respect to the Bonds shall also constitute an annulment of any corresponding declaration with respect to this Note.

The payment obligations of this Note are non-recourse to the Borrower to the extent set forth in Section 8.6 of the Loan Agreement.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed in its name as of the date first above written.

YELLOWSTONE BOULEVARD LLC

By: Yellowstone Boulevard I LLC, its Managing Member

By: Bozrah International Ministries, Inc., its Managing Member

By: _____
Name: Brian Courtney
Title: President

ENDORSEMENT

Pay to the order of U.S. Bank, National Association, without recourse, as Trustee under the Indenture referred to in the within mentioned Note, as security for the Bonds issued under the Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Note.

**TEXAS DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS**

By: _____
Name: J.B. Goodwin
Title: Chair

EXHIBIT B

FORM OF DISBURSEMENT REQUEST

STATEMENT NO. _____ REQUESTING DISBURSEMENT OF FUNDS FROM
PROJECT FUND PURSUANT TO SECTION 3.6 OF THE LOAN AGREEMENT

Pursuant to Section 3.6 of the Loan Agreement (the “**Loan Agreement**”) between the Texas Department of Housing and Community Affairs (the “**Issuer**”) and Yellowstone Boulevard LLC, a Texas limited liability company (the “**Borrower**”), dated as of January 1, 2019, the undersigned Authorized Borrower Representative hereby requests and authorizes U.S. Bank, National Association, as Trustee (the “**Trustee**”), as depository of the Project Fund created by the Trust Indenture between the Issuer and the Trustee dated as of January 1, 2019 (the “**Indenture**”), upon receipt of a Eligible Funds and in accordance with the Bond Documents, to transfer out of money deposited into the Project Fund the aggregate sum of \$ _____, which is an amount equal to the Eligible Funds, to pay the costs of the items listed in the Disbursement Schedule attached hereto. All capitalized terms used but not defined herein have the meaning given to such terms in the Indenture, the Tax Exemption Agreement, the Loan Agreement or the Regulatory Agreement, as applicable.

In connection with the foregoing request and authorization, the undersigned hereby certifies that:

- (a) Each item for which disbursement is requested hereunder is properly payable out of the Project Fund in accordance with the terms and conditions of the Loan Agreement and none of those items has formed the basis for any disbursement heretofore made from said Project Fund.
- (b) Each such item is or was necessary in connection with the acquisition, rehabilitation, or equipping of the Project, as defined in the Indenture.
- (c) After taking into account the proposed disbursement,
 - (i) no more than 5% of the Net Proceeds of the Bonds will have been used for costs that are not Qualified Project Costs;
 - (ii) less than 25% of the Net Proceeds of the Bonds will have been used for the cost of acquiring land; and
 - (iii) not more than 2% of the Net Proceeds of the Bonds will have been used for Costs of Issuance.
- (d) All of the funds being disbursed are being used in compliance with all of the tax covenants set forth in the Indenture, the Tax Exemption Agreement, the Loan Agreement and the Regulatory Agreement.

(e) There is no current or existing Event of Default pursuant to the terms of the Loan Agreement or event of default pursuant to the terms of the Regulatory Agreement and no event exists which by notice or passage of time or both would constitute an event of default under any of the foregoing documents.

(f) No representation or warranty of the Borrower contained in the Loan Agreement or the Regulatory Agreement is materially incorrect or inaccurate, and there has been no event of default under the terms of any of those documents and no event exists which by notice, passage of time or both would constitute an event of default under any of those documents.

(g) This statement and all exhibits hereto, including the Disbursement Schedule, shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warrant, protection and authority to the Trustee for its actions taken pursuant hereto.

The [Title Company's] [Payee's] wiring instructions are:

WIRE TO:

ABA ROUTING NO.:

SWIFT CODE:

ACCOUNT NAME:

ACCOUNT NO.:

CONTACT:

REFERENCE:

This statement constitutes the approval of the Borrower of each disbursement hereby requested and authorized.

This _____ day of _____, 20__.

By: Authorized Borrower Representative

Name: _____
Title: _____

_____ Approval:

By: _____
Name: _____
Title: _____

REGULATORY AND LAND USE RESTRICTION AGREEMENT

Among

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,
as Issuer,

U.S. BANK NATIONAL ASSOCIATION,
a national banking association,
as Trustee,

and

YELLOWSTONE BOULEVARD LLC,
a Texas limited liability company,
as Borrower

Dated as of January 1, 2019

Relating to

[\$12,500,000]
Texas Department of Housing and Community Affairs
Multifamily Tax-Exempt Bonds
(M-TEMS) (Park Yellowstone)
Series 2019 (FN)

and

[\$2,880,000]
Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(Park Yellowstone) Series 2019

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REGULATORY AND LAND USE RESTRICTION AGREEMENT

THIS REGULATORY AND LAND USE RESTRICTION AGREEMENT (as amended, modified or supplemented from time to time, this “Agreement” or this “Regulatory Agreement”) dated as of January 1, 2019 is among the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS** (together with its successors and assigns, the “Issuer”), a public and official agency of the State of Texas (the “State”), **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee under the hereinafter defined Indenture (together with any successor trustee under the Indenture described below and their respective successors and assigns, the “Trustee”) and **YELLOWSTONE BOULEVARD LLC**, a Texas limited liability company (together with its permitted successors and assigns, the “Borrower”).

RECITALS

WHEREAS, pursuant to the Act (as hereinafter defined), the Issuer is authorized to issue bonds and to use the proceeds thereof to provide monies to aid in financing the acquisition, equipping and rehabilitation of residential rental property for dwelling units in the State; and

WHEREAS, the Borrower has requested the assistance of the Issuer in financing a multifamily residential rental housing development located on the real property described in Exhibit A hereto (defined herein as the “Development Site”) and described in Exhibit B-1 hereto (defined herein as the “Development Facilities” and, together with the Development Site, the “Development”), and, as a condition to such assistance, the Borrower has agreed to enter into this Regulatory Agreement, setting forth certain restrictions with respect to the Development; and

WHEREAS, the Issuer has determined to assist in the financing of the Development by issuing its Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN) (the “Long Term Bonds”) in the original principal amount of \$[12,500,000] and its Multifamily Housing Revenue Bonds (Park Yellowstone) Series 2019 (the “Short Term Bonds” and together with the Long Term Bonds, the “Bonds”) in the original principal amount of \$[2,880,000], and loaning the proceeds of such Bonds to the Borrower, upon the terms and conditions set forth in (i) with respect to the Long Term Bonds, the Financing Agreement (as hereinafter defined), and (ii) with respect to the Short Term Bonds, the Loan Agreement (as hereinafter defined); and

WHEREAS, in order for interest on the Bonds to be excludable from gross income for federal income tax purposes under the Code and the Regulations (each as defined herein) and rulings with respect thereto, and in order to comply with the Act, the use and operation of the Development must be restricted in certain respects; and

WHEREAS, the Issuer, the Trustee and the Borrower have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, equipping, rehabilitation and operation of the Development and in order to ensure that the Development will be acquired, rehabilitated, used and operated in accordance with the Code and the Act.

NOW, THEREFORE, in consideration of the premises and the mutual representations, covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Issuer, the Trustee and the Borrower hereby agree as follows:

Section 1. Definitions and Interpretation. In addition to terms defined above, capitalized terms have the respective meanings assigned to them in this Section 1 or as elsewhere defined in this

Regulatory Agreement, in the Long Term Indenture, the Short Term Indenture, the Financing Agreement, the Loan Agreement or in the Tax Exemption Agreement (each as defined herein), unless the context in which they are used clearly requires otherwise:

“**Act**” means Chapter 2306, Texas Government Code, as amended from time to time.

“**Agreement**” or “**Regulatory Agreement**” means this Regulatory and Land Use Restriction Agreement, as it may be amended from time to time.

“**Annual Income**” means the anticipated annual income of a person (together with the anticipated annual income of all persons that intend to reside with such person in one Unit) calculated pursuant to Section 8 of the Housing Act, as required by Section 142(d) of the Code.

“**Available Unit**” means a Unit (except for any Unit reserved for any resident manager, security personnel or maintenance personnel that is reasonably required for the Development) that has been leased at least once after becoming available for occupancy; provided that (a) a residential unit that is unoccupied on the later of (i) the date the Development is acquired by the Borrower or (ii) the Closing Date is not an “Available Unit” and does not become an “Available Unit” until it has been leased for the first time after such date, and (b) a residential unit that is not available for occupancy due to renovations is not an “Available Unit” and does not become an “Available Unit” until it has been leased for the first time after the renovations are completed.

“**Bond Counsel**” means any counsel nationally recognized as having an expertise in connection with the excludability of interest on obligations of states and local governmental units from gross income for federal income tax purposes, and initially means Bracewell LLP.

“**Closing Date**” means the date upon which the Bonds are issued and delivered in exchange for the proceeds representing the purchase price of the Bonds paid by the original purchasers thereof.

“**Code**” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“**Compliance Monitoring Rules**” means the rules published by the Issuer in Title 10, Part 1, Chapter 10, Subchapter F of the Texas Administrative Code.

“**Development**” means the Development Facilities and the Development Site.

“**Development Amenities**” means the amenities for which the Development was awarded points by the Issuer, pursuant to Section 2306.359 of the Texas Government Code, during the Private Activity Bond Program application scoring process, as more fully set forth in Exhibit B-2 hereto.

“**Development Facilities**” means the multifamily housing structure and related buildings and other improvements on the Development Site as more fully set forth in Exhibit B-1 hereto, and all fixtures and other property owned by the Borrower and located on, or used in connection with, such buildings, structures and other improvements constituting the Development.

“Development Site” means the parcel or parcels of real property described in Exhibit A, which is attached hereto and by this reference incorporated herein, and all rights and appurtenances appertaining thereunto.

“Eligible Tenants” means (a) individuals and families of low, very low and extremely low income, (b) families of moderate income (in each case in the foregoing clauses (a) and (b) as such terms are defined by the Issuer under the Act), and (c) Persons with Special Needs, in each case, with an Annual Income not in excess of 140% of the area median income; provided that all Low-Income Tenants are Eligible Tenants.

“Fannie Mae Loan Agreement” means the Multifamily Loan and Security Agreement, as defined in the Long Term Indenture.

“Favorable Opinion of Bond Counsel” means, with respect to any action, or omission of an action, the taking or omission of which requires such an opinion, an unqualified written opinion of Bond Counsel to the effect that such action or omission does not adversely affect the excludability from gross income for federal income tax purposes of interest payable on the Bonds under existing law (subject to the inclusion of any exceptions contained in the opinion of Bond Counsel delivered upon the original issuance of the Bonds or other customary exceptions acceptable to the recipient thereof).

“Financing Agreement” means the Financing Agreement of even date herewith among the Issuer, the Trustee, the Lender and the Borrower, as it may be amended, modified, supplemented or restated from time to time to the extent permitted by the Long Term Indenture.

“Housing Act” means the United States Housing Act of 1937, as amended, or a successor thereto.

“HUD” means the United States Department of Housing and Urban Development or its successors.

“Indenture” means the Long Term Indenture and the Short Term Indenture, collectively or individually as the context may dictate.

“Inducement Date” means June 28, 2018.

“Lender” has the meaning set forth in the Long Term Indenture.

“Loan” means Long Term Loan and the Short Term Loan.

“Loan Agreement” means the Loan Agreement of even date herewith among the Issuer, the Trustee, the Lender and the Borrower, as it may be amended, modified, supplemented or restated from time to time to the extent permitted by the Short Term Indenture.

“Loan Documents” means the Security Instrument, the Mortgage Note, the Financing Agreement, this Regulatory Agreement, the Tax Exemption Agreement and any and all other instruments and other documents evidencing, securing, or otherwise relating to the Long Term Loan.

“Long Term Bonds” has the meaning set forth in the recitals above.

“Long Term Indenture” means the Indenture of Trust of even date herewith between the Issuer and the Trustee, relating to the issuance of the Long Term Bonds and any indenture supplemental thereto.

“Long Term Loan” means the loan of the proceeds of the Bonds made by the Issuer to the Borrower pursuant to the Financing Agreement, and as evidenced by the Mortgage Note.

“Long Term Loan Documents” means the Long Term Security Instrument, the Long Term Note, the Financing Agreement, this Regulatory Agreement, the Tax Exemption Agreement and any and all other instruments and other documents evidencing, securing, or otherwise relating to the Long Term Loan.

“Long Term Note” means the Mortgage Note, as defined in the Long Term Indenture.

“Long Term Security Instrument” means the Multifamily Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing from the Borrower, as the grantor, in favor of Issuer, as the beneficiary, as the same may be supplemented, amended or modified, and as the same is assigned to Lender and Fannie Mae, as their interests may appear.

“Low-Income Tenant” means a tenant whose Annual Income is 60% or less of the Multifamily Tax Subsidy Program Income Limit, as determined under Sections 142(d)(2)(B) and (E) of the Code and in accordance with this Regulatory Agreement. If all the occupants of a Unit are students (as defined for the purposes of Section 152(f)(2) of the Code) no one of whom is entitled to file a joint return under Section 6013 of the Code, such occupants will not qualify as Low-Income Tenants unless such students meet the qualifications under Section 42(i)(3)(D) of the Code.

“Low-Income Unit” means a Unit that is included as a Unit satisfying the requirements of the Set Aside.

“Mortgage Loan” has the meaning set forth in the Long Term Indenture.

“Multifamily Tax Subsidy Program Income Limit” (or successor term) means the income limits provided by HUD pursuant to Section 142(d) of the Code.

“Organizational Documents” means the [Amended and Restated Operating Agreement] of the Borrower dated as of [the Closing Date], as the same may be amended, modified, supplemented or restated from time to time.

“Persons with Special Needs” means persons who (a) are considered to be individuals having a disability under State or federal law, (b) are elderly, meaning 62 years of age or more or of an age specified by the applicable federal program, (c) are designated by the governing board of the Issuer as experiencing a unique need for decent, safe housing that is not being met adequately by private enterprise, or (d) are legally responsible for caring for an individual described by clauses (a), (b) or (c) above and meet the income guidelines established by the governing board of the Issuer.

“Qualified Project Period” means, with respect to the Development, the period beginning on the first day on which 10 percent of the Units are occupied (which date may be the Closing Date) and ending on the latest of (a) the date that is 15 years after the date on which 50 percent of the Units are occupied (which date may be the Closing Date), (b) the first day on which no tax-exempt private activity bond (as that phrase is used in section 142(d)(2) of the Code) issued with respect to the Development is outstanding for federal income tax purposes, or (c) the date on which any assistance provided with respect to the Development under Section 8 of the Housing Act terminates.

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Related Person” has the meaning set forth in section 144(a)(3) of the Code. A person is a “Related Person” to another person if the relationship between such persons would result in a disallowance of losses under sections 267 or 707(b) of the Code or such persons are members of the same controlled group of corporations (as defined in section 1563(a) of the Code, except that “more than 50 percent” is substituted for “at least 80 percent” each place it appears therein).

“Replacement Reserve” means the Reserve for Replacement account required to be established by the Fannie Mae Loan Agreement.

“Reserve for Replacement” has the meaning set forth in the Fannie Mae Loan Agreement.

“Security Instrument” means the Long Term Security Instrument and the Short Term Security Instrument, collectively or individually as the context may dictate.

“Set Aside” means the requirement that at least 40% of the Available Units be occupied or held vacant for occupancy at all times by Low-Income Tenants.

“Short Term Bonds” has the meaning set forth in the recitals above.

“Short Term Indenture” means Trust Indenture of even date herewith between the Issuer and the Trustee, relating to the issuance of the Short Term Bonds, and any indenture supplemental thereto.

“Short Term Loan” means the loan of the proceeds of the Bonds made by the Issuer to the Borrower pursuant to the Loan Agreement, and as evidenced by the Short Term Note.

“Short Term Loan Documents” means the Short Term Security Instrument, the Short Term Note, the Loan Agreement, this Regulatory Agreement, the Tax Exemption Agreement and any and all other instruments and other documents evidencing, securing, or otherwise relating to the Short Term Loan.

“Short Term Note” means the Note, as defined in the Short Term Indenture.

“Short Term Security Instrument” means the subordinate Multifamily Deed of Trust, Security Agreement and Fixture Filing securing the Short Term Note from the Borrower, as the grantor, in favor of Issuer, as the beneficiary, as the same may be supplemented, amended or modified.

“State Conversion Date” means the date of the first amortization payment on the note relating to the Mortgage Loan.

“State Reserve Period” means, with respect to the Development, the period beginning on the State Conversion Date and ending on the earliest of the following dates: (a) the date of any involuntary change in ownership of the Development; (b) the date on which the Borrower suffers a total casualty loss with respect to the Development or the date on which the Development becomes functionally obsolete, if the Development cannot be or is not restored; (c) the date on which the Development is demolished; (d) the date on which the Development ceases to be used as multifamily rental property; or (e) the end of the State Restrictive Period.

“State Restrictive Period” means, with respect to the Development, the period beginning on the first day on which the Borrower takes legal possession of the Development and ending on the latest of (a) the date that is 35 years (as a result of the Borrower’s election to extend the affordability period) after the first day of the State Restrictive Period, (b) the first date on which no tax-exempt private activity bond

issued with respect to the Development is outstanding for federal income tax purposes, and (c) the date on which any assistance provided with respect to the Development from the federal government terminates.

“**Tax Exemption Agreement**” means the Tax Exemption Certificate and Agreement of even date herewith among the Issuer, the Trustee and the Borrower, as in effect on the Closing Date and as it may thereafter be amended or supplemented or restated in accordance with its terms.

“**Tenant Income Certification**” means a certification form available on the Issuer’s website at the time of submission used to certify income and other matters executed by the household members of each Unit in the Development.

“**Unit**” means a residential accommodation containing separate and complete facilities for living, sleeping, eating, cooking and sanitation located within the Development; provided that, a unit will not fail to be treated as a Unit merely because it is a single-room occupancy unit (within the meaning of Section 42 of the Code).

“**Unit Status Report**” means the certified residential rental housing program compliance report with respect to the Development to be filed by the Borrower with the Issuer electronically through the filing system available on the Issuer’s website in the form available on the Issuer’s website at the time of submission of the report or in such other form as the Issuer may reasonably prescribe in writing to the Borrower pursuant to Section 4(e) hereof.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender include each other gender, and words of the singular number include the plural number, and vice versa. This Regulatory Agreement and all the terms and provisions hereof are to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms are to be determined by reference to this Section 1, notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only and are not to be considered a part hereof and do not in any way modify or restrict any of the terms or provisions hereof and are not to be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent arises.

Section 1A. Acquisition, Equipping and Rehabilitation of the Development. The Borrower hereby represents, covenants and agrees as follows:

(a) The statements made in the various certificates delivered by the Borrower to the Issuer or the Trustee or both, including specifically the representations and expectations set forth in the Tax Exemption Agreement, are true and correct in all material respects as and when made.

(b) [Reserved].

(c) The Borrower will submit to the Issuer and the Trustee evidence of construction completion as required in the Financing Agreement and the Loan Agreement and within 30 days of completion in the format prescribed by the Issuer as required pursuant to Title 10, Part 1, Chapter 10, Subchapter F of the Texas Administrative Code. The Borrower further agrees to cause the architect of record to submit a certification that the Development was rehabilitated in

compliance with all applicable laws and the engineer of record (if applicable) must submit a certification that the Development was rehabilitated in compliance with design requirements.

(d) The Borrower will take or not fail to take, as is applicable, all actions necessary to cause the Proceeds to be applied in a manner consistent with the requirements of the Long Term Indenture, the Short Term Indenture, the Financing Agreement, the Loan Agreement, the Tax Exemption Agreement and this Regulatory Agreement. The Borrower acknowledges that such requirements have been designed for the purpose of ensuring compliance with the provisions of the Act or the Code applicable to the Borrower and the Development.

(e) The Borrower is a qualified “housing sponsor” as defined in the Act.

Section 2. Tax-Exempt Status of the Bonds. The Borrower will not take any action or omit to take any action which, if taken or omitted, respectively, would adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes (subject to any exceptions contained in the opinion delivered upon the original issuance of the Bonds). With the intent not to limit the generality of the foregoing, the Borrower covenants and agrees that prior to the final maturity of the Bonds, unless it has received and filed with the Issuer and Trustee a Favorable Opinion of Bond Counsel:

(a) That the Development will be owned, managed and operated as a “qualified residential rental project” within the meaning of Section 142(d) of the Code, on a continuous basis during the Qualified Project Period. In particular, the Borrower covenants and agrees, continuously during the Qualified Project Period, as follows:

(i) that the Development will be comprised of residential Units and facilities functionally related and subordinate thereto;

(ii) that each Unit will contain complete facilities for living, sleeping, eating, cooking and sanitation, e.g., a living area, a sleeping area, bathing and sanitation facilities, and cooking facilities equipped with a cooking range, refrigerator and sink, all of which are separate and distinct from other Units; provided that, a Unit will not fail to meet these requirements merely because it is a single-room occupancy unit (within the meaning of Section 42 of the Code);

(iii) that the land and the facilities that are part of the Development will be functionally related and subordinate to the Units comprising the Development and will be of a character and size that is commensurate with the character and size of the Development;

(iv) that at no time during the Qualified Project Period will any of the Units be utilized (A) on a transient basis by being leased or rented for a period of less than thirty days or (B) as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium, nursing home, rest home, or trailer park or court used on a transient basis;

(v) that the Development will consist of one or more proximate buildings or structures, together with any functionally related and subordinate facilities containing one or more similarly constructed Units, all of which (A) will be located on a single tract of land or two or more parcels of land that are contiguous except for the interposition of a road, street, stream or similar property or their boundaries meet at one or more points,

(B) will be owned by the same person for federal income tax purposes, and (C) will be financed pursuant to a common plan;

(vi) that substantially all of the Development will consist of similarly constructed Units together with functionally related and subordinate facilities for use by Development tenants at no additional charge, such as swimming pools, other recreational facilities, parking areas, and other facilities that are reasonably required for the Development, such as heating and cooling equipment, trash disposal equipment, and Units for resident managers, security personnel or maintenance personnel;

(vii) that at no time during the Qualified Project Period will any Unit in any building or structure in the Development that contains fewer than five Units be occupied by the Borrower;

(viii) that each Unit will be rented or available for rental on a continuous basis to Eligible Tenants (subject to the limitations and exceptions contained in this Regulatory Agreement, the Tax Exemption Agreement, the Loan Agreement and the Financing Agreement) at all times during the longer of (A) the term of the Bonds or (B) the Qualified Project Period, that the Borrower will not give preference in renting Units to any particular class or group of persons, other than Persons with Special Needs, Low-Income Tenants and other Eligible Tenants as provided herein, and that at no time will any portion of the Development be exclusively reserved for use by a limited number of nonexempt persons in their trades or businesses;

(ix) that except, if applicable, during the 12-month “transition period” beginning on the Closing Date, as provided under Revenue Procedure 2004-39, 2004-2 C.B. 49, the Development will meet the Set Aside. For the purposes of this Section 2(a)(ix), a vacant Unit that was most recently occupied by a Low-Income Tenant is treated as rented and occupied by a Low-Income Tenant until reoccupied, at which time the character of such Unit must be redetermined. No tenant qualifying as a Low-Income Tenant will be denied continued occupancy of a Unit because, after the most recent Tenant Income Certification, such tenant’s Annual Income increases to exceed the qualifying limit for Low-Income Tenants; provided, however, that, should a Low-Income Tenant’s Annual Income, as of the most recent determination thereof, exceed 140% of the then applicable income limit for a Low-Income Tenant of the same family size and such Low-Income Tenant constitutes a portion of the Set Aside, then such tenant will only continue to qualify for so long as no Unit of comparable or smaller size in the same building (within the meaning of Section 42 of the Code) is rented to a tenant that does not qualify as a Low-Income Tenant;

(x) that the Borrower will obtain, complete and maintain on file (A) Tenant Income Certifications and supporting documentation from each Low-Income Tenant dated immediately prior to the initial occupancy of such Low-Income Tenant in the Development and (B) thereafter, annual certification regarding, at a minimum, information regarding household composition and student status in the form available on the Issuer’s website; provided that, if any Units in the Development are ever made available to tenants who are not Low-Income Tenants, then the Borrower will obtain, complete and maintain annual Tenant Income Certifications in accordance with Section 142(d)(3)(A) of the Code. The Borrower will obtain such additional information as may be required in the future by Section 142(d) of the Code, as the same may be amended from time to time, or in such

other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations that are tax-exempt private activity bonds described in Section 142(d) of the Code. The Borrower will make a diligent and good-faith effort to determine that the income information provided by an applicant in any certification is accurate by taking steps required under Section 142(d) of the Code pursuant to provisions of the Housing Act. As part of the verification, the Borrower will document income and assets in accordance with HUD Handbook 4350.3 and the Issuer's Compliance Monitoring Rules;

(xi) that, on or before each March 31, the Borrower will submit to the Secretary of the Treasury, with a copy provided to the Issuer, the completed Internal Revenue Service Form 8703 or such other annual certification required by the Code to be submitted to the Secretary of the Treasury as to whether the Development continues to meet the requirements of Section 142(d) of the Code; and

(xii) that the Borrower will prepare and submit the Unit Status Report in the form available on the Issuer's website at the time of such submission to the Issuer (via the electronic filing system available on the Issuer's website). The Borrower will retain all documentation required by this Section 2(a)(xii) until the date that is three years after the end of the Qualified Project Period.

(b) That the Borrower will maintain complete and accurate records pertaining to the Low-Income Units and will permit, at all reasonable times during normal business hours and upon reasonable notice, and subject to the rights of tenants in lawful possession, any duly authorized representative of the Issuer, the Trustee, the Department of the Treasury or the Internal Revenue Service to enter upon the Development Site to examine and inspect the Development and to inspect and photocopy the books and records of the Borrower pertaining to the Development, including those records pertaining to the occupancy of the Low-Income Units. The Borrower will retain all records maintained in accordance with this Section 2 until the date that is three years after the end of the Qualified Project Period.

(c) That the Borrower certifies that as of the Closing Date 50% of the Units are occupied.

(d) That the Borrower will prepare and submit to the Issuer and the Trustee, within 60 days prior to the last day of the Qualified Project Period, a certificate setting forth the date on which the Qualified Project Period will end, which certificate must be in recordable form, however, failure to deliver such certificate shall not extend the Qualified Project Period.

Anything in this Agreement to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that the Issuer and the Trustee may rely conclusively on the truth and accuracy of any certificate, opinion, notice, representation or instrument made or provided by the Borrower in order to establish the existence of any fact or statement of affairs solely within the knowledge of the Borrower, and which is required to be noticed, represented or certified by the Borrower hereunder or in connection with any filings, representations or certifications required to be made by the Borrower in connection with the issuance and delivery of the Bonds.

Section 3. Modification of Tax and State Restrictive Covenants. The Borrower, the Trustee and the Issuer hereby agree as follows:

(a) During the Qualified Project Period and the State Restrictive Period, to the extent any amendments to the Act or the Code, in the written opinion of Bond Counsel filed with the Issuer, the Trustee and the Borrower, impose requirements upon the ownership or operation of the Development more restrictive than those imposed by this Regulatory Agreement, this Regulatory Agreement will be deemed to be automatically amended to impose such additional or more restrictive requirements to be effective for the duration of such more restrictive requirements. The parties hereto hereby agree to execute such amendment hereto as is necessary to document such automatic amendment hereof. In addition, this Regulatory Agreement will be amended to the extent required by, and in accordance with, the Financing Agreement and the Loan Agreement.

(b) During the Qualified Project Period and the State Restrictive Period, to the extent that the Act, the Code, or any amendments thereto, in the written opinion of Bond Counsel filed with the Issuer, the Trustee and the Borrower, impose requirements upon the ownership or operation of the Development less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment signed by the Issuer, the Trustee and the Borrower and upon receipt of a Favorable Opinion of Bond Counsel.

(c) All costs, including fees and out-of-pocket expenses actually incurred by the Issuer and the Trustee, in connection with compliance with the requirements of this Section will be paid by the Borrower and its successors in interest.

Section 4. Housing Development During the State Restrictive Period. The Issuer and the Borrower hereby recognize and declare their understanding and intent that the Development is to be owned, managed and operated as a “housing development,” as such term is defined in Section 2306.004(13) of the Act, and in compliance with applicable restrictions and limitations as provided in the Act and the rules of the Issuer until the expiration of the State Restrictive Period.

To the same end, the Borrower hereby represents, covenants and agrees as follows during the State Restrictive Period:

(a) except for Units occupied or reserved for a resident manager, security personnel and maintenance personnel that are reasonably required for the Development, to assure that 100% of the Units are reserved for Eligible Tenants;

(b) to assure that the provisions of Sections 2(a)(viii) and 2(a)(ix) hereof continue in full force and effect until the end of the State Restrictive Period;

(c) to obtain a Tenant Income Certification from each tenant in the Development (other than resident managers, security personnel and maintenance personnel) not later than the date of such tenant’s initial occupancy of a Unit in the Development, and, if required as described in Section 2(a)(x) hereof, at least annually thereafter in the manner as described in Section 2(a)(x) hereof, and to maintain a file of all such Tenant Income Certifications, together with all supporting documentation, for a period of not less than three years after the end of the State Restrictive Period;

(d) to obtain from each tenant in the Development (other than resident managers, security personnel and maintenance personnel), at the time of execution of the lease pertaining to the Unit occupied by such tenant, a written certification, acknowledgment and acceptance in such form provided by the Issuer to the Borrower from time to time that (i) such lease is subordinate to the Security Instrument and this Regulatory Agreement, (ii) all statements made in the Tenant Income Certification submitted by such tenant are accurate, (iii) the family income and eligibility

requirements of this Regulatory Agreement and the Loan Agreement and Financing Agreement are substantial and material obligations of tenancy in the Development, (iv) such tenant will comply promptly with all requests for information with respect to such requirements from the Borrower, the Trustee and the Issuer, and (v) failure to provide accurate information in the Tenant Income Certification or refusal to comply with a request for information with respect thereto will constitute a violation of a substantial obligation of the tenancy of such tenant in the Development;

(e) to cause to be prepared and submitted to the Issuer (via the electronic filing system available on the Issuer's website) by the tenth calendar day of each January, April, July and October or other schedule as determined by the Issuer with written notice to the Borrower, a certified quarterly Unit Status Report in a form available on the Issuer's website at the time of submission or in such other form as the Issuer may reasonably prescribe in writing to the Borrower with the first quarterly report due on the first quarterly reporting date after leasing activity commences;

(f) to the extent legally permissible and upon reasonable notice to permit any duly authorized representative of the Issuer or the Trustee to inspect the books and records of the Borrower pertaining to the Development or the incomes of Development tenants, including but not limited to tenant files, during regular business hours and to make copies therefrom if so desired and file such reports as are necessary to meet the Issuer's requirements;

(g) that the Borrower is qualified to be a "housing sponsor" as defined in the Act and will comply with all applicable requirements of the Act, including submitting (via the electronic filing system available on the Issuer's website) the Annual Owner's Compliance Report to the Issuer in the form available on the Issuer's website at the time of submission by April 30 of each year, commencing April 30, 2021;

(h) to provide social services which must meet the minimum point requirement and be chosen from the list of Tenant Supportive Services attached hereto as Exhibit C and agreed to in writing by the Issuer. The Borrower must maintain documentation satisfactory to the Issuer of social services provided and such documentation will be reviewed during onsite visits beginning with the second onsite review and must be submitted to the Issuer upon request. The Borrower must provide the social services throughout the State Restrictive Period;

(i) to comply with Title 10, Part 1, Chapter 10, Subchapter F of the Texas Administrative Code, regarding tenant and manager selection, as such requirements may be amended from time to time;

(j) to maintain the property in compliance with HUD's Uniform Physical Condition Standards and to provide regular maintenance to keep the Development sanitary, safe and decent and to comply with the requirements of Section 2306.186 of the Texas Government Code; provided, however, that the Issuer must first provide notice of any default or breach to the Borrower and the Lender, and the Borrower will have 30 days to cure such default or breach;

(k) to renew any available rental subsidies which are sufficient to maintain the economic viability of the Development pursuant to Section 2306.185(c) of the Texas Government Code;

(l) the Borrower is not a party to and will not enter into a contract for the Development with, a housing developer that (i) is on the Issuer's debarred list, including any parts of that list that are derived from the debarred list of HUD; (ii) breached a contract with a public agency; or

(iii) misrepresented to a subcontractor the extent to which the Borrower has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the Borrower's participation in contracts with the agency and the amount of financial assistance awarded to the Borrower by the agency;

(m) to cooperate fully with the Issuer with respect to its compliance and oversight requirements and to cause the manager of the Development to so comply;

(n) to ensure that Units intended to satisfy the Set Aside under Section 2(a)(ix) hereof will be distributed evenly throughout the Development and will include a reasonably proportionate amount of each type of Unit available in the Development; and

(o) to ensure that the Development conforms to the federal Fair Housing Act.

Section 4.A. Repairs and Maintenance Required by State Law. The Borrower will maintain the Replacement Reserve required by and created pursuant to the Fannie Mae Loan Agreement or a similar account for the longer of: (a) the period of time required pursuant to the Fannie Mae Loan Agreement, or (b) the State Reserve Period as required by Section 2306.186 of the Texas Government Code.

Section 4.B. Development Amenities. The Borrower hereby represents, covenants and agrees that the Development will include the Development Amenities as described in Exhibit B-2 attached hereto.

Section 5. [Reserved].

Section 6. Persons With Special Needs. The Borrower represents, covenants and warrants that during the State Restrictive Period, it will make at least 5% of the Units within the Development available for occupancy by Persons with Special Needs.

Section 7. Consideration. The Issuer has issued the Bonds to provide funds to make the Loan to finance the Development, all for the purpose, among others, of inducing the Borrower to acquire, rehabilitate, equip and operate the Development. In consideration of the issuance of the Bonds by the Issuer, the Borrower has entered into this Regulatory Agreement and has agreed to restrict the uses to which the Development can be put on the terms and conditions set forth herein.

Section 8. Reliance. The Issuer, the Trustee and the Borrower hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all Persons interested in the legality and validity of the Bonds, and in the excludability from gross income of interest on the Bonds for federal income tax purposes under existing law. In performing their duties and obligations hereunder, the Issuer, the Borrower and the Trustee may rely upon statements and certificates of the Low-Income Tenants or Eligible Tenants and the Issuer and the Trustee may rely upon statements and certifications by the Borrower and upon audits of the books and records of the Borrower pertaining to the Development. In addition, the Issuer, the Borrower and the Trustee may consult with counsel, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by the Issuer, the Borrower or the Trustee hereunder in good faith and in conformity with such opinion. In determining whether any default by the Borrower exists under this Regulatory Agreement, the Trustee is not required to conduct any investigation into or review of the operations or records of the Borrower and may rely on any written report, notice or certificate delivered to the Trustee by any Person retained to review the Borrower's compliance with this Regulatory Agreement or by the Borrower or the Issuer with respect to the occurrence or absence of a default unless it has actual knowledge that the report, notice or certificate is erroneous or misleading.

Section 9. Development in Harris County. The Borrower hereby represents that the Development is located entirely within Harris County, Texas.

Section 10. Sale or Transfer of the Development or Change in Managing Member.

(a) The Borrower covenants and agrees not to sell, transfer or otherwise dispose of the Development, prior to the expiration of the Qualified Project Period (other than pursuant to the lease of Units to Eligible Tenants), without (i) providing 30 days prior written notice to the Issuer, (ii) complying with any applicable provisions of this Regulatory Agreement, the Loan Agreement, the Financing Agreement, the Tax Exemption Agreement and other Loan Documents and (iii) obtaining the prior written consent of the Issuer. Such consent of the Issuer will not be unreasonably withheld and will be given if the following conditions to the sale or other disposition are met or waived in writing by the Issuer: (A) there is delivered to the Trustee and the Issuer a written opinion of independent legal counsel reasonably satisfactory to the Trustee and the Issuer, addressed to the Trustee and the Issuer, concluding that the transferee has duly assumed all of the rights and obligations of the Borrower under this Regulatory Agreement, the Loan Agreement, the Financing Agreement, the Tax Exemption Agreement and the other Loan Documents and that each of the documents executed by the transferee in connection therewith has been duly authorized, executed and delivered by the transferee and is a valid and enforceable obligation of the transferee, subject to customary qualifications, (B) the Issuer receives a Favorable Opinion of Bond Counsel, with a copy to the Trustee and the Borrower, which opinion will be furnished at the expense of the Borrower or the transferee, (C) the Issuer receives an assumption fee equal to 0.25% of the principal balance of the Bonds Outstanding at the time of such transfer, (D) the proposed purchaser or assignee executes any document requested by the Issuer with respect to assuming the obligations of the Borrower under this Regulatory Agreement, the Loan Agreement, the Financing Agreement, the Tax Exemption Agreement and the other Loan Documents, and (E) the Issuer has performed a previous participation review on the proposed purchaser or assignee or any affiliated party, the results of which are satisfactory to the Issuer in accordance with Title 10, Part 1, Chapter 1, Subchapter C, Section 1.301, Texas Administrative Code, and the Issuer does not further have any reason to believe the proposed purchaser or assignee is incapable, financially or otherwise, of complying with, or may be unwilling to comply with, the terms of all agreements and instruments binding on such proposed purchaser or assignee relating to the Development, including but not limited to this Regulatory Agreement, the Loan Agreement, the Financing Agreement, the Tax Exemption Agreement, the Security Instrument and other Loan Documents. The foregoing provisions do not apply to transfer by foreclosure or deed in lieu of foreclosure or other similar involuntary transfers, but such provisions apply to any transfer subsequent to such involuntary transfers. Notwithstanding anything to the contrary contained herein, and subject to the consent of Fannie Mae as required by the Mortgage Loan Documents, the following shall be permitted and shall not require the prior written approval of Issuer or Trustee, provided that written notice thereof has been provided to the Issuer, (a) the transfer by the Investor Member of its interest in Borrower in accordance with the terms of the Organizational Documents, (b) the removal of the managing member of Borrower in accordance with the Organizational Documents and the replacement thereof with the Investor Member or an affiliate thereof, and (c) any amendment to the Organizational Documents to memorialize the transfers or removal described above. The Borrower hereby expressly stipulates and agrees that any sale, transfer or other disposition of the Development in violation of this subsection will be ineffective to relieve the Borrower of its obligations under this Regulatory Agreement. Upon any sale, transfer or other disposition of the Development in compliance with this Regulatory Agreement, the Borrower so selling, transferring or otherwise disposing of the Development will have no further liability for obligations under the Loan Agreement, the Financing Agreement, this

Regulatory Agreement or any other Loan Document arising after the date of such disposition. The foregoing notwithstanding, the duties of the Borrower as set forth in the Loan Agreement, the Financing Agreement, this Regulatory Agreement or any other Loan Document with respect to matters arising prior to the date of such sale, transfer or other disposition will not terminate upon the sale, transfer or other disposition of the Development.

(b) No transfer of the Development will release the Borrower from its obligations under this Regulatory Agreement arising prior to the date of such transfer, but any such transfer will relieve the Borrower of further liability for obligations under this Regulatory Agreement arising after the date of such transfer.

(c) Except as set forth in Section 10(a) above, the Borrower will not change its managing member by transfer, sale or otherwise without the prior written consent of the Issuer, which consent will not be unreasonably withheld. A change in the Borrower's managing member includes any transfer of any controlling ownership interest in the managing member other than by death or incapacity.

Section 11. Term. This Regulatory Agreement and all and each of the provisions hereof will become effective upon its execution and delivery, will remain in full force and effect for the periods provided herein and, except as otherwise provided in this Section, will terminate in its entirety at the end of the State Restrictive Period, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bonds, discharge of the Loan, termination of the Loan Agreement or of the Financing Agreement and defeasance or termination of the Short Term Indenture or of the Long Term Indenture; provided, however, that the provisions related to the Qualified Project Period that are not incorporated into the State Restrictive Period will terminate in their entirety at the end of the Qualified Project Period.

The terms of this Regulatory Agreement to the contrary notwithstanding, the requirements set forth herein will terminate, without the requirement of any consent by the Issuer or the Trustee, and be of no further force and effect in the event of involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal or State law or an action of a federal agency after the Closing Date which prevents the Issuer or the Trustee from enforcing the provisions hereof, or foreclosure or transfer of title by deed in lieu of foreclosure or other similar involuntary transfer, condemnation or a similar event, but only if, within a reasonable period thereafter, either the Bonds are retired in full or amounts received as a consequence of such event are used to provide a "qualified residential rental project" that meets the requirements of the Code and State law including, but not limited to, the provisions set forth in Sections 1A through 6, 10, 11 and 12 of this Regulatory Agreement. The provisions of the preceding sentence will cease to apply and the requirements referred to therein will be reinstated if, at any time during the Qualified Project Period, after the termination of such requirements as a result of involuntary noncompliance due to foreclosure, transfer of title by deed in lieu of foreclosure or similar event, the Borrower or any Related Person obtains an ownership interest in the Development for federal income tax purposes or for the purposes of State law.

Notwithstanding any other provision of this Regulatory Agreement, this Regulatory Agreement may be terminated upon agreement by the Issuer, the Trustee and the Borrower upon receipt of a Favorable Opinion of Bond Counsel.

Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments are not necessary or a prerequisite to the termination of

this Regulatory Agreement in accordance with its terms. All costs, including fees and expenses, of the Issuer and the Trustee incurred in connection with the termination of this Regulatory Agreement will be paid by the Borrower and its successors in interest.

Section 12. Covenants to Run With the Land. The Borrower hereby subjects the Development (including the Development Site) to the covenants, reservations and restrictions set forth in this Agreement. The Issuer, the Trustee and the Borrower hereby declare that the covenants, reservations and restrictions set forth herein are covenants running with the land and will pass to and be binding upon the Borrower's successors in title to the Development; provided, however, that upon the termination of this Regulatory Agreement said covenants, reservations and restrictions will expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Development or any portion thereof prior to the termination of this Regulatory Agreement will conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

No breach of any of the provisions of this Regulatory Agreement will impair, defeat or render invalid the lien of any mortgage, deed of trust or like encumbrance made in good faith and for value encumbering the Development or any portion thereof.

Section 13. Burden and Benefit. The Issuer, the Trustee and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Development is rendered less valuable thereby. The Issuer, the Trustee and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Development by Low-Income Tenants and Eligible Tenants and by furthering the public purposes for which the Bonds were issued.

Section 14. Uniformity; Common Plan. The covenants, reservations and restrictions hereof will apply uniformly to the entire Development in order to establish and carry out a common plan for the use, development and improvement of the Development Site.

Section 15. Default; Enforcement by the Trustee and Issuer. If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in this Regulatory Agreement, and if such default remains uncured by the Borrower for a period of 60 days after written notice thereof has been given by the Issuer or the Trustee to the Borrower and the Investor Member at the Notice Addresses set forth in the applicable Indenture, then the Trustee, acting on its own behalf or on behalf of the Issuer and after being indemnified as provided in the Indenture, will declare an "Event of Default" to have occurred hereunder; provided, however, that, if the default stated in the notice is of such a nature that it cannot be corrected within 60 days, such default will not constitute an Event of Default hereunder and will not be declared an Event of Default so long as (i) the Borrower institutes corrective action within said 60 days and diligently pursues such action until the default is corrected and (ii) the Borrower delivers to the Issuer and the Trustee a Favorable Opinion of Bond Counsel. The Issuer hereby agrees that any cure of any Event of Default hereunder made or tendered by the Investor Member shall be deemed to be cure by the Borrower, and shall be accepted or rejected by the Issuer on the same basis as if made or tendered by the Borrower.

Following the declaration of an Event of Default hereunder, the Trustee or the Issuer, each subject to being indemnified to its satisfaction with respect to the costs and expenses of any proceeding, may, at its option, take any one or more of the following steps:

(a) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Issuer or the Trustee hereunder;

(b) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Development during regular business hours following reasonable notice; and

(c) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder.

The Borrower hereby agrees that specific enforcement of the Borrower's agreements contained herein is the only means by which the Issuer and the Trustee may obtain the benefits of such agreements made by the Borrower herein, and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Borrower hereunder. In addition, if the Issuer succeeds in an action for specific performance of an obligation, covenant or agreement of the Borrower contained herein, it is entitled to the relief provided in Section 16(b) hereof to the extent provided in that provision.

All rights and remedies herein given or granted are cumulative, nonexclusive and in addition to any and all rights and remedies that the parties may have or may be given by reason of any law, statute, ordinance, document or otherwise. Notwithstanding the availability of the remedy of specific performance provided for in this Section, promptly upon determining that a violation of this Regulatory Agreement has occurred, the Issuer will to the extent that it has actual knowledge thereof, by notice in writing, use its best efforts to inform the Trustee and the Borrower (provided that the failure to notify will not adversely affect the Issuer's or the Trustee's rights under this Regulatory Agreement) that a violation of this Regulatory Agreement has occurred.

It is specifically declared that this Regulatory Agreement or obligations hereunder may not be enforced by tenants or prospective tenants of the Development (except as described in Section 16 below) or, except as specifically provided in the Indenture, by the owners of the Bonds.

Section 16. Enforcement of Certain Provisions by Tenants and other Private Parties.

(a) Following the declaration of an Event of Default hereunder with respect to Sections 4(i) and 4(j) hereof only, a tenant of the Development or any private party may, at its option by mandamus or other suit, including injunctive relief, require the Borrower to perform its obligations and covenants under Sections 4(i) and 4(j) hereof.

(b) If the Issuer, a tenant of the Development, or any private party brings an action to enforce the obligations and covenants of the Borrower under Sections 4(i) and 4(j) hereof, such party has the right to recover attorney's fees directly from the Borrower, without recourse to the Development, if such party is successful in an action seeking enforcement of the obligations and covenants of the Borrower hereunder. This is the only monetary relief a tenant of the Development or other private parties may receive under this Regulatory Agreement and any such recovery is subject to the provisions set forth in Section 15 above.

Section 17. The Trustee. The Trustee will act only as specifically provided herein and in the Indenture and Tax Exemption Agreement. Subject to the right of the Trustee to be indemnified as provided in the Indenture, the Trustee agrees to act as the agent of and on behalf of the Issuer when requested in

writing by the Issuer to do so, and any act required to be performed by the Issuer as herein provided will be deemed taken if such act is performed by the Trustee. The Trustee is entering into this Regulatory Agreement solely in its capacity as Trustee under the Indenture, and the duties, powers, rights and obligations of the Trustee in acting hereunder will be subject to the provisions of the Indenture and the Tax Exemption Agreement, all of which are incorporated by reference herein. The incorporated provisions of the Indenture and Tax Exemption Agreement are intended to survive the retirement of the Bonds, discharge of the Mortgage Loan, termination of the Loan Agreement or of the Financing Agreement and defeasance or termination of the Short Term Indenture or of the Long Term Indenture and the Tax Exemption Agreement.

Subject to the Trustee's rights under the Indenture, the Trustee will, at the direction of the Issuer, take reasonable actions to enforce compliance by the Borrower with the terms of this Regulatory Agreement. The Trustee may rely on certificates and reports delivered to the Trustee by the Borrower without independent investigation and the Trustee's responsibility to review and monitor compliance hereunder will not extend beyond the Trustee's receipt of the certificates, reports, and other documents required to be submitted to the Trustee by the Borrower pursuant to this Regulatory Agreement.

The Trustee may resign only upon giving 60 days prior written notice to the Issuer, the Borrower, and to each registered owner of Bonds then Outstanding as shown on the Bond Register. The Trustee may be removed at any time upon 30 days prior written notice to the Trustee, (a) by the Issuer, (b) by the owners of not less than 51% in aggregate principal amount of Bonds then Outstanding, which written instrument must designate a successor Trustee or (c) by the Borrower, with the prior written consent of the Issuer or the owners of 100% in aggregate principal amount of Bonds then Outstanding. Such resignation or removal will not be effective until a successor Trustee satisfying the requirements of the applicable Indenture is appointed and has accepted its appointment. The Trustee's right to indemnification provided in the Loan Agreement or Financing Agreement, as applicable, will survive the resignation or removal of the Trustee and the termination of this Regulatory Agreement.

Upon discharge of the Short Term Indenture or Long Term Indenture, the Borrower will pay to the Trustee a fee for the performance of the Trustee's duties under this Agreement for the remaining term of this Regulatory Agreement[, **unless all parties have agreed in writing to release the Trustee from any such duties following discharge of the respective Indenture**]. The amount of such fee to be paid by the Borrower to the Trustee will be in an amount mutually agreed upon by the Borrower and the Trustee at the time of the discharge of the respective Indenture.

Section 18. Recording and Filing. The Borrower will cause this Regulatory Agreement, and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of Harris County, Texas and in such other places as the Issuer or the Trustee may reasonably request. A file-stamped copy of this Regulatory Agreement and all amendments and supplements thereto will be delivered to the Trustee. The Borrower will pay all fees and charges incurred in connection with any such recording. This Regulatory Agreement is subject to and subordinate to all matters of record as of the date hereof.

Section 19. Reimbursement of Expenses. Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Short Term Indenture, the Long Term Indenture and the Tax Exemption Agreement, throughout the term of this Regulatory Agreement, the Borrower will continue to pay to the Issuer and the Trustee all fees and reimbursement for all expenses actually incurred thereby required to be paid to the Issuer and the Trustee by the Borrower pursuant to the Loan Agreement, the Financing Agreement and the Tax Exemption Agreement.

Section 20. Governing Law. This Regulatory Agreement is governed by the laws of the State of Texas. The Trustee's rights, duties, powers and obligations hereunder are governed in their entirety by the terms and provisions of this Regulatory Agreement, the Loan Agreement, the Financing Agreement, the Short Term Indenture, the Long Term Indenture and the Tax Exemption Agreement.

Section 21. Amendments. Subject to the provisions of Section 3 hereof, this Regulatory Agreement may be amended only by a written instrument executed by the parties hereto (except that after discharge of the Indenture, consent of the Trustee will not be required), or their successors in title, and duly recorded in the real property records of Harris County, Texas, and only upon receipt by the Issuer (with a copy to the Trustee and the Borrower) of a Favorable Opinion of Bond Counsel and an opinion of Bond Counsel that such action is not contrary to the provisions of the Act. In addition, for so long as the Mortgage Loan is outstanding, this Regulatory Agreement may not be amended without Fannie Mae's prior written consent, with the exception of clerical errors or administrative correction of non-substantive matters, as set forth in Exhibit D hereto.

Section 22. Notices. Any notice required to be given hereunder to the Issuer, the Trustee, the Borrower and the Investor Member will be given in the manner and to the address (or facsimile numbers) set forth in the applicable Indenture.

Section 23. Severability. If any provision of this Regulatory Agreement is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof will not in any way be affected or impaired thereby.

Section 24. Multiple Counterparts. This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which constitute one and the same instrument, and each of which is deemed to be an original.

Section 25. Authorization to Act for Issuer. To the extent allowed by law, the Issuer hereby authorizes the Borrower to take on behalf of the Issuer all actions required or permitted to be taken by it hereunder, or under the Indenture and the Loan Agreement or Financing Agreement and to make on behalf of the Issuer all elections and determinations required or permitted to be made by the Issuer hereunder or under the Indenture and the Loan Agreement or Financing Agreement. In addition, the Issuer hereby authorizes the Borrower to exercise, on behalf of the Issuer, any election with respect to the Bonds pursuant to the Code or the Regulations, and the Issuer agrees to cooperate with the Borrower and execute any form of statement required by the Code or the Regulations to perfect any such election.

Section 26. Subordination and Incorporation of Fannie Mae Rider. With respect to the Long Term Bonds, and notwithstanding anything to the contrary herein, the Fannie Mae Rider to Restrictive Covenants attached hereto as Exhibit D is hereby incorporated herein for all purposes.

IN WITNESS WHEREOF, the Issuer, the Trustee and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first above written.

**TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS**, as Issuer

By: _____
J.B. Goodwin, Chair

(SEAL)

Attest:

James B. Eccles, Secretary

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

On this the _____ day of _____, 2019 personally appeared J.B. Goodwin, Chair of the Governing Board of the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas, who acknowledged that he executed the foregoing instrument for the purposes therein contained and in the capacity stated on behalf of said entity.

Notary Public Signature

My Commission expires: _____

(Personalized Seal)

U.S. BANK, NATIONAL ASSOCIATION,
as Trustee

By: _____
Name:
Title:

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

On this the _____ day of _____, 2019 personally appeared _____, a Vice President of U.S. Bank National Association, a national banking association, who acknowledged that he executed the foregoing instrument for the purposes therein contained and in the capacity stated on behalf of said entity.

Notary Public Signature

My Commission expires: _____

(Personalized Seal)

YELLOWSTONE BOULEVARD LLC

By: Yellowstone Boulevard I LLC, its Managing Member

By: Bozrah International Ministries, Inc., its Managing Member

By: _____
Name: Brian Courtney
Title: President

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

On this the _____ day of _____, 2019 personally appeared Brian Courtney, President of Bozrah International Ministries, Inc., a Texas non-profit corporation, the managing member of Yellowstone Boulevard I LLC, a Texas limited liability company, the managing member of Yellowstone Boulevard LLC, a Texas limited liability company, who acknowledged that he executed the foregoing instrument for the purposes therein contained and in the capacity stated on behalf of said entity.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public Signature

My Commission expires: _____

(Personalized Seal)

EXHIBIT A
PROPERTY DESCRIPTION

[To Come]

EXHIBIT B-1

DESCRIPTION OF DEVELOPMENT

Borrower: Yellowstone Boulevard LLC, a Texas limited liability company

Development: The Development is a 210-unit affordable multifamily community to be known as Park Yellowstone and to be located at 3322 Yellowstone Boulevard, Houston, Texas 77021. It consists of thirty (30) residential apartment buildings with approximately 205,705 net rentable square feet. The unit mix will consist of:

48	one-bedroom/one-bath units
98	two-bedroom/two-bath unit
64	three-bedroom/two-bath units
<hr/>	
210	Total Units

Unit sizes will range from approximately 662 square feet to approximately 1,174 square feet.

EXHIBIT B-2

DEVELOPMENT AMENITIES

“Development Amenities” means the amenities for which the Development was awarded points by the Issuer, pursuant to Section 2306.359 of the Texas Government Code, during the Private Activity Bond Program application scoring process.

Development Common Amenities must include at least twenty-two (22) points selected from the following list. The Borrower may change, from time to time, the amenities offered; however, the overall points must remain the same. The tenant must be provided written notice of the elections made by the Borrower.

- (i) Full perimeter fencing that includes parking areas and all amenities (excludes guest or general public parking areas); (2 points);
- (ii) Controlled gate access for entrance and exit areas, intended to provide access that is limited to the Development’s tenancy (2 points);
- (iii) Gazebo or covered pavilion w/sitting area (seating must be provided) (1 point);
- (iv) Accessible walking/jogging path separate from a sidewalk and in addition to required accessible routes to Units or other amenities (1 point);
- (v) Community laundry room with at least one washer and dryer for every 40 Units (3 points);
- (vi) Barbecue grill and picnic table with at least one of each for every 50 Units (1 point). Grill must be permanently installed (no portable grills);
- (vii) Swimming pool (3 points);
- (viii) Splash pad/water feature play area (1 point);
- (ix) Furnished fitness center. Equipped with a variety of fitness equipment that includes at least one of the following for every 40 Units: stationary bicycle, elliptical trainer, treadmill, rowing machine, universal gym, multi-functional weight bench, stair-climber, or other similar equipment. Equipment shall be commercial use grade or quality. Fitness center must be located indoors or be a designated room with climate control. (2 points);
- (x) Equipped business/computer center. Must be equipped with 1 computer for every 40 Units (maximum of 5 computers needed) loaded with basic applications/programs to enable email/internet access, word processing, Excel, etc., 1 laser printer per computer lab and at least one scanner which may be integrated with printer (2 points);
- (xi) Furnished Community room (2 points);
- (xii) Library with an accessible sitting area (separate from the community room) (1 point);

- (xiii) Enclosed community sun porch or covered community porch/patio (1 point);
- (xiv) Service provider office in addition to leasing offices (1 point);
- (xv) Regularly staffed service provider office in addition to leasing offices (3 points);
- (xvi) Activity Room stocked with supplies (Arts and Crafts, board games, etc.) (2 points);
- (xvii) Secured Entry (applicable only if all Unit entries are within the building's interior) (1 point);
- (xviii) Horseshoe pit; putting green; shuffleboard court; pool table; or video game console(s) with a variety of games and a dedicated location accessible to all tenants to play such games (1 point);
- (xix) Community Dining Room with full or warming kitchen furnished with adequate tables and seating (3 points);
- (xx) One Children's Playscape Equipped for 5 to 12 year olds, or one Tot Lot (2 points). Must be covered with a shade canopy or awning, intended to keep equipment cool, provide shade and ultraviolet protection. Can only select this item if clause (xxi) of this subparagraph is not selected; or
- (xxi) Two Children's Playscapes Equipped for 5 to 12 year olds, two Tot Lots, or one of each (4 points). Must be covered with a shade canopy or awning, intended to keep equipment cool, provide shade and ultraviolet protection. Can only select this item if clause (xx) of this subparagraph is not selected;
- (xxii) Sport Court (Tennis, Basketball or Volleyball) (2 points);
- (xxiii) Furnished and staffed Children's Activity Center that must have age appropriate furnishings and equipment. Appropriate levels of staffing must be provided during after-school hours and during school vacations (3 points);
- (xxiv) Community Theater Room equipped with a 52 inch or larger screen or projection with surround sound equipment; DVD player or a streaming service at no cost to tenants; and theater seating (3 points);
- (xxv) Dog Park area that is fully enclosed (the perimeter fencing may be used for part of the enclosure) and intended for tenant owned dogs to run off leash (requires that the Development allow dogs) (1 point);
- (xxvi) Wi-Fi (with coverage throughout the clubhouse and/or community building) (1 point);
- (xxvii) Twenty-four hour, seven days a week monitored camera/security system in each building. Monitoring may be on-site or off-site. (3 points);
- (xxiii) Bicycle parking that allows for, at a minimum, 1 bicycle for every 5 Units, within reasonable proximity to each residential building that allows for bicycles to be secured with lock (lock not required to be provided to tenant) (1 point);

(xxix) Shaded rooftop or structural viewing deck of at least 500 square feet (2 points);

(xxx) Porte-cochere (1 point); or

(xxxi) Green Building Features. Points under this item are intended to promote energy and water conservation, operational savings and sustainable building practices. Points may be selected from only one of three categories: Enterprise Green Communities, Leadership in Energy and Environmental Design (LEED), and ICC 700 National Green Building Standard. A Development may qualify for no more than two (2) points total under this clause.

(I) Enterprise Green Communities. The Development must incorporate all mandatory and optional items applicable to the construction type (i.e. New Construction, Rehabilitation, etc.) as provided in the most recent version of the Enterprise Green Communities Criteria found at <http://www.greencommunitiesonline.org>.

(II) LEED. The Development must incorporate, at a minimum, all of the applicable criteria necessary to obtain a LEED Certification, regardless of the rating level achieved (i.e., Certified, Silver, Gold or Platinum).

(III) ICC 700 National Green Building Standard. The Development must incorporate, at a minimum, all of the applicable criteria necessary to obtain a NAHB Green Certification, regardless of the rating level achieved (i.e. Bronze, Silver, Gold, or Emerald).

Development Unit Amenities must include at least seven (7) points selected from the following list. Rehabilitation Developments will start with a base score of three (3) points. Borrower may change, from time to time, the amenities offered; however, the overall points must remain the same.

(i) Covered entries (0.5 point);

(ii) Nine foot ceilings in living room and all bedrooms (at minimum) (0.5 point);

(iii) Microwave ovens (0.5 point);

(iv) Self-cleaning or continuous cleaning ovens (0.5 point);

(v) Refrigerator with icemaker (0.5 point);

(vi) Storage room or closet, of approximately 9 square feet or greater, separate from and in addition to bedroom, entryway or linen closets and which does not need to be in the Unit but must be on the property site (0.5 point);

(vii) Energy-Star qualified laundry equipment (washers and dryers) for each individual Unit; must be front loading washer and dryer in required accessible Units (2 points);

(viii) Covered patios or covered balconies (0.5 point);

(ix) Covered parking (may be garages or carports, attached or freestanding) and include at least one covered space per Unit (1.5 points);

- (x) 14 SEER HVAC (or greater) or for Rehabilitation (excluding Reconstruction) where such systems are not being replaced as part of the scope of work, a radiant barrier in the attic is provided (1.5 points);
- (xi) High Speed Internet service to all Units (can be wired or wireless; required equipment for either must be provided) (1 point);
- (xii) Built-in (recessed into the wall) shelving unit (0.5 point);
- (xiii) Recessed or track LED lighting in kitchen and living areas (1 point);
- (xiv) Thirty (30) year roof (0.5 point);
- (xv) Greater than 30 percent stucco or masonry (includes stone, cultured stone, and brick but excludes cementitious and metal siding) on all building exteriors; the percentage calculation may exclude exterior glass entirely (2 points);
- (xvi) Breakfast Bar (a space, generally between the kitchen and dining area, that includes an area for seating although actual seating such as bar stools does not have to be provided) (0.5 points);
- (xvii) Walk-in closet in master bedroom (0.5 points);
- (xviii) Electric Vehicle Charging Station (0.5 points); and
- (xix) Ceiling fans in all bedrooms (0.5 points).

EXHIBIT C

TENANT SUPPORTIVE SERVICES

The tenant supportive services to be provided must include at least eight (8) points selected from the following list. The Borrower may change, from time to time, the services offered; however, the overall points as selected at Application must remain the same. The services provided should be those that will directly benefit the Target Population of the Development. Tenants must be provided written notice of the elections made by the Borrower.

(A) partnership with local law enforcement to provide quarterly on-site social and interactive activities intended to foster relationships with residents (such activities could include playing sports, having a cook-out, swimming, card games, etc.) (3 points);

(B) weekday character building program (shall include at least on a monthly basis a curriculum based character building presentation on relevant topics, for example teen dating violence, drug prevention, bullying, teambuilding, internet/social media dangers, stranger danger, etc.) (2 points);

(C) daily transportation such as bus passes, cab vouchers, specialized van on-site (4 points);

(D) Food pantry consisting of an assortment of non-perishable food items and common household items (i.e. laundry detergent, toiletries, etc.) accessible to residents at least on a monthly basis or upon request by a tenant. While it is possible that transportation may be provided to a local food bank to meet the requirement of this tenant service, the tenant must not be required to pay for the items they receive at the food bank (1 point);

(E) GED preparation classes (shall include an instructor providing on-site coursework and exam) (2 points);

(F) English as a second language classes (shall include an instructor providing on-site coursework and exam) (1 point);

(G) quarterly financial planning courses (i.e. homebuyer education, credit counseling, investing advice, retirement plans, etc.). Courses must be offered through an on-site instructor; a CD or online course is not acceptable (1 point);

(H) annual health fair provided by a health care professional(1 point);

(I) quarterly health and nutritional courses (1 point);

(J) organized youth programs or other recreational activities such as games, movies or crafts offered by the Development (1 point);

(K) scholastic tutoring (shall include daily (Monday – Thursday) homework help or other focus on academics) (3 points);

(L) Notary Services during regular business hours (§2306.6710(b)(3)) (1 point);

- (M) weekly exercise classes (offered at times when most residents would be likely to attend) (2 points);
- (N) twice monthly arts, crafts, and other recreational activities (e.g. Book Clubs and creative writing classes) (2 points);
- (O) annual income tax preparation (offered by an income tax prep service) or IRS-certified VITA (Volunteer Income Tax Assistance) program (offered by a qualified individual) (1 point);
- (P) monthly transportation to community/social events such as mall trips, community theatre, bowling, organized tours, etc. (1 point);
- (Q) twice monthly on-site social events (i.e. potluck dinners, game night, sing-a-longs, movie nights, birthday parties, etc.) (1 point);
- (R) specific case management services offered by a qualified owner or developer, qualified provider or through external, contracted parties for seniors, Persons with Disabilities or Supportive Housing (2 points);
- (S) weekly home chore services (such as valet trash removal, assistance with recycling, furniture movement, etc., and quarterly preventative maintenance including light bulb replacement) for Elderly Developments or Developments where the service is provided for Persons with Disabilities and documentation to that effect can be provided for monitoring purposes (2 points);
- (T) any of the programs described under Title IV-A of the Social Security Act (42 U.S.C. §§601, et seq.) which enables children to be cared for in their homes or the homes of relatives; ends the dependence of needy families on government benefits by promoting job preparation, work and marriage; prevents and reduces the incidence of unplanned pregnancies; and encourages the formation and maintenance of two-parent families (1 point);
- (U) contracted career training and placement partnerships with local worksorce offices, culinary programs, or vocational counseling services; also resident training programs that train and hire residents for job opportunities inside the development in areas like leasing, tenant services, maintenance, landscaping, or food and beverage operation (2 points);
- (V) external partnerships for provision of weekly substance abuse meetings at the Development Site (2 points);
- (W) contracted onsite occupational or physical therapy services for Elderly Developments or Developments where the service is provided for Persons with Disabilities and documentation to that effect can be provided for monitoring purposes (2 points);
- (X) a full-time resident services coordinator with a dedicated office space at the Development (2 points);
- (Y) a resident-run community garden with annual soil preparation and mulch provided by the Borrower and access to water (1 point); and

(Z) Development Sites located within a one mile radius of one of the following can also qualify for one (1) point provided they also have a referral process in place and provide transportation to and from the facility:

(i) Facility for treatment of alcohol and/or drug dependency;

(ii) Facility for treatment of PTSD and other significant psychiatric or psychological conditions;

(iii) Facility providing therapeutic and/or rehabilitative services relating to mobility, sight, speech, cognitive, or hearing impairments; or

(iv) Facility providing medical and/or psychological and/or psychiatric assistance for persons of limited financial means.

EXHIBIT D

FANNIE MAE RIDER TO RESTRICTIVE COVENANTS

THIS FANNIE MAE RIDER TO REGULATORY AGREEMENT (“Rider”) is attached to and forms a part of the Regulatory and Land Use Restriction Agreement (“Regulatory Agreement”), dated as of January 1, 2019, by and among Yellowstone Boulevard LLC (“Borrower”), its permitted successors and assigns, the Texas Department of Housing and Community Affairs (“Issuer”) and U.S. Bank National Association (“Trustee”), as Trustee.

1. Definitions. All capitalized terms used in this Rider have the meanings given to those terms in the Regulatory Agreement, the Financing Agreement or the Long Term Indenture, as applicable.

2. Applicability. This Rider shall amend and supplement the Regulatory Agreement. In the event any provision of this Rider conflicts with the Regulatory Agreement, this Rider shall supersede the conflicting provision of the Regulatory Agreement. This Rider shall apply in spite of the fact that the covenants, reservations and restrictions of the Regulatory Agreement run with the land and may be deemed applicable to any successor in interest to the Borrower.

3. Obligations not Secured by the Mortgaged Property. The Regulatory Agreement shall not constitute a mortgage, equitable mortgage, deed of trust, deed to secure debt or other lien or security interest in the Mortgaged Property. None of the obligations of the Borrower or any subsequent owner of the Mortgaged Property under the Regulatory Agreement shall be secured by a lien on, or security interest in, the Mortgaged Property. All such obligations are expressly intended to be and shall remain unsecured obligations. The occurrence of an event of default under the Regulatory Agreement shall not impair, defeat or render invalid the lien of the Security Instrument.

4. Subordination. The terms, covenants and restrictions of the Regulatory Agreement, other than those set forth in Sections 1A, 2, 3, 4, 10, 11 and 12, are and shall at all times remain subject and subordinate, in all respects, to the liens, rights and interests created under the Loan Documents. Upon a conveyance or other transfer of title to the Mortgaged Property by foreclosure, deed in lieu of foreclosure or comparable conversion of the Loan, the Person who acquires title to the Mortgaged Property pursuant to such foreclosure, deed in lieu of foreclosure or comparable conversion of the Loan (unless such Person is the Borrower or a Person related to the Borrower within the meaning of Section 144(a)(3) of the Code, in which event the Regulatory Agreement shall remain in full force and effect in its entirety) shall acquire such title free and clear of the terms, covenants and restrictions of the Regulatory Agreement, other than those set forth in Sections 1A, 2, 3, 4, 10, 11 and 12 and, from and after the date on which such Person acquires title to the Mortgaged Property, the terms, covenants and restrictions of the Regulatory Agreement, other than those set forth in Sections 1A, 2, 3, 4, 10, 11 and 12, shall terminate and be of no force and effect; provided that Sections 1A, 2, 3, 4, 10, 11 and 12 shall also terminate and be of no force or effect under the circumstances set forth in Section 11 of the Regulatory Agreement.

5. Obligations Personal. The Issuer agrees that no owner of the Mortgaged Property (including Fannie Mae) subsequent to the Borrower will be liable for, assume or take title to the Mortgaged Property subject to:

(a) any failure of any prior owner of the Mortgaged Property to perform or observe any representation or warranty, affirmative or negative covenant or other agreement or undertaking under the Regulatory Agreement; and

(b) the payment of any compensation or any accrued unpaid fees, costs, expenses or penalties otherwise owed by any prior owner of the Mortgaged Property under the Regulatory Agreement.

The Borrower and each subsequent owner of the Mortgaged Property shall be responsible under the Regulatory Agreement for its own acts and omissions occurring during the period of its ownership of the Mortgaged Property. All such liability and obligations shall be and remain personal to such person even after such person ceases to be the owner of the Mortgaged Property.

6. Sale or Transfer.

(a) Restrictions Not Applicable to Certain Transfers. Subject to Section 4 of this Rider, all provisions of the Regulatory Agreement regarding the sale or transfer of the Development or of any interest in the Borrower, including any requirement, limitation or condition precedent for any of (i) the consent of the Issuer or the Trustee to such transfer, (ii) an agreement by any transferee to abide by the requirements and restrictions of the Regulatory Agreement, (iii) transferee criteria or other similar requirements, (iv) an opinion of legal counsel and (v) the payment of any assumption fee, transfer fee, penalty or other charges, shall not apply to any of the following:

(1) any transfer of title to the Development to Fannie Mae or to a third party by foreclosure, deed in lieu of foreclosure or comparable conversion of any lien on the Development. No transfer of the Development shall operate to release the Borrower from its obligations under the Regulatory Agreement. Fannie Mae shall have the right to sell the Development to a purchaser ("Proposed Purchaser"), upon delivery to the Issuer of items (A), (B) and (D) as set forth in Section 10(a) of the Regulatory Agreement, with the prior written consent of the Issuer.

Provided the Issuer has received such items, the Issuer's prior written consent shall be given unless the Issuer determines that the Proposed Purchaser has events of noncompliance uncorrected during the corrective action period in accordance with Title 10, Part 1, Chapter 1, Subchapter C, Section 1.301 of the Texas Administrative Code and therefore considered an "Unacceptable Purchaser." The Issuer agrees that on or prior to the 10th day following receipt of the items described above, the Issuer shall provide Fannie Mae written notice confirming whether the Proposed Purchaser is, or is not, in compliance with the Issuer's tax exempt bond or low income housing tax credit program. The Issuer agrees to use its best efforts to respond to Fannie Mae as soon as possible following receipt of the required information. On or prior to the forty-fifth (45th) day following the receipt by the Issuer of such items described above, the Issuer shall provide to Fannie Mae either (i) written notice that the Proposed Purchaser is an Unacceptable Purchaser or (ii) the Issuer's written consent to the Proposed Purchaser. The Issuer hereby agrees that in the event Fannie Mae does not receive the Issuer's notice with respect to the Proposed Purchaser within the above 45-day period, the Issuer shall conclusively be deemed to have consented to a sale or transfer of the Development to the Proposed Purchaser under the Regulatory Agreement and the Financing Agreement, in which event Fannie Mae may sell or transfer the Development to the Proposed Purchaser solely upon delivery to the Issuer of the items described above. In the event the Issuer does not deliver to Fannie Mae on or prior to the end of the 45-day period described above its written notice that the Proposed Purchaser is an Unacceptable Purchaser, any and all title insurance companies requested to insure the transfer of title to the Development to the Proposed Purchaser shall be entitled to rely on an affidavit from Fannie Mae that no such notice was received prior to expiration of the 45-day period. If Fannie Mae does receive the Issuer's consent to the transfer, all title insurance companies shall be entitled to rely on a copy of such written notice;

(2) any execution and delivery of a mortgage, deed of trust, deed to secure debt or other lien by the Borrower to secure any additional indebtedness of the Borrower which is

originated by a lender for sale to Fannie Mae or guaranteed or otherwise credit enhanced by Fannie Mae; and

(3) provided that no Bonds are then Outstanding or all Bonds are to be simultaneously fully paid, redeemed or defeased, any execution and delivery of a mortgage, deed of trust, deed to secure debt or other lien by the Borrower to secure any indebtedness incurred by the Borrower which effectively refinances the Loan.

(b) Fannie Mae Rights to Consent Not Impaired. Nothing contained in the Regulatory Agreement shall affect any provision of the Security Instrument or any of the other Credit Enhancement Documents or Loan Documents which requires the Borrower to obtain the consent of Fannie Mae as a precondition to sale, transfer or other disposition of, or any direct or indirect interest in, the Development or of any direct or indirect interest in the Borrower, excluding transfers permitted by the Security Instrument.

(c) Conclusive Evidence. Any written consent to a sale or transfer obtained from the Issuer shall constitute conclusive evidence that the sale or transfer is not a violation of the transfer provisions of the Regulatory Agreement.

7. Damage, Destruction or Condemnation of the Mortgaged Property. In the event that the Mortgaged Property is damaged or destroyed or title to the Mortgaged Property, or any part thereof, is taken through the exercise or the threat of the exercise of the power of eminent domain, the Borrower shall comply with all applicable requirements of the Security Instrument and the other Loan Documents.

8. Regulatory Agreement Default. Notwithstanding anything contained in the Regulatory Agreement to the contrary:

(a) The occurrence of an event of default under the Regulatory Agreement shall not impair, defeat or render invalid the lien of the Security Instrument.

(b) The occurrence of an event of default under the Regulatory Agreement shall not be or be deemed to be a default under the Loan Documents, except as may be otherwise specified in the Loan Documents.

9. Amendments. Except as otherwise provided in Section 3 of the Regulatory Agreement, the Issuer shall not consent to any amendment, supplement to, or restatement of the Regulatory Agreement without the prior written consent of Fannie Mae. The Trustee shall send to Fannie Mae prior notice of any amendment made pursuant to Section 3 of the Regulatory Agreement where possible but in any event immediately following the execution of any such amendment.

10. Termination. The Regulatory Agreement may be terminated upon agreement by the Issuer, the Trustee, Fannie Mae and the Borrower upon receipt of a Favorable Opinion of Bond Counsel acceptable to the Issuer and the Trustee. So long as the Bonds have been redeemed or are redeemed within a reasonable period thereafter, the Regulatory Agreement shall terminate and be of no further force or effect from and after the date of any transfer of title to the Mortgaged Property by foreclosure, deed in lieu of foreclosure or comparable conversion of any lien on the Mortgaged Property; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained in the Regulatory Agreement shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure or the delivery of a deed in lieu of foreclosure or a similar event, the Borrower or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Mortgaged Property for federal income tax purposes.

11. Third-Party Beneficiary. The parties to the Regulatory Agreement recognize and agree that the terms of the Regulatory Agreement and the enforcement of those terms are essential to the security of Fannie Mae and are entered into for the benefit of various parties, including Fannie Mae. Fannie Mae shall accordingly have contractual rights in the Regulatory Agreement and shall be entitled (but not obligated) to enforce, separately or jointly with the Issuer and/or the Trustee, or to cause the Issuer or the Trustee to enforce, the terms of the Regulatory Agreement. In addition, the Borrower and the Issuer intend that Fannie Mae be a third-party beneficiary of the Regulatory Agreement.

12. Copies of Notices under the Regulatory Agreement. Copies of all notices under the Regulatory Agreement shall be sent to the Loan Servicer at the address set forth below or to such other address as the Loan Servicer may from time to time designate:

KeyBank Real Estate Capital
8115 Preston Road, Suite 500
Dallas, TX 75225

RE: \$[12,500,000] Texas Department of Housing and Community Affairs Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN)

13. Notices. Any notice to be given to Fannie Mae shall be sent to Fannie Mae at the address set forth below or to such other address as Fannie Mae may from time to time designate:

Fannie Mae
1100 15th Street, N.W
Drawer AM
Washington, DC 20016-2899
Attention: Director, Multifamily Asset Management
Telephone: (301) 204-8008
Telecopy: (301) 280-2065

RE: TDHCA Multifamily Tax-Exempt Bonds; Park Yellowstone; KeyBank Real Estate Capital

with a copy to:

Fannie Mae
1100 15th Street, N.W
Drawer AM
Washington, DC 20016-2899
Attention: Vice President, Multifamily Operations
Telephone: (301) 204-8422
Telecopy: (202) 752-8369

RE: TDHCA Multifamily Tax-Exempt Bonds; Park Yellowstone; KeyBank Real Estate Capital

TAX EXEMPTION CERTIFICATE AND AGREEMENT

Dated as of

January 1, 2019

among

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,
as Issuer

and

U.S. BANK, NATIONAL ASSOCIATION,
as Trustee

and

YELLOWSTONE BOULEVARD, LLC,
as Borrower

regarding

[\$12,500,000]

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MULTIFAMILY TAX-EXEMPT BONDS
(M-TEMS) (PARK YELLOWSTONE) SERIES 2019 (FN)**

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TAX EXEMPTION CERTIFICATE AND AGREEMENT

THIS TAX EXEMPTION CERTIFICATE AND AGREEMENT (this “Agreement”) dated as of January 1, 2019, but effective as of the Closing Date (as defined in the Indenture described below) is among the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS** (together with its successors and assigns, the “Issuer”), a public and official agency of the State (as defined herein), **U.S. BANK, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as Trustee under the hereinafter defined Indenture (together with any successor Trustee under the Indenture described below and their respective successors and assigns, the “Trustee”), and **YELLOWSTONE BOULEVARD, LLC**, a Texas limited liability company (together with its permitted successors and assigns, the “Borrower”) and is entered into in connection with the issuance of the Texas Department of Housing and Community Affairs Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN) and (the “Bonds”) being issued in the original principal amount of \$[12,500,000]. The representations of facts and circumstances and the covenants of the Issuer made herein are made in part for purposes of fulfilling the requirements set forth in section 1.148-2(b)(2) of the Regulations (as defined herein).

RECITALS

WHEREAS, the Governing Board of the Issuer has determined to authorize the issuance of the Bonds pursuant to and in accordance with the terms of an Indenture (as defined herein) by and among the Issuer and the Trustee for the purpose of obtaining funds to finance the Project (as defined herein), all under and in accordance with the Constitution and laws of the State (as defined herein); and

WHEREAS, the Issuer desires to use the Proceeds (as defined herein) of the Bonds to fund a mortgage loan to the Borrower (i.e., the Bond Loan, as defined herein) upon the terms and conditions set forth in the Financing Agreement (as defined herein) in order to finance the cost of acquisition, rehabilitation and equipping of the Project; and

WHEREAS, the Issuer and the Borrower desire that interest on the Bonds be excludable from gross income for federal income tax purposes under the Code (as defined herein); and

WHEREAS, the purpose of executing this Agreement is to set forth various facts, certifications, covenants, representations, and warranties regarding the Bonds and the Project and to establish the expectations of the Issuer, the Borrower, and the Trustee as to future events regarding the Bonds, the Project, and the use and investment of Proceeds of the Bonds.

NOW THEREFORE, in consideration of the premises and the mutual representations, covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned do hereby certify, covenant, represent, and agree on behalf of the Issuer, the Borrower, and the Trustee (but not in their individual capacities), respectively, as follows:

1. Definitions. Each capitalized term used in this Agreement has the meaning ascribed to such term below or has the meaning or is the amount, as the case may be, specified for such term in this Agreement or in Exhibits to this Agreement and for all purposes hereof has the

meaning or is in the amount therein specified. All capitalized terms used but not defined herein, to the extent that such terms are defined in the Indenture, the Financing Agreement, or the Regulatory Agreement for all purposes hereof have the meanings therein specified. All such terms defined in the Code or Regulations that are not defined herein will for all purposes hereof have the same meanings as given to those terms in the Code and Regulations unless the context clearly requires otherwise.

“Bond Counsel” means any counsel nationally recognized as having an expertise in connection with the excludability of interest on obligations of states and local governmental units from gross income for federal income tax purposes, and initially shall mean Bracewell LLP.

“Bond Loan” means the mortgage loan made by the Issuer to the Borrower pursuant to the Financing Agreement in the aggregate principal amount of \$16,000,000 and evidenced by a multifamily note.

“Bond Proceeds Fund” means the “Bond Proceeds Fund” established pursuant to the Indenture.

“Bond Year” means each one-year period that ends on the day selected by the Borrower in a certificate provided to the Issuer and the Trustee. The first and last bond years may be short periods. If no day is selected by the Borrower before the earlier of the final Maturity Date of the Bonds or the date that is five years after the Issue Date of the Bonds, a bond year will end on each anniversary of the Issue Date of the Bonds and on the final Maturity Date of the Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference is deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“Collateral Fund” means the “Collateral Fund” established pursuant to the Indenture.

“Computation Date” means each Installment Computation Date and the Final Computation Date.

“Costs of Issuance” means costs to the extent incurred in connection with, and allocable to, the issuance of an issuance of obligations within the meaning of section 147(g) of the Code. For example, Costs of Issuance include the following costs, but only to the extent incurred in connection with, and allocable to, the borrowing: underwriters’ spread; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; trustee fees; paying agent fees; bond registrar, certification and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than qualified guarantees; and similar costs.

“Costs of Issuance Fund” means the “Costs of Issuance Fund” established pursuant to the Indenture.

“**Fannie Mae**” means Fannie Mae, a corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. § 1716 et. seq., and its successors.

“**Fannie Mae Certificate**” means a guaranteed mortgage pass-through Fannie Mae mortgage backed security issued by Fannie Mae in book-entry form, recorded in the name of the Trustee or its nominee, guaranteed as to timely payment of principal of and interest by Fannie Mae, and backed by the Bond Loan.

“**Fannie Mae Guarantee Fee**” means the enhancement fee paid to Fannie Mae in connection with the Fannie Mae Certificate backed by the Bond Loan in the amount of [_____] percent of outstanding amount of the Fannie Mae Certificate issued in connection with the Bond Loan.

“**Favorable Opinion of Bond Counsel**” means, with respect to any action, or omission of an action, the taking or omission of which requires such an opinion, an unqualified written opinion of Bond Counsel to the effect that such action or omission does not adversely affect the excludability from gross income for federal income tax purposes of interest payable on the Bonds under existing law (subject to the inclusion of any exceptions contained in the opinion of Bond Counsel delivered upon the original issuance of the Bonds or other customary exceptions acceptable to the recipient thereof).

“**Final Computation Date**” means the date on which the final payment in full of the Bonds is made.

“**Financial Advisor**” means George K. Baum & Company.

“**Financing Agreement**” means the Financing Agreement among the Issuer, the Trustee, and the Borrower, dated as of January 1, 2019.

“**Form 8038**” means IRS Form 8038, Information Return for Tax-Exempt Private Activity Bond Issues.

“**Gross Proceeds**” means any Proceeds and any Replacement Proceeds.

“**Indenture**” means the Indenture by and between the Issuer and the Trustee, dated as of January 1, 2019.

“**Inducement Date**” means June 28, 2018.

“**Installment Computation Date**” means the last day of the fifth Bond Year and each succeeding fifth Bond Year.

“**Investment Proceeds**” has the meaning set forth in section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from investing Proceeds.

“**IRS**” means the Internal Revenue Service.

“**Issue Date**” means, with respect to an issue of obligations, the first date on which an issuer receives the purchase price in exchange for delivery of the evidence of indebtedness representing any obligation.

“**Issue Price**” has the meaning ascribed to it in section 1.148-1(f) of the Regulations.

“**Maturity Date**” means [_____].

“**Median Gross Income for the Area**” means, with respect to the Project, the median income for the households in the area which includes the standard metropolitan statistical area in which the Project is located, as determined from time to time by the Secretary of HUD, under Section 8 of the Housing Act (or if such program is terminated, median income determined under the program in effect immediately before such termination), in each case as adjusted for family size.

“**Minor Portion**” means that portion of the Gross Proceeds of the Bonds that does not exceed in the aggregate \$100,000.

“**Net Proceeds**” means Sale Proceeds, less the portion of any Sale Proceeds invested in a reasonably required reserve or replacement fund.

“**Nonpurpose Investment**” means any “investment property,” within the meaning of section 148(b) of the Code, that is not a purpose investment acquired to carry out the governmental purpose of the Bonds.

“**Original Issue Discount**” means the excess of the Stated Redemption Price at Maturity over the Issue Price.

“**Original Issue Premium**” means the excess of the Issue Price over the Stated Redemption Price at Maturity.

“**Permitted Investments**” has the meaning set forth in the Indenture.

“**Placed in Service**” has the meaning set forth in section 1.150-2(c) of the Regulations and means the date on which, based on all the facts and circumstances, (a) a facility reaches a degree of completion that will permit its operation at substantially its design level, and (b) a facility is, in fact, in operation at such level.

“**Pre-Issuance Accrued Interest**” has the meaning set forth in section 1.148-1(b) of the Regulations and, generally, means amounts representing interest that accrued on an obligation for a period not greater than one year before its Issue Date but only if those amounts are paid within one year after the Issue Date.

“**Preliminary Expenditures**” are described in section 1.150-2(f)(2) of the Regulations and include architectural, engineering, surveying, soil testing, reimbursement bond issuance and similar costs that are incurred prior to commencement of acquisition, construction or rehabilitation of a project, but do not include land acquisition, site preparation and similar costs incident to the commencement of construction.

“*Proceeds*” has the meaning set forth in section 1.148-1(b) of the Regulations and, generally, means any Sale Proceeds and Investment Proceeds.

“*Project*” means an approximately 210-unit multifamily housing development located at 3322 Yellowstone Boulevard, Houston, Texas 77021.

“*Project Costs*” means, to the extent authorized by the Act and the Code, any and all costs incurred by the Borrower with respect to the acquisition, rehabilitation, and equipping, as the case may be, of the Project, whether paid or incurred prior to or after the Issue Date of the Bonds, including, without limitation, costs for site preparation, the planning of housing and improvements, the removal or demolition of existing structures, and all other work in connection therewith, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractors’ and Borrower’s overhead and supervisor’s fees and costs directly allocable to the Project, and administrative and other expenses necessary or incident to the Project and the financing thereof.

“*Qualified Administrative Costs*” are those costs of issuing, carrying or repaying the Bonds, and any underwriter’s discount. Qualified Administrative Costs do not include the costs of issuing, carrying or repaying the Bond Loan.

“*Permitted Investments*” has the meaning set forth in the Indenture.

“*Qualified Project Costs*” means Project Costs that meet the following requirements:

(a) The costs are chargeable to a capital account with respect to the Project for federal income tax purposes, or would be so chargeable either with a proper election by the Borrower or but for the proper election by the Borrower to deduct those amounts; provided, however, that only such portion of the interest accrued on the Bonds during, and fees for a “qualified guarantee” (within the meaning of section 1.148-4 of the Regulations) attributable to the period of, the rehabilitation of the Project will constitute Qualified Project Costs as bear the same ratio to all such interest or fees, as applicable, as the Qualified Project Costs bear to all Project Costs.

(b) If any portion of the Project is being constructed by the Borrower or a Related Person (whether as a general contractor or a subcontractor), such costs include only (i) the actual out-of-pocket costs incurred by the Borrower or such Related Person in constructing the Project (or any portion thereof), (ii) any reasonable fees for supervisory services actually rendered by the Borrower or such Related Person (but excluding any profit component) and (iii) any overhead expenses incurred by the Borrower or such Related Person that are directly attributable to the work performed on the Project and do not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of section 1504 of the Code) participating in the rehabilitation of the Project or payments received by such Related Person due to early completion of the Project (or any portion thereof).

(c) The costs are not Costs of Issuance.

(d) (i) The costs were paid no earlier than 60 days prior to the Inducement Date and (ii) the reimbursement allocation is made no later than 18 months after the later of (A) the date the expenditure was paid and (B) the date the Project is Placed in Service or abandoned, but in no event more than three years after the original expenditure is paid; provided that such limitations do not apply to any amount not in excess of \$100,000 or to Preliminary Expenditures that do not exceed 20 percent of the Sale Proceeds of the Bonds.

“Qualified Project Period” means, with respect to the Project, the period beginning on the first day on which 10 percent of the Units are occupied (which date may be the Closing Date) and ending on the latest of (a) the date that is 15 years after the date on which 50 percent of the Units are occupied (which date may be the Closing Date), (b) the first day on which no tax-exempt private activity bond (as that phrase is used in section 142(d)(2) of the Code) issued with respect to the Project is outstanding for federal income tax purposes or, (c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates.

“Qualifying Tenant” means a tenant whose Annual Income as defined in the Regulatory Agreement) is 60 percent or less of Median Gross Income for the Area, as determined under sections 142(d)(2)(B) and (E) of the Code. If all the occupants of a Unit are students (as defined under section 152(f)(2) of the Code), no one of whom is entitled to file a joint return under section 6013 of the Code, such occupants are not Qualifying Tenants, unless such students meet the qualifications under section 42(i)(3)(D) of the Code.

“Rebate Amount” has the meaning set forth in section 1.148-3(b) of the Regulations and, generally, means the excess, as of any date, of the future value of all receipts on Nonpurpose Investments over the future value of all payments on Nonpurpose Investments all as determined in accordance with section 1.148-3 of the Regulations.

“Rebate Analyst” means a Person that is (a) qualified and experienced in the calculation of rebate payments under section 148 of the Code, (b) chosen by the Borrower, and (c) engaged for the purpose of determining the amount of required deposits, if any, to the Rebate Fund.

“Rebate Fund” means the “Rebate Fund” established pursuant to the Indenture.

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Regulatory Agreement” means the Regulatory and Land Use Restriction Agreement, among the Issuer, the Trustee, and the Borrower, dated as of January 1, 2019.

“Related Party” means, in reference to a governmental unit or a 501(c)(3) organization, any member of the same controlled group, and, in reference to a person that is not a governmental unit or a 501(c)(3) organization, a Related Person.

“Related Person” has the meaning set forth in section 144(a)(3) of the Code. A person is a “Related Person” to another person if the relationship between such persons would result in a disallowance of losses under sections 267 or 707(b) of the Code or such persons are members of

the same controlled group of corporations (as defined in section 1563(a) of the Code, except that “more than 50 percent” is substituted for “at least 80 percent” each place it appears therein).

“**Replacement Proceeds**” has the meaning set forth in section 1.148-1(c) of the Regulations and, generally, consist of amounts that have a sufficiently direct nexus to an issue of obligations or the governmental purpose of an issue of obligations to conclude that the amounts would have been used for that governmental purpose if the Proceeds were not used or to be used for that governmental purpose.

“**Revenue Fund**” means the “Revenue Fund” established pursuant to the Indenture, including the Negative Arbitrage Account therein.

“**Sale Proceeds**” has the meaning set forth in section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from the sale (or other disposition) of any obligation, including amounts used to pay underwriters’ discount or compensation and accrued interest other than Pre-Issuance Accrued Interest. Sale Proceeds also include amounts derived from the sale of a right that is associated with any obligation and that is described in section 1.148-4(b)(4) of the Regulations.

“**Short Term Bonds**” means the \$[2,880,000] Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Park Yellowstone), Series 2019.

“**State**” means the State of Texas.

“**Stated Redemption Price at Maturity**” means the amount fixed by the last modification of the purchase agreement and includes interest and other amounts payable at that time (other than any interest based on a fixed rate and payable unconditionally at fixed periodic intervals of one year or less during the entire term of the debt instrument).

“**Underwriter**” means Stifel, Nicolaus & Company, Incorporated.

“**Unit**” means a residential accommodation containing separate and complete facilities for living, sleeping, eating, cooking and sanitation; provided that, a residential accommodation will not fail to be treated as a “Unit” merely because it is a single-room occupancy unit (within the meaning of section 42 of the Code).

“**Weighted Average Maturity**” means the sum of the products of the Issue Price and the number of years to maturity (taking into account mandatory redemptions) of an obligation, divided by the aggregate Sale Proceeds of such obligation.

“**Yield**” on (a) an issue of obligations has the meaning set forth in section 1.148-4 of the Regulations and, generally, is the discount rate that when used in computing the present value of all payments of principal, interest and fees for qualified guarantees to be paid on the obligation produces an amount equal to the Issue Price of such issue and (b) any investment has the meaning set forth in section 1.148-5 of the Regulations and, generally, is the discount rate that when used in computing the present value of all payments to be received on the investment produces an amount equal to all payments for the investment.

“Yield Reduction Payments” means amounts paid in accordance with section 1.148-5(c) of the Regulations that are treated as payments that reduce the Yield on an investment.

40-60 Test” means the requirement set forth in section 142(d)(1)(B) of the Code providing that 40 percent or more of Units in the Project be occupied by individuals whose income is 60 percent or less of the Median Gross Income for the Area.

2. Authorized Representatives.

(a) Issuer. The undersigned representative of the Issuer represents that such representative (i) is charged, along with others, with the responsibility for the Bonds and, as such, the undersigned is familiar with the facts herein certified and is authorized on behalf of the Issuer to execute and deliver this Agreement and (ii) is aware of the provisions of sections 103 and 142 through 150, inclusive, of the Code. To the extent that the representations, expectations, certifications, covenants and warranties set forth herein are based on information and data accumulated and analyzed by Issuer personnel and consultants to the Issuer, the undersigned representative of the Issuer has reviewed such representations, expectations, certifications, covenants and warranties with such personnel and consultants to confirm their completeness and accuracy.

(b) Borrower. The undersigned representative of the Borrower represents that such representative (i) is a duly chosen, qualified and acting officer or other representative of the Borrower, which will be the owner of the Project and, as such, the undersigned is familiar with the facts herein certified and is authorized on behalf of the Borrower to execute and deliver this Agreement and (ii) is aware of the provisions of sections 103 and 142 through 150, inclusive, of the Code. To the extent that the representations, expectations, certifications, covenants and warranties set forth herein are based on information and data accumulated and analyzed by Borrower personnel and consultants to the Borrower, the undersigned representative of the Borrower has reviewed such representations, expectations, certifications, covenants and warranties with such personnel and consultants to confirm their completeness and accuracy.

(c) Trustee. The undersigned representative of the Trustee represents that such representative is a duly chosen, qualified and acting officer or other representative of the Trustee and is authorized on behalf of the Trustee to execute and deliver this Agreement.

3. Reasonable Expectations. The Issuer and the Borrower hereby affirm that the facts and estimates that are set forth in this Agreement are accurate and the expectations that are set forth in this Agreement are reasonable in light of such facts and estimates. There are no other facts or estimates that would materially change such expectations. The Issuer has also relied, to the extent appropriate, on the (a) Issue Price Certificate attached hereto as Exhibit A, (b) the Certificate of Underwriter attached hereto as Exhibit B and (c) the Certificate of Financial Advisor attached hereto as Exhibit C. The undersigned representatives of the Issuer and the Borrower are aware of no fact, estimate or circumstance that would create any doubt regarding the accuracy or reasonableness of all or any portion of the representations set forth in such certificates.

4. Reliance on Borrower's Representations and Covenants. Except as otherwise indicated in this Agreement, the representations, expectations, certifications, covenants and warranties of the Issuer concerning the use and investment of the Proceeds of the Bonds and certain other matters described in this Agreement are based solely upon representations, expectations, certifications, covenants and warranties of the Borrower, as set forth in this Agreement or in the Exhibits attached hereto. In relying upon such representations, expectations, certifications, covenants and warranties of the Borrower, the Issuer has not made any independent investigations of the matters pertaining thereto. The Issuer is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation, expectations, certifications, covenants and warranties of the Borrower made in this Agreement or in the Exhibits attached hereto.

5. Completeness of Borrower Information. The Borrower has supplied or caused to be supplied to Bond Counsel all documents, instruments and written information requested by Bond Counsel, and all such documents, instruments and written information supplied by or on behalf of the Borrower at the request of Bond Counsel, which have been reasonably relied upon by Bond Counsel in rendering its opinion with respect to the excludability from gross income for federal income tax purposes of the interest on the Bonds, are true and correct in all material respects, do not contain any untrue statement of a material fact and do not omit to state any material fact necessary to be stated therein to make the information provided therein, in light of the circumstances under which such information was provided, not misleading, and the Borrower is not aware of any other pertinent information for which Bond Counsel has not asked. After due investigation, there is no information not obtained, or any investigation or inspection not heretofore pursued, that would be relevant or material to the certifications set forth below.

6. General Requirements Relating to Issuance of the Bonds. The Issuer and the Borrower hereby represent, covenant and agree as follows:

(a) Governmental Purpose. The Borrower has applied to the Issuer and been approved for the Bond Loan to be made from the Proceeds of the Bonds. The proceeds of the Bond Loan (and, thus, the Proceeds of the Bonds) will be used to finance a portion of the Project Costs.

(b) Public Hearing and Approval. A public hearing with respect to the Bonds was conducted by the Issuer on September 13, 2018, in Houston, Texas, as required under section 147(f) of the Code. Written notice of the applicable date, hour, place and subject of such public hearing was published no less than 14 days before the date such public hearing was held, in the newspaper of general circulation available to persons residing within such geographic locality. The Attorney General of the State approved the issuance of the Bonds as required under section 147(f) of the Code.

(c) Volume Cap. The Issuer has received from the Texas Bond Review Board a reservation of State private activity bond volume cap in an amount no less than the aggregate principal amount of the Bonds (or if greater, the Issue Price of the Bonds) for the purpose of issuing the Bonds to finance the acquisition, rehabilitation and equipping of the Project.

(d) Issue. There are no other obligations that (i) were sold at substantially the same time as the Bonds (i.e., less than 15 days apart), (ii) were sold pursuant to the same plan of financing with the Bonds, and (iii) will be paid out of substantially the same source of funds as the Bonds. The Short Term Bonds will be paid from cash deposited in a collateral fund and, therefore, will not be paid out of substantially the same source of funds as the Bonds, the principal and interest of which will be paid from revenues of the Project.

(e) Form 8038. The Borrower has examined the completed Form 8038 with respect to the Bonds, including accompanying schedules and statements, and, to the best of the Borrower's knowledge and belief, the information in Parts IV and V, which was furnished by the Borrower, is true, correct, and complete. The Issuer will cause Form 8038 with respect to the Bonds to be filed timely with the IRS.

(f) Substantial User. Neither the Borrower nor any Related Person (within the meaning of section 147(a)(2) of the Code) to the Borrower was a "substantial user" (within the meaning of section 1.103-11 of the Regulations) of the Project at any time during the five year period before the Issue Date of the Bonds.

(g) Program Covenant. Neither the Borrower nor any Related Party of the Borrower is, or will be, a party to any agreement, formal or informal, pursuant to which it will purchase any of the Bonds in an amount related to the amount of the Bond Loan made to the Borrower unless the Borrower or such Related Party provides a Favorable Opinion of Bond Counsel to the Issuer.

(h) No Federal Guarantee. Neither the Issuer nor the Borrower will take any action that would result in all or any portion of the Bonds being treated as federally guaranteed within the meaning of section 149(b)(2) of the Code.

7. Sale Proceeds of the Bonds. The amount of Sale Proceeds received by the Issuer from the sale of the Bonds is \$16,000,000, which represents the Stated Redemption Price at Maturity of the Bonds. The Sale Proceeds of the Bonds will be loaned to the Borrower and deposited as follows in the Bond Proceeds Fund and used to pay Project Costs. The aggregate amount of the Project Costs is anticipated to exceed such amount. Any Project Costs not financed out of Proceeds of the Bonds will be financed out of the Borrower's available funds.

8. Pre-Issuance Accrued Interest. There is no Pre-Issuance Accrued Interest on the Bonds.

9. Use of Proceeds of the Bonds. The Issuer and the Borrower hereby represent, covenant and agree as follows:

(a) Qualified Project Costs. At least 95 percent of the Net Proceeds of the Bonds actually expended will be used to pay or reimburse Qualified Project Costs. Not more than five percent of the Net Proceeds of the Bonds will be expended for or allocated to Project Costs that are not Qualified Project Costs.

For purposes of this subparagraph (a) the Project includes only: (i) those portions of buildings included in the Project that are (A) separate and complete facilities for living,

sleeping, eating, cooking and sanitation that will be used on other than a transient basis by one or more persons and that will be available on a regular basis for use by members of the general public and will be rented, or available for rental, on a continuous basis during the longer of the term of the Bonds or the Qualified Project Period, and (B) facilities in building areas that are functionally related and subordinate thereto, such as centrally located machinery and equipment and common areas in a typical apartment building (but not including any health club facilities, except a facility that will be available only to tenants and their guests with no separate fee to be paid for the use of such facility); and (ii) land and other facilities that are properly allocable to such living facilities, such as parking areas and recreational areas for occupants of the living facilities.

Further, all of the allocable functionally related and subordinate land areas, facilities, and building areas taken into account in determining Qualified Project Costs under this subparagraph (a) are of a character and size commensurate with the number and size of the living facilities and are not functionally related and subordinate to, or properly allocable to, any other facilities.

(b) Additional Limitations.

(i) Costs of Issuance. No Costs of Issuance are expected to be paid out of the Net Proceeds of the Bonds. In no event will Costs of Issuance paid from Proceeds of the Bonds exceed two percent of the Sale Proceeds of the Bonds, and any Costs of Issuance in excess of two percent of Sale Proceeds of the Bonds will be paid by the Borrower from sources other than Net Proceeds of the Bonds.

(ii) Acquisition of Existing Property. No portion of the Net Proceeds of the Bonds will be used to pay or reimburse the cost of acquiring any property or an interest therein unless, (i) the first use of such property is pursuant to such acquisition, except for land, or (ii) the rehabilitation expenditures with respect to any building and the equipment therefor equal or exceed 15 percent of the portion of the cost of acquiring such building and equipment financed with the Net Proceeds of the Bonds (with respect to structures other than buildings, this clause shall be applied by substituting 100 percent for 15 percent). For purposes of the preceding sentence, the term “rehabilitation expenditures” shall have the meaning set forth in section 147(d)(3) of the Code. If the Project has two or more buildings, the provisions regarding rehabilitation expenditures are to be applied on a Project-wide basis.

(iii) Limitation on Land Acquisition. Less than 25 percent of the Net Proceeds of the Bonds will be used (directly or indirectly) to acquire land (or an interest therein) and no portion of the Net Proceeds of the Bonds will be used (directly or indirectly) for farming purposes. For this purpose, an amount is considered used for the acquisition of land (or an interest therein) to the extent of that portion of the acquisition cost of the Project that is properly allocable for all federal income tax purposes to the land component (including interests in land) of the Project.

(iv) Prohibited Facilities. None of the Proceeds of the Bonds will be used to acquire, construct, or equip, and no portion of the Project will be, an airplane, a skybox or any other type of luxury box, a health club facility, a facility primarily used for gambling, or a store the principal business of which is the sale of alcoholic beverages for consumption off premises; provided that, any fitness room functionally related to and subordinate to the Project for use by tenants of the Project or their guest is not considered a health club facility for purposes of this subparagraph.

(v) Payments to Related Persons. Any amount of Proceeds of the Bonds paid to a Related Person to the Borrower or any affiliated person that is not a Related Person to the Borrower will not exceed an arm's-length charge that is the amount that would be charged to a person other than the Borrower. Further, any amount of Proceeds of the Bonds paid to a Related Person to the Borrower or any affiliated person that is not a Related Person to the Borrower would be paid under the same circumstances by a person other than the Borrower to such affiliated person or entity. Notwithstanding the foregoing, in no event will amounts of Proceeds of the Bonds that are paid to a Related Person to the Borrower be treated as spent until such amounts are spent on capital expenditures by such Related Person.

(vi) No Working Capital. Except for an amount that does not exceed five percent of the Sale Proceeds of the Bonds (and that is directly related to the Project), the Proceeds of the Bonds will only be expended for (A) costs that would be chargeable to the capital account of the Project if the Issuer's income were subject to federal income taxation; (B) interest on the Bonds in an amount that does not cause the aggregate amount of interest paid on the Bonds to exceed that amount of interest on the Bonds that is attributable to the period that commences on the Issue Date of the Bonds and ends on the later of (1) the date that is three years from the Issue Date of the Bonds or (2) the date that is one year after the date on which the Project is Placed in Service; and/or (C) fees for a qualified guarantee of the Bonds or payment for a qualified hedge on the Bonds.

(vii) No Pooling. The Issuer will not use the Proceeds of the Bonds directly or indirectly to make or finance loans to two or more ultimate unrelated borrowers.

(viii) Weighted Average Economic Life. The Weighted Average Maturity of the Bonds, as calculated by the Financial Advisor as set forth in Exhibit C hereto, is [WAM] years. The weighted average reasonably expected economic life of the portion of the Project financed with Proceeds of the Bonds is at least [WAM/1.2] years. Thus, the Weighted Average Maturity of the Bonds is not more than 120 percent of the weighted average reasonably expected economic life of the portion of the Project financed with Proceeds of the Bonds. Such weighted average estimated economic life is determined in accordance with the following assumptions: (A) the weighted average is determined by taking into account the respective costs of each asset, excluding land; (B) the reasonably expected

economic life of an asset is determined as of the later of (1) the Issue Date of the Bonds or (2) the date on which such asset is originally Placed in Service (or expected to be Placed in Service); and (C) the economic lives for the itemized assets are the useful lives that would have been used for depreciation purposes under section 167 of the Code prior to the enactment of the ACRS system under section 168 of the Code (i.e., the mid-point lives under the Class Life Asset Depreciation Range System of section 167(m) of the Code where applicable and the guideline lives under Revenue Procedure 62-21, 1962-2 C.B. 418, in the case of structures). The Borrower hereby covenants not make any changes to the Project that would, at the time made, cause the remaining Weighted Average Maturity of the Bonds to be more than 120 percent of the remaining weighted average estimated economic life of the portion of the Project financed with Proceeds of the Bonds.

(c) Reimbursement. Other than (i) the amount of \$100,000 and/or (ii) Preliminary Expenditures up to an amount not in excess of 20 percent of the Issue Price of the Bonds, no portion of the Proceeds of the Bonds will be disbursed to reimburse the Issuer, the Borrower or any Related Person for any expenditures paid or incurred prior to the date that is 60 days before the Inducement Date, which is the date on which the Issuer adopted a resolution describing the Project, stating the maximum principal amount of obligations expected to be issued for the Project and stating the Issuer's reasonable expectation that expenditures for costs of the Project would be reimbursed with Proceeds of an obligation. Such resolution was not an official intent declared as a matter of course or in an amount substantially in excess of the amount expected to be necessary for the Project. Neither the Issuer nor the Borrower has engaged in a pattern of failure to reimburse actual original expenditures covered by official intents. [The Borrower expects that it will use Proceeds of the Bonds in the amount of approximately \$[_____] to reimburse itself for expenditures paid prior to the Issue Date of the Bonds.] Such reimbursed portion will be treated as spent for purposes of the "Funds—Bond Proceeds Fund" subparagraph herein and the "Compliance with Rebate Requirements; Rebate Fund" paragraphs herein.

(d) Allocations and Accounting. The Proceeds of the Bonds will be allocated to expenditures not later than 18 months after the later of the date the original expenditure is made or the date the Project is Placed in Service, but in no event later than the date that is 60 days after the fifth anniversary of the Issue Date of the Bonds or the retirement of the Bonds, if earlier; provided that, if such allocation is made pursuant to a reimbursement expenditure described above, such reimbursement allocation will in no event be made later than the date that is three years after the date each such original expenditure is paid. The Borrower hereby elects to consistently allocate the expenditure of Proceeds of the Bonds to Qualified Project Costs of the Project. No Proceeds of the Bonds will be allocated to any expenditures to which Proceeds of any other tax-exempt obligations have heretofore been allocated.

10. Issue Price. In accordance with section 1.148-1(f)(2)(iv) of the Regulations, the Issuer hereby identifies in its books and records maintained for the Bonds the rule the Issuer will use to determine the Issue Price for each maturity of the Bonds as follows as set forth in the first sentence of section 1.148-1(f)(2)(i) of the Regulations, i.e. the Issue Price is the first price at which a substantial amount (i.e. 10%) is sold to the public. Based on the representations set forth in

Exhibit A hereto, the aggregate Issue Price of the Bonds is \$[Issue Price]. The Issue Price of the Bonds represents the Stated Redemption Price at Maturity (excluding Pre-Issuance Accrued Interest for those Bonds the interest on which is paid at least once annually) of the Bonds in an amount of \$[_____], plus Original Issue Premium in the amount of \$[_____], less Original Issue Discount in the amount of \$[_____].

11. Yield on the Bonds. The Issuer and the Borrower hereby represent, covenant and agree as follows:

(a) The Yield on the Bonds is the discount rate that, when used in computing the present value as of the Issue Date of the Bonds, of all unconditionally payable payments of principal and interest and fees for qualified guarantees on the Bonds, produces an amount equal to the present value, using the same discount rate, of the aggregate Issue Price of the Bonds as of the Issue Date of the Bonds. The Issue Price of the Bonds is based upon the representations of the Underwriter set forth in Exhibit A hereto. No underwriter's discount, Costs of Issuance, or costs of carrying or repaying the Bonds is taken into account for purposes of computing the Yield on the Bonds.

(b) The Bonds are subject to mandatory redemption upon receipt of principal payments and prepayments received pursuant to the Fannie Mae Certificate. Accordingly, the Yield on the Bonds is calculated by treating the outstanding stated principal amounts payable on the mandatory redemption date as payments on such dates because the Stated Redemption Price at Maturity of the Bonds does not exceed the Issue Price of the Bonds by more than one-fourth of one percent multiplied by the product of the Stated Redemption Price at Maturity and the number of years to the date of the Weighted Average Maturity (determined by taking into account the mandatory redemption schedule) of the Bonds.

(c) In accordance with section 1.148-4(f) of the Regulations, the Fannie Mae Guarantee Fee is a fee for a qualified guarantee of the Bonds and is treated as additional interest on Bonds because:

(i) As of the Issue Date of the Bonds, the present value of the Fannie Mae Guarantee Fee will be less than the present value of the expected interest savings on the Bonds as a result of the guarantee, computed using the Yield on the Bonds (determined with regard to such guarantee payments) as the discount rate;

(ii) The Fannie Mae Certificate creates a guarantee in substance because it imposes a secondary liability on Fannie Mae that unconditionally (except for reasonable procedural or administrative requirements) shifts substantially all of the credit risk for all or part of the payments on the Fannie Mae Certificate backed by the Mortgage Loan financed with the Bonds to Fannie Mae;

(iii) Fannie Mae is not a co-obligor and does not expect to make any payments other than payments for which Fannie Mae will be reimbursed immediately;

(iv) Fannie Mae and any Related Person to Fannie Mae will not use more than ten percent of the Gross Proceeds of the Bonds that are guaranteed by Fannie Mae;

(v) The Fannie Mae Guarantee Fee does not exceed a reasonable arm's length charge for the transfer of credit risk;

(vi) The Fannie Mae Guarantee Fee does not include any payment for any direct or indirect services other than the transfer of credit risk (including fees for Fannie Mae's overhead and other costs relating to the transfer of credit risk);

(vii) The Fannie Mae Guarantee Fee does not include any payments for the costs of underwriting or remarketing the Bonds, the Mortgage Loan or the Fannie Mae Certificate or for the cost of insurance for casualty to the Issuer's property;

(viii) No portion of the Fannie Mae Guarantee Fee is refundable upon prepayment of the Mortgage Loan (and, thus redemption of the Bonds) before the final maturity date in an amount that would exceed the portion of such enhancement fee that had not been earned;

(ix) Fannie Mae is reasonably assured that the Bonds will be repaid if the Project is not completed; and

(x) (A) all payments on the Fannie Mae Certificate and the Mortgage Loan reasonably coincide with payments on the Bonds and the payments on the Fannie Mae Certificate and the Mortgage Loan are unconditionally payable no more than six months before the corresponding interest payment and twelve months before the corresponding principal payments on the Bonds, and (B) the Fannie Mae Certificate is, in substance, a guarantee of the Bonds allocable to the Mortgage Loan that backs the Fannie Mae Certificate and to no other bonds.

(d) As set forth in the Certificate of Financial Advisor attached hereto as Exhibit [C], the Yield on the Bonds, calculated in the manner set forth above, is [Bond Yield] percent.

(e) Neither the Issuer nor the Borrower has entered into any hedging transaction with respect to the Bonds. Neither the Issuer nor the Borrower will enter into a hedging transaction with respect to the Bonds unless there is first received a Favorable Opinion of Bond Counsel.

12. Yield on the Bond Loan. The Issuer and the Borrower hereby represent, covenant and agree as follows:

(a) The Bond Loan is allocated to the Bonds. The Yield on the Bond Loan is computed using the same compounding interval and financial conventions used to compute the Yield on the Bonds. For the purposes of this Agreement, the Yield on the Bond Loan is the discount rate that, when used in computing the present value as of the Issue Date of

the Bonds of all receipts with respect to the Bond Loan, produces an amount equal to the present value, using the same discount rate, of the aggregate payments with respect to the Bond Loan as of the Issue Date of the Bonds. The aggregate payments made to the Borrower with respect to the Bond Loan include no payments other than the “purchase price” of the Bond Loan. The purchase price of the Bond Loan is the amount loaned to the Borrower by the Issuer on the Issue Date of the Bonds, i.e. \$16,000,000.

(b) The Bond Loan is a purpose investment that the Issuer intends to treat as a “program investment” within the meaning of section 1.148-1 of the Regulations, because it is part of a governmental program (i) that involves the origination or acquisition of purpose investments; (ii) in which at least 95 percent of the cost of the purpose investments acquired under the program represents one or more loans to a substantial number of persons representing the general public, states or political subdivisions, organizations exempt from tax under section 501(c)(3) of the Code, persons who provide housing and related facilities, or any combination of the foregoing; (iii) in which at least 95 percent of the receipts from the purpose investments are used to pay principal, interest, or redemption prices on issues that financed the program, to pay or reimburse administrative costs of those issues or of the program, to pay or reimburse anticipated future losses directly related to the program, to finance additional purpose investments for the same general purposes of the program, or to redeem and retire governmental obligations at the next earliest possible date of redemption; and (iv) in which the program documents prohibit any obligor on a purpose investment financed by the program or any “related party,” within the meaning of section 1.150-1(b) of the Regulations, to that obligor from purchasing Bonds of an issue that finance the program in an amount related to the amount of the purpose investment acquired from that obligor. The Issuer has not waived the right to treat the Bond Loan as a program investment.

(c) The receipts from the Borrower with respect to the Bond Loan include interest and principal payments with respect to the Bond Loan and the Qualified Administrative Costs paid by the Borrower, and the Qualified Administrative Costs paid by the Borrower have been taken into account, as provided by 1.148-5(e) of the Regulations, for purposes of computing the yield on the Bond Loan. Because the Issuer intends to treat the Bond Loan as a “program investment” within the meaning of section 1.148-1 of the Regulations, the Qualified Administrative Costs do not include the costs or expenses paid, directly or indirectly, to purchase, carry, sell, or retire the Bond Loan, which amounts are set forth in Exhibit [D] hereto.

(d) As set forth in the Certificate of Financial Advisor attached hereto as Exhibit [C], the Yield on the Loan, calculated in the manner set forth above, is [Loan Yield], which does not exceed than the Yield on the Bonds by more than 1.5 percentage points.

13. Investment of Proceeds Pending Expenditure; No Arbitrage. The Issuer and the Borrower hereby represent, covenant and agree as follows:

(a) Investment Proceeds. Amounts on deposit in the Revenue Fund and the Bond Proceeds Fund may be comprised of Proceeds of the Bonds and amounts that are not

Proceeds of the Bonds or any tax-exempt obligation. If Proceeds of the Bonds and amounts that are not Proceeds of the Bonds are commingled, the Borrower will take into account for purposes of its covenant to comply with the arbitrage and rebate requirements that Proceeds of the Bonds and amounts that are not Proceeds of the Bonds have been commingled as an investment. Investment Proceeds resulting from the investment of any Proceeds of the Bonds pending expenditure of such Proceeds for Project Costs will be used to pay Qualified Project Costs or, if not used to pay Qualified Project Costs, such amounts will be treated as “bad costs.”

(b) Minor Portion and Yield Reduction Payments. All Gross Proceeds of the Bonds will be invested in accordance with the “Funds” paragraph herein. To the extent such amounts remain on hand following the periods set forth in the “Funds” paragraph herein or exceed the limits set forth in the “Funds” paragraph herein, such amounts will be invested at a restricted Yield as set forth in such paragraph; provided, however, that an amount not to exceed the Minor Portion may be invested at a Yield that is higher than the Yield on the Bonds and, provided further, that, if permitted by section 1.148-5(c) of the Regulations, the Yield restriction requirements may be satisfied by making Yield Reduction Payments to the federal government.

(c) Bonds Are Not Hedge Bonds. Not more than 50 percent of the Proceeds of the Bonds will be invested in a Nonpurpose Investments having a substantially guaranteed Yield for four years or more. Further, at least 85 percent of the spendable Proceeds of the Bonds are reasonably expected to be used to carry out the governmental purposes of the Bonds within the three-year period beginning on the Issue Date of the Bonds.

(d) No Arbitrage. On the basis of the facts, estimates and circumstances set forth in this Agreement, it is expected by the Issuer and the Borrower that the Gross Proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of section 148 of the Code. To the best of the knowledge and belief of the undersigned representatives of the Issuer and the Borrower, there are no other facts, estimates or circumstances that would materially change such expectations. Except as provided in the Indenture and the Financing Agreement, the Borrower will not pledge or otherwise encumber, or permit the pledge or encumbrance of, any money, investment, or investment property as security for payment of any amounts due under the Financing Agreement or the note relating to the Bond Loan, will not establish any segregated reserve or similar fund for such purpose and will not prepay any such amounts in advance of the redemption date of an equal principal amount of the Bonds, unless in each case there will have been delivered a Favorable Opinion of Bond Counsel. The Borrower will not, at any time prior to the final maturity of the Bonds, direct or permit the Trustee to invest Gross Proceeds of the Bonds in any investment (or to use Gross Proceeds of the Bonds to replace money so invested), if as a result of such investment the Yield of all investments acquired with Gross Proceeds (or with money replaced thereby) on or prior to the date of such investment exceeds the Yield of the Bonds to stated maturity, except as permitted by section 148 of the Code. The Issuer and the Borrower further covenant and agree that each will comply with and will take all action reasonably required to ensure that the Trustee complies with all applicable requirements of section 148 of the Code relating to the Bonds and the interest thereon.

14. Covenants of Trustee Relating to Investment of Proceeds. The Trustee will invest funds held under the Indenture in accordance with the respective terms of the Indenture and this Agreement, which covenant will extend throughout the term of the Bonds, to all funds and accounts created under the Indenture and this Agreement and all moneys on deposit to the credit of any fund or account.

Notwithstanding any other provisions of the Indenture or of this Agreement, the Trustee will not make or cause to be made any investment or other use of the moneys in the funds or accounts that would cause the Bonds to be classified as “arbitrage bonds” within the meaning of section 148 of the Code or would cause the interest on the Bonds to be includable in gross income for federal income tax purposes. This covenant will extend, throughout the term of the Bonds, to all funds created under the Indenture, and all moneys on deposit to the credit of any fund. Pursuant to this covenant, with respect to the investments of the funds and accounts under the Indenture, the Trustee obligates itself to comply throughout the term of the Bonds with the requirements of section 148 of the Code.

Should the Issuer or the Borrower deliver notice (in the manner required under the Indenture or the Financing Agreement, as applicable) to the Trustee (it being understood that neither the Issuer nor the Borrower has an obligation to so deliver) or should the Trustee receive an opinion of Bond Counsel to the effect that any proposed investment or other use of Proceeds of the Bonds would cause the Bonds to become “arbitrage bonds” within the meaning of section 148 of the Code, then the Trustee will comply with any written direction of the Borrower regarding such investment or use so as to prevent the Bonds from becoming a “arbitrage bonds.”

The Issuer and the Borrower agree that, in complying with the provisions set forth under this subparagraph, the Trustee will be deemed to have complied with such provisions and will have no liability to the extent the Trustee materially follows the written directions of the Borrower or the Issuer.

15. Compliance with Yield Reduction and Rebate Requirements; Rebate Fund.

(a) Covenant to Comply with Rebate Requirements. The Issuer and the Borrower covenant to comply with the requirements that (i) if Gross Proceeds of the Bonds have been invested at a Yield that is “materially higher” the Yield on the Bonds and Yield Reduction Payments are permitted under section 1.148-5(c)(3) of the Regulations, Yield Reduction Payments be made to the federal government and (ii) “rebateable arbitrage earnings” on the investment of the Gross Proceeds of the Bonds, within the meaning of section 148(f) of the Code, be rebated to the federal government.

(b) Rebate Fund. The Indenture established the Rebate Fund which will be maintained and held in trust by the Trustee and which will be disbursed and applied only as herein authorized in this “Compliance with Yield Reduction and Rebate Requirements; Rebate Fund” paragraph. Notwithstanding anything herein to the contrary, all provisions of the Indenture relating to the general administration of the funds created thereunder will apply to the Rebate Fund, and the Trustee is afforded all the rights, protections and immunities otherwise accorded to it thereunder as if the provisions set forth in this

“Compliance with Yield Reduction and Rebate Requirements; Rebate Fund” paragraph were set forth in the Indenture.

(c) Delivery of Documents and Money by Borrower on Computation Dates.

The Borrower will deliver to the Trustee and the Issuer, within 55 days after each Computation Date:

(i) a statement, signed by an officer of the Borrower, stating the Rebate Amount as of such Computation Date and the amount of any Yield Reduction Payments due; and

(ii) (A) if such Computation Date is an Installment Computation Date, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to at least 90 percent of the Rebate Amount and Yield Reduction Payments due as of such Installment Computation Date, less any “previous rebate payments” (determined in accordance with section 1.148-3(f)(1) of the Regulations), made to the United States of America or (B) if such Computation Date is the Final Computation Date, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to the Rebate Amount and Yield Reduction Payments due as of such Final Computation Date, less any “previous rebate payments” (determined in accordance with section 1.148-3(f)(1) of the Regulations) made to the United States of America; and

(iii) an IRS Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate (“Form 8038-T”) properly signed and completed as of such Computation Date.

(d) Administration of Rebate Fund and Payment of Rebate.

(i) The Trustee will deposit or transfer to the credit of the Rebate Fund each amount delivered to the Trustee by the Borrower for deposit thereto and each amount directed by the Borrower to be transferred thereto. Within five days after each receipt or transfer of funds to the Rebate Fund, the Trustee will withdraw such funds from the Rebate Fund and pay such amounts to the United States of America. The Trustee may conclusively rely on the instructions of the Borrower with regard to any actions to be taken by it pursuant to this paragraph and will have no liability for any consequences of any failure of the Borrower to perform its duties or obligations or to supply accurate or sufficient instructions. Except as specifically provided herein, the Trustee will have no duty or responsibility with respect to the Rebate Fund or the Borrower’s duties and responsibilities with respect thereto except to follow the Borrower’s specific written instructions related thereto.

(ii) Moneys and securities held by the Trustee in the Rebate Fund will not be deemed funds of the Bonds and are not pledged or otherwise subject to any security interest in favor of the owners of the Bonds to secure the Bonds or any other obligations.

(iii) Moneys in the Rebate Fund will be separately invested and reinvested by the Trustee, at the written direction of the Borrower, in Permitted Investments, subject to the Code. The Trustee will sell and reduce to cash a sufficient amount of such Permitted Investments whenever the cash balance in the Rebate Fund is insufficient for its purposes.

(iv) The Borrower will provide to the Trustee and the Trustee will keep such records of the results of the computations made pursuant to this paragraph for a period of three years after the last Bond and any tax-exempt obligations issued to refinance the Bonds is retired. The Trustee will keep and make available to the Issuer and the Borrower such records concerning the investments of Gross Proceeds of the Bonds and the investments of earnings from those investments as may be requested by the Issuer or the Borrower in order to enable the Borrower to make the computations required under section 148(f) of the Code.

(e) Correction of Underpayments. If the Borrower discovers or is notified as of any date that any amount required to be paid to the United States of America pursuant to this Agreement has not been paid as required or that any payment paid to the United States of America pursuant to this Agreement has failed to satisfy any requirement of section 148(f) of the Code or section 1.148-3 of the Regulations (whether or not such failure is due to any default by the Borrower, the Issuer, or the Trustee), the Borrower will (i) deliver to the Trustee (for deposit to the Rebate Fund) and cause the Trustee to pay to the United States of America from the Rebate Fund (A) the Rebate Amount or Yield Reduction Payments due that the Borrower failed to pay, plus any interest specified in section 1.148-3(h)(2) of the Regulations, if such correction payment is delivered to and received by the Trustee within 175 days after such discovery or notice, or (B) if such correction payment is not delivered to and received by the Trustee within 175 days after such discovery or notice, the amount determined in accordance with clause (A) of this subparagraph plus the 50 percent penalty required by section 1.148-3(h)(1) of the Regulations, and (ii) deliver to the Trustee and the Issuer a Form 8038-T completed as of such date. If such Rebate Amount or Yield Reduction Payments, together with any penalty and/or interest due, is not paid to the United States of America in the amount and manner and by the time specified in the Regulations, the Borrower will take such steps as are necessary to prevent the Bonds from becoming “arbitrage bonds” within the meaning of section 148 of the Code.

(f) Fees and Expenses. The Borrower agrees to pay all of the fees and expenses of Bond Counsel, the Rebate Analyst, and any other necessary consultant employed by the Borrower, the Trustee, or the Issuer in connection with computing the Rebate Amount and the Yield Reduction Payments.

(g) No Diversion of Rebatable Arbitrage. The Borrower will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the Gross Proceeds of the Bonds that is not purchased at fair market value (as defined in section 1.148-5(d)(6)(iii) of the Regulations) or includes terms that the Borrower would not have included if the Bonds were not subject to section 148(f) of the Code.

(h) Rebate Not Required in Certain Circumstances.

(i) Notwithstanding the foregoing, the Borrower will not be required to perform the obligations set forth in this “Compliance with Rebate Requirements; Rebate Fund” paragraph, except for the obligation to retain accounting records and the payment of expenses as described herein, if (A) the Gross Proceeds of the Bonds have not been invested at a Yield that is “materially higher” the Yield on the Bonds and therefore is not required to pay Yield Reduction Payments and/or (B) the Borrower has not earned any rebatable arbitrage and, therefore, is not subject to the rebate obligation set forth in section 148(f) of the Code. To the extent that the Borrower will not be required to perform such obligations, the Borrower will send written notice to the Trustee and the Issuer within 55 days after the applicable Computation Date.

(ii) Notwithstanding anything to the contrary in this Agreement requiring a payment to be made based on the Rebate Analyst’s calculations showing a rebate being due, no payment will be made by the Trustee to the United States of America if the Borrower furnishes to the Issuer and the Trustee a Favorable Opinion of Bond Counsel. In such event, the Borrower will be entitled to withdraw funds from the Rebate Fund to the extent provided in such Favorable Opinion of Bond Counsel.

(i) Trustee Reliance on Written Directions. The Issuer and the Borrower agree that, in complying with the provisions set forth under this paragraph, the Trustee will be deemed to have complied with such provisions and will have no liability to the extent it materially follows the written directions of the Borrower, the Issuer, or the Rebate Analyst. The Trustee is not liable or responsible for monitoring the compliance by the Borrower, the Issuer or Rebate Analyst of any of the requirements of Section 148 of the Code or any applicable regulation, ruling, or other judicial or administrative interpretation thereof, it being acknowledged and agreed that the sole obligation of the Trustee in this regard is (i) to invest the moneys received by the Trustee pursuant to the written instructions of the Borrower, Issuer, or Rebate Analyst in specific investments identified by the Borrower or, in the absence of such identification, to make investments as otherwise provided herein and to disburse said moneys in accordance with the terms of this Indenture and (ii) to materially follow investment instructions as provided in this Indenture.

16. Funds.

(a) Bond Proceeds Fund. All of the Proceeds of the Bonds in the Project Account of the Bond Proceeds Fund are expected by the Borrower and the Issuer to be invested and disbursed as described in the Indenture to pay Project Costs. The Borrower (i) reasonably expects to allocate at least 85 percent of the Net Proceeds of the Bonds to expenditures on capital projects of the Project prior to the date that is three years after the Issue Date of the Bonds, (ii) has incurred, or reasonably expects to incur within six months after the Issue Date of the Bonds, a binding obligation to a third party that is not subject to any contingencies within the control of the Borrower pursuant to which the Borrower is obligated to expend at least five percent of the Net Proceeds of the Bonds on capital projects

of the Project, and (iii) reasonably expects that the acquisition, construction, and equipping of the Project will proceed with due diligence to completion and the Net Proceeds of the Bonds are reasonably expected to be expended on the Project with reasonable dispatch; therefore, all of such amounts may be invested without regard to Yield restriction. Any amounts not so expended prior to the applicable dates set forth in the preceding sentence will thereafter be invested at a Yield that is not “materially higher” than the Yield on the Bonds, except as set forth in the “Investment of Proceeds Pending Expenditure; No Arbitrage—Minor Portion and Yield Reduction Payments” subparagraph herein.

(b) Revenue Fund. Amounts on deposit in the Revenue Fund will be used for the purposes set forth in Section 5.04 of the Indenture. The Revenue Fund will be used primarily to achieve a proper matching of payments made pursuant to the Financing Agreement and debt service on the Bonds within each Bond Year. Any amounts in the Revenue Fund held for longer than 13 months will be invested in obligations the Yield on which is not “materially higher” than the Yield on the Bonds, except as set forth in the “Investment of Proceeds Pending Expenditure; No Arbitrage—Minor Portion and Yield Reduction Payments” subparagraph herein.

(c) Costs of Issuance Fund. Amounts on deposit in the Costs of Issuance Fund used for the purpose of paying Costs of Issuance. Amounts remaining in the Costs of Issuance Fund after the payment of all Costs of Issuance, and in any event not later than six months following the Closing Date of the Bonds, will be (i) to the extent such amounts represent Proceeds of the Bonds, transferred to the Project Account of the Bond Proceeds Fund and (ii) to the extent such amounts represent amounts that are not Proceeds of the Bonds, transferred to the Borrower. There is no assurance that amounts on deposit in the Costs of Issuance Fund will be available to pay debt service on the Bonds.

(d) Collateral Fund. Amounts on deposit in the Collateral Fund will be used for the purposes set forth in Section 5.08 of the Indenture. Any amounts held in the Collateral Fund will be invested in obligations the Yield on which is not “materially higher” than the Yield on the Bonds, except as set forth in the “Investment of Proceeds Pending Expenditure; No Arbitrage—Minor Portion and Yield Reduction Payments” and “—Investment Securities” subparagraphs herein.

(e) Rebate Fund. The Rebate Fund will be used in the event the Borrower is required to pay rebatable arbitrage earnings to the federal government, as described in the “Compliance with Rebate Requirements; Rebate Fund” paragraph above. Amounts on deposit in the Rebate Fund are not subject to the lien of the Indenture; accordingly, there is no assurance that amounts on deposit, if any, in the Rebate Fund will be available to pay debt service on the Bonds.

17. Replacement Proceeds. The Issuer and the Borrower hereby represent as follows:

(a) No Sinking Funds. Other than the Revenue Fund and the Collateral Fund, there is no debt service fund, redemption fund, reserve fund, replacement fund, or similar fund reasonably expected to be used directly or indirectly to pay principal or interest on the Bonds.

(b) No Pledged Funds. Other than amounts in the Revenue Fund and the Collateral Fund, there is no amount that is directly or indirectly pledged to pay principal or interest on the Bonds, or to a guarantor of the Bonds, such that such pledge provides reasonable assurance that such amount will be available to pay principal or interest on the Bonds if the Issuer encounters financial difficulty. For purposes of this certification, an amount is treated as so pledged if it is held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of the holders or the guarantor of the Bonds.

(c) No Other Replacement Proceeds. There are no other Replacement Proceeds allocable to the Bonds because the Issuer reasonably expects that the term of the Bonds will not be longer than is reasonably necessary for the governmental purpose of the Bonds. Furthermore, even if the Bonds were outstanding longer than necessary for the purpose of the Bonds, no Replacement Proceeds will arise because the Issuer reasonably expects that no amounts will become available during the period that the Bonds remain outstanding longer than necessary based on the reasonable expectations of the Issuer as to the amounts and timing of future revenues. The Bonds would be issued to achieve the governmental purpose of the Bonds independent of any arbitrage benefit as evidenced by the expectation that the Bonds reasonably would have been issued if the interest on the Bonds were not excludable from gross income (assuming that the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate and that tax credits issued under section 42 of the Code would be available in connection therewith).

18. Not an Abusive Transaction. The Issuer and the Borrower hereby represent as follows:

(a) General. A device has not been and will not be employed in connection with the issuance of the Bonds to obtain a material financial advantage (based on arbitrage) apart from savings attributable to lower interest rates. Furthermore, no action taken in connection with the Bonds is or will be an abusive arbitrage device by having the effect of (i) enabling the Issuer or the Borrower to exploit, other than during an allowable temporary period, the difference between tax-exempt and taxable interest rates to obtain a material financial advantage (including as a result of an investment of any portion of the Gross Proceeds of the Bonds over any period of time, notwithstanding that, in the aggregate, the Gross Proceeds of the Bonds are not invested in higher yielding investments over the term of the Bonds) and (ii) overburdening the tax-exempt bond market by issuing more bonds, issuing bonds earlier or allowing bonds to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Bonds, based on all the facts and circumstances. Specifically, (A) the primary purpose of each transaction undertaken in connection with the issuance of the Bonds is a bona fide governmental purpose; (B) each action taken in connection with the issuance of the Bonds would reasonably be taken to accomplish the governmental purposes of the Bonds if the interest on the Bonds were not excludable from gross income for federal income tax purposes (assuming the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate on the Bonds); and (C) the Proceeds of the Bonds will not exceed by more than a Minor Portion the amount reasonably anticipated to be necessary to accomplish the

governmental purposes of the Bonds and will in fact not be substantially in excess of the amount of Proceeds allocated to expenditures for the governmental purposes of the Bonds.

(b) No Sinking Fund. No portion of the Bonds has a term that has been lengthened primarily for the purpose of creating a sinking fund or similar fund with respect to the Bonds.

(c) No Window. No portion of the Bonds has been structured with maturity dates the primary purpose of which is to make available released revenues that will enable the Issuer to avoid transferred proceeds or to make available revenues that may be invested to be ultimately used to pay debt service on another issue of obligations.

(d) No Disposition. No portion of the Project is reasonably expected to be disposed of while the Bonds are outstanding.

19. The Project. The Borrower hereby represents and covenants as follows:

(a) The Project will be comprised of (i) Units, none of which will be owner-occupied other than any functionally related and subordinate Units used by management for the purpose of housing any resident managers, security personnel or maintenance personnel that is reasonably required for the Project, and (ii) facilities, all of which are functionally related and subordinate to the aforementioned Units (i.e., facilities that are of a size and character commensurate with the size and character of such Units). All Units in the Project will be rented to individuals or families for residential occupancy.

(b) There has been and will be no substantial deviation from the description and location of the Project and the Borrower, operator or manager set forth in the notice of hearing published with respect to the Bonds for purposes of satisfying the requirements of section 147(f) of the Code.

(c) The Project will be designed and equipped and will be owned, maintained and operated on a continuous basis in accordance with the Financing Agreement and the Regulatory Agreement. For purposes of this subparagraph, each of the enumerated types of facilities includes the interior furnishings of such facility (including the facility's plumbing, electrical and decorating costs) and the structural components required for the facility (including the facility's walls, ceilings and special enclosures). Each such enumerated type of facility includes only those normal components of the structure in which it is located, such as the structure's structural supports, to the extent that those components are required because of the facility. The recreational facilities, if any, included as part of the Project will be available only to residential tenants and their guests and no separate fee will be required for the use of such facilities.

(d) Except to the extent that any Unit is a single room occupancy unit under section 42 of the Code, each Unit will contain separate and complete facilities for living, sleeping, eating, cooking and sanitation. Specifically, each Unit will contain a living area, a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, full-size refrigerator and sink, all of which are separate and distinct from the facilities included in other Units.

(e) Parking spaces included in the Project are functionally related and subordinate to the Units included in the Project in that they are no greater in number than is normally appropriate for a residential rental facility that is of the size of the Project. Only tenants, prospective tenants, guests of tenants, employees of the Borrower, and employees of the manager are expected to use these parking spaces.

(f) If the Project contains a clubhouse, exercise or similar recreational facility, such facility exists as a tenant amenity and may be used by any tenant free of any separate charge and will be constructed for the exclusive use of tenants of the Project and their guests. Such facility, if any, is of a character and size commensurate with the character and size of the Project and will not be open to the general public on a membership basis.

(g) The Project will not include any nonresidential or commercial space, including particularly, without limitation, any other space or facility not described in this paragraph.

(h) No continual or frequent skilled or unskilled nursing services will be available at the Project, although the tenants will be permitted to engage such services from providers that are not affiliated with the Borrower or the manager. Thus, neither the Borrower nor the manager, nor any Related Person to either the Borrower or the manager, will provide any assistance to any tenant in connection with his or her activities of daily living, other than concierge and valet services. The Project will not be licensed as a convalescent or nursing home, continuing care facility, personal care facility, special care facility or other assisted living facility under State law.

20. Tenant Income Certifications. The Borrower hereby represents and covenants as follows:

(a) The Borrower will obtain and maintain tenant income certifications in a form that satisfies the requirements of section 1.103-8(b)(8) of the Regulations demonstrating that the 40-60 Test is met with respect to the occupied Units continuously throughout the Qualified Project Period.

(b) The Borrower will ensure that each person who is intended to be a Qualifying Tenant will sign and deliver to the Borrower or a manager of the Project a tenant income certification in the form required by the Regulatory Agreement. In addition, the Borrower will ensure that such person will provide whatever other information, documents or certifications are deemed necessary to substantiate the tenant income certification.

(c) The Borrower will timely file, or take such actions as are necessary to cause any other person who is properly treated as the “operator” for purposes of section 142(d)(7) of the Code to file timely, the annual certifications described in section 142(d)(7) of the Code (currently, IRS Form 8703, Annual Certificate of Residential Rental Project).

(d) For a period of at least three years after the date the Bonds are retired, a tenant income certification in the form required by the Regulatory Agreement will at all times be maintained on file at the applicable location for the Project with respect to each Qualifying Tenant who resides or has resided in a Unit.

21. Form of Lease. The Borrower will ensure that the term of a lease of any Unit will be for a term of not less than six months, subject to the provision that any lease may be terminated if the tenant's physical condition no longer permits full-time residence in the Project; provided, however, that the form of lease to be utilized by the Borrower in renting any Units to a person who is intended to be a Qualifying Tenant will provide for termination of the lease and consent by such person to immediate eviction in accordance with applicable law for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by such person with respect to the tenant income certification.

22. Change in Use. The Borrower acknowledges that any failure to satisfy the applicable requirements of sections 103 and 142 through 150, inclusive, of the Code, including the 40-60 Test, with respect to the Project will be treated as a change in use for purposes of section 150(b)(2) of the Code with the result that no deduction will be allowed for federal income tax purposes for interest paid by the Borrower with respect to the portion of the Bond Loan that is allocable to Proceeds of the Bonds that accrues during the period beginning on the first day of the taxable year in which the Project fails to meet such requirements and ending on the date that the Project meets such requirements.

On the earlier of (a) the date on which the Borrower reasonably determines that the Project will not be completed or (b) the date on which the Project is Placed in Service, the Borrower will identify the amount of unspent Net Proceeds of the Bonds, if any, and will use such amount to redeem or, if not permitted by the terms of the Bonds, defease the Bonds, all in accordance with the requirements of section 1.142-2 of the Regulations, the Indenture and the Financing Agreement, as applicable, including the requirement that, if a defeasance is necessary, timely written notice be provided to the IRS.

23. Cashflow Sufficiency. The Borrower reasonably expects that the cash flow from the Project on an annual basis (excluding cash generated from the investment of nonoperating funds or other investment funds maintained by the Borrower) will be sufficient to pay annual debt service on the Bond Loan during each year. Accordingly, the Borrower expects that debt service on the Bond Loan will not be paid, directly or indirectly, from non-operating or other investment funds maintained by the Borrower or any Related Person to the Borrower. Except for the funds described in the "Funds" paragraph above, the Borrower does not expect to create or establish, or otherwise set aside or dedicate, any fund or account that is expected to be used to pay principal or interest on the Bonds or to be pledged, directly or indirectly, to the payment of principal or interest on the Bonds. Investment Proceeds of the Bonds and amounts earned from the investment of such Investment Proceeds will not be commingled with other receipts or revenues of the Borrower.

24. Record Retention. The Issuer, the Borrower and the Trustee will retain or cause to be retained all pertinent and material records relating to the use of the Project, the investment, use and expenditure of the Proceeds of the Bonds and the Project and the calculation of rebate in connection therewith until three years after the Bonds, including any tax-exempt obligations issued to refinance the Bonds, are redeemed or paid at maturity, or such shorter period as authorized by subsequent guidance issued by the Department of the Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable

controls and quality assurance programs that assure the ability of the Issuer to retrieve and reproduce such books and records in the event of an examination of the Bonds by the IRS.

25. Examination by IRS. The Borrower acknowledges that, in the event of an examination by the IRS of the exclusion of interest on the Bonds from the gross income of the owners thereof for federal tax purposes, the Issuer will likely be treated as the “taxpayer”, and the Borrower agrees to respond in a commercially reasonable manner on behalf of, and at the direction of, the Issuer (and in consultation with the Trustee, who will have the right to participate in all related proceedings (including tax court challenges and appeals)) to such examination and to pay the costs of the counsel selected by the Issuer to provide a defense regarding the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes. THE BORROWER WILL INDEMNIFY AND HOLD HARMLESS THE ISSUER AND THE TRUSTEE AGAINST ANY AND ALL COSTS, LOSSES, CLAIMS, DAMAGES, OR LIABILITY OF, OR RESULTING FROM, SUCH AN EXAMINATION AND THE SETTLEMENT THEREOF BY THE ISSUER AND THE TRUSTEE (INCLUDING THE COST OF THE ISSUER’S AND THE TRUSTEE’S LEGAL COUNSEL), EXCEPT AS A RESULT OF THE WILLFUL MISCONDUCT, BAD FAITH, OR FRAUD OF THE ISSUER (WITH RESPECT TO INDEMNIFICATION OF THE ISSUER) OR THE GROSS NEGLIGENCE, WILLFUL MISCONDUCT, BAD FAITH, OR FRAUD OF THE TRUSTEE (WITH RESPECT TO INDEMNIFICATION OF THE TRUSTEE).

26. Post-Issuance Compliance Procedures. The Borrower has been provided with a copy of the Issuer’s written post-issuance compliance procedures regarding federal tax compliance that include provisions to ensure that all nonqualified bonds are remediated according to the requirements under the Code and Regulations and to monitor the requirements of section 148 of the Code. The Borrower has reviewed such written post-issuance compliance procedures and agrees to take such actions as required therein to maintain compliance with requirements in the Code. A copy of the current version of such procedures is attached hereto as Exhibit [E].

27. Term. The obligations of the Issuer, the Borrower and the Trustee, under this Agreement will survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the exclusion from gross income of interest on the Bonds for federal income tax purposes. The provisions of Section 25 of this Agreement will survive the defeasance and discharge of the Bonds and the resignation or removal of the Trustee.

28. Amendments.

(a) To the extent any amendments to the Code or the Regulations, which, as a matter of law, are applicable to the Project and, in the written opinion of Bond Counsel filed with the Issuer, the Trustee and the Borrower, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Agreement, this Agreement will be deemed to be automatically amended to impose such additional or more restrictive requirements. The parties hereto hereby agree to execute such amendment hereto as will be necessary to document such automatic amendment hereof.

(b) To the extent that the Code or the Regulations, or any amendments thereto, which, as a matter of law, are applicable to the Project and, in the written opinion of Bond Counsel filed with the Issuer, the Trustee and the Borrower, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Agreement, this Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment signed by the Issuer, the Trustee and the Borrower and upon receipt of a Favorable Opinion of Bond Counsel.

(c) All reasonable costs, including fees and out-of-pocket expenses actually incurred by the Issuer and the Trustee, in connection with an amendment to this Agreement will be paid by the Borrower and its successors in interest.

29. Remedies. The Issuer, the Trustee, and the Borrower each hereby agree that the remedies available under 8.03 of the Indenture and 8.02 of the Loan Agreement apply upon the occurrence of an Event of Default (as defined under the Indenture or the Loan Agreement, as applicable) resulting from an action or omission of an action by any party hereunder with respect to any provision of this Agreement.

30. Miscellaneous.

(a) Severability. If any provision of this Agreement is ruled invalid by any court of competent jurisdiction, the invalidity of such provision will not affect any of the remaining provision hereof.

(b) Counterparts. This Agreement may be executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

(c) Notices. All notices, demands, communications and requests which may or are required to be given hereunder or by any party hereto will be deemed given on the date on which the same will have been mailed by registered or certified mail, postage prepaid, addressed to such parties at the addresses set forth in the Indenture and the Financing Agreement, as applicable.

(d) Successors and Assigns. The terms, provisions, covenants and conditions of this Agreement bind and inure to the benefit of the respective successors and assigns of the Issuer, the Borrower, and the Trustee.

(e) Headings. The headings of this Agreement are inserted for convenience only and will not be deemed to constitute a part of this Agreement.

(f) Governing Law. This Agreement is governed by the laws of the State, without regard to the choice of law rules of the State. Venue for any action under this Agreement will lie within the district courts of the State, and the parties hereto consent to the jurisdiction and venue of any such court and hereby waive any argument that venue in such forums is not convenient.

[EXECUTION PAGES FOLLOW]

IN WITNESS WHEREOF, the Issuer, the Borrower and the Trustee have caused this Agreement to be executed and delivered by duly authorized officers thereof as of Closing Date.

**TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS**, as Issuer

By: _____
Name: Monica Galuski
Title: Director of Bond Finance/Chief Investment
Officer

YELLOWSTONE BOULEVARD, LLC, a Texas
limited partnership

By: Yellowstone Boulevard I, LLC, its
Managing Member

By: Bozrah International Ministries, Inc.,
its Managing Member

By: _____
Name: Brian Courtney
Title: President

**U.S. BANK, NATIONAL ASSOCIATION, as
Trustee**

By: _____
Name:
Title:

EXHIBIT A

ISSUE PRICE CERTIFICATE

I, the undersigned officer of Stifel, Nicolaus & Company, Incorporated (the “Stifel”), make this certificate in connection with the Texas Department of Housing and Community Affairs Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN) (the “Bonds”). Each capitalized term used herein has the meaning or is the amount, as the case may be, specified for such term in the Tax Exemption Agreement to which this Exhibit A is attached (the “Tax Exemption Agreement”). I hereby certify as follows as of the Issue Date of the Bonds:

1. I hereby certify as follows in good faith as of the Issue Date of the Bonds:

(a) I am the duly chosen, qualified and acting officer of Stifel for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of Stifel. I am the officer of Stifel charged, along with other officers of Stifel, with responsibility for the Bonds.

(b) The first price at which at least 10% of each maturity was sold to the Public is the price for each such maturity set forth on the cover of the Official Statement prepared in connection with the Bonds (each, an “Actual Sales Price”).

(c) The aggregate of the Actual Sales Prices is \$[_____]. The Bonds were sold with no pre-issuance accrued interest.

2. For purposes of this Issue Price Certificate, the following definitions apply:

(b) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

(c) “Related Party” means any two or more persons who are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interest or profits interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(e) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel's interpretation of any laws, including specifically sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer and the Borrower with respect to certain of the representations set forth in the Tax Exemption Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bracewell LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds.

[EXECUTION PAGE FOLLOWS]

The foregoing Issue Price Certificate has been duly executed as of the Closing Date.

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED**

By: _____

Name: _____

Title: _____

EXHIBIT B

CERTIFICATE OF WELLS FARGO BANK, NATIONAL ASSOCIATION

I, the undersigned officer of Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), make this certificate in connection with the Texas Department of Housing and Community Affairs Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN) (the “Bonds”) . Each capitalized term used herein has the meaning or is the amount, as the case may be, specified for such term in the Tax Exemption Agreement to which this Exhibit B is attached (the “Tax Exemption Agreement”). I hereby certify as follows in good faith as of the Issue Date of the Bonds:

1. The Fannie Mae Guarantee Fee does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such amount. The Fannie Mae Guarantee Fee does not exceed a reasonable, arm’s length charge for the transfer of credit risk. No portion of the Fannie Mae Guarantee Fee is refundable upon redemption of any of the prepayment on the Mortgage Loan (and thus, the Bonds) in an amount which would exceed the portion of the Fannie Mae Guarantee Fee that had not been earned. All payments on the Pass-Through Certificate reasonably coincide with payments on the Bonds and the payments on the Pass-Through Certificate are unconditionally payable on a monthly basis which shall be the 25th day of the month (or the next Business Day if the 25th day is not a Business Day). The Fannie Mae Guarantee Fee does not pertain to any mortgaged backed securities other than the Pass-Through Certificate.

The Issuer may rely on the statements made herein in connection with making the representations set forth in the Tax Exemption Agreement and in its efforts to comply with the conditions imposed by the Code on the exclusion of interest on the Bonds from the gross income of their owners. Bracewell LLP also may rely on this certificate for purposes of its opinion regarding the treatment of interest on the Bonds as excludable from gross income for federal income tax purposes and the preparation of the Form 8038.

[EXECUTION PAGE FOLLOWS]

The foregoing Certificate of Underwriter has been duly executed as of the Closing Date.

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED**

By: _____

Name: _____

Title: _____

EXHIBIT C

CERTIFICATE OF FINANCIAL ADVISOR

I, the undersigned officer of George K. Baum & Company (the “Financial Advisor”), make this certificate in connection with the Texas Department of Housing and Community Affairs Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN) (the “Bonds”). Each capitalized term used herein has the meaning or is the amount, as the case may be, specified for such term in the Tax Exemption Agreement to which this Exhibit C is attached (the “Tax Exemption Agreement”). I hereby certify as follows as of the Issue Date of the Bonds:

1. I am the duly chosen, qualified and acting officer of the Financial Advisor for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Financial Advisor.

2. The Issue Price plus any Pre-Issuance Interest on the Bonds, based on the representations of Stifel, Nicolaus & Company, Incorporated attached as Exhibit A to the Tax Exemption Agreement, is not more than \$[_____].

3. The Financial Advisor has computed the Yield on the Bonds, based on such Issue Price, to be [Bond Yield] percent.

4. The Financial Advisor has calculated the Yield on the Mortgage Loan to be [Loan Yield] percent. Accordingly, the Yield on the Mortgage Loan does not exceed the Yield on the Bonds by more than 1.5 percentage points.

5. For purposes of determining the Yields in paragraphs 3 and 4 above, the Financial Advisor has performed certain calculations relating to the Bonds and the Bond Loan. Such calculations are attached hereto as Schedule I. The Financial Advisor hereby represents that such calculations are based on assumptions and methodologies provided by Bond Counsel and are in all material respects consistent with the assumptions and methodologies set forth in the “Yield on the Bonds” and “Yield on the Bond Loan” paragraphs of the Tax Exemption Agreement. These calculations include calculations based upon assumptions, information, and estimates obtained from the Borrower and the Issuer, which the Financial Advisor, based on its experience with similar transactions, has no reason to believe are not reasonable in light of the relevant facts and circumstances. To the best of the Financial Advisor’s knowledge, as of the Issue Date of the Bonds, no fact or circumstance has come to the Financial Advisor’s attention that conflicts with the assumptions, information and estimates described in the preceding sentence.

6. As shown in Schedule I attached hereto, the Financial Advisor computed the Weighted Average Maturity of the Bonds, calculated in accordance with the provisions of the Tax Exemption Agreement, to be [WAM] years.

7. The Financial Advisor represents that to the best of its knowledge as of the Issue Date of the Bonds, the statements set forth in paragraphs (a) through (c) of the “Not An Abusive Transaction” paragraph of the Tax Exemption Agreement are true.

The Issuer may rely on the statements made herein in connection with making the representations set forth in the Tax Exemption Agreement and in its efforts to comply with the conditions imposed by the Code on the exclusion of interest on the Bonds from the gross income of their owners. Bracewell LLP also may rely on this certificate for purposes of its opinion regarding the treatment of interest on the Bonds as excludable from gross income for federal income tax purposes and the preparation of the Form 8038.

[EXECUTION PAGE FOLLOWS]

The foregoing Certificate of Financial Advisor has been duly executed as of the Closing Date.

GEORGE K. BAUM & COMPANY

By: _____

Name: _____

Title: _____

Signature Page to Certificate of Financial Advisor

SCHEDULE I
TO CERTIFICATE OF FINANCIAL ADVISOR

Schedule I to Certificate of George K. Baum & Company

EXHIBIT E
SCHEDULE OF BOND LOAN COSTS

Paid Prior to Closing

Application Fee* \$

Paid at Closing

Issuer Issuance Fee* \$

Issuer Administration Fee \$
(first two years)

Issuer Compliance Fee* \$
(first year)

Annual Fees

Issuer Administrative Fee .10% per annum of the aggregate principal
(beginning January 1, 2021) amount of the Bonds outstanding

Issuer Compliance Fee* \$25 per unit in the Project
(beginning January 1, 2022)

*Based on pro rata amount (based on par amounts) of combined total fees of the Bonds and the Short Term Bonds.

EXHIBIT E
POST-ISSUANCE COMPLIANCE PROCEDURES

[See attached]

TAX EXEMPTION CERTIFICATE AND AGREEMENT

Dated as of

January 1, 2019

among

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,
as Issuer

and

U.S. BANK, NATIONAL ASSOCIATION,
as Trustee

and

YELLOWSTONE BOULEVARD, LLC,
as Borrower

regarding

[\$2,880,000]

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MULTIFAMILY HOUSING REVENUE BONDS
(PARK YELLOWSTONE)
SERIES 2019**

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TAX EXEMPTION CERTIFICATE AND AGREEMENT

THIS TAX EXEMPTION CERTIFICATE AND AGREEMENT (this “Agreement”) dated as of January 1, 2019, but effective as of the Closing Date (as defined in the Indenture described below) is among the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS** (together with its successors and assigns, the “Issuer”), a public and official agency of the State (as defined herein); **U.S. BANK, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as Trustee under the hereinafter defined Indenture (together with any successor Trustee under the Indenture described below and their respective successors and assigns, the “Trustee”); and **YELLOWSTONE BOULEVARD, LLC**, a Texas limited liability company (together with its permitted successors and assigns, the “Borrower”), and is entered into in connection with the issuance of the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Park Yellowstone) Series 2019 (the “Bonds”) being issued in the original principal amount of \$[2,880,000]. The representations of facts and circumstances and the covenants of the Issuer made herein are made in part for purposes of fulfilling the requirements set forth in section 1.148-2(b)(2) of the Regulations (as defined herein).

RECITALS

WHEREAS, the Governing Board of the Issuer has determined to authorize the issuance of the Bonds pursuant to and in accordance with the terms of an Indenture (as defined herein) by and among the Issuer and the Trustee for the purpose of obtaining funds to finance the Project (as defined herein), all under and in accordance with the Constitution and laws of the State (as defined herein); and

WHEREAS, the Issuer desires to use the Proceeds (as defined herein) of the Bonds to fund a mortgage loan to the Borrower (i.e., the Bond Loan, as defined herein) upon the terms and conditions set forth in the Financing Agreement (as defined herein) in order to finance the cost of acquisition, rehabilitation and equipping of the Project; and

WHEREAS, the Issuer and the Borrower desire that interest on the Bonds be excludable from gross income for federal income tax purposes under the Code (as defined herein); and

WHEREAS, the purpose of executing this Agreement is to set forth various facts, certifications, covenants, representations, and warranties regarding the Bonds and the Project and to establish the expectations of the Issuer, the Borrower, and the Trustee as to future events regarding the Bonds, the Project, and the use and investment of Proceeds of the Bonds.

NOW THEREFORE, in consideration of the premises and the mutual representations, covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned do hereby certify, covenant, represent, and agree on behalf of the Issuer, the Borrower, and the Trustee (but not in their individual capacities), respectively, as follows:

1. Definitions. Each capitalized term used in this Agreement has the meaning ascribed to such term below or has the meaning or is the amount, as the case may be, specified for such term in this Agreement or in Exhibits to this Agreement and for all purposes hereof has the

meaning or is in the amount therein specified. All capitalized terms used but not defined herein, to the extent that such terms are defined in the Indenture, the Loan Agreement, or the Regulatory Agreement for all purposes hereof have the meanings therein specified. All such terms defined in the Code or Regulations that are not defined herein will for all purposes hereof have the same meanings as given to those terms in the Code and Regulations unless the context clearly requires otherwise.

“Bidding Agent” means [Bidding Agent Name].

“Bond Counsel” means any counsel nationally recognized as having an expertise in connection with the excludability of interest on obligations of states and local governmental units from gross income for federal income tax purposes, and initially shall mean Bracewell LLP.

“Bond Fund” means the “Bond Fund” established pursuant to the Indenture, with the Negative Arbitrage Account and the Remarketing Proceeds Account therein.

“Bond Year” means each one-year period that ends on the day selected by the Borrower in a certificate provided to the Issuer and the Trustee. The first and last bond years may be short periods. If no day is selected by the Borrower before the earlier of the final Maturity Date of the Bonds or the date that is five years after the Issue Date of the Bonds, a bond year will end on each anniversary of the Issue Date of the Bonds and on the final Maturity Date of the Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference is deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“Collateral Fund” means the “Collateral Fund” established pursuant to the Indenture.

“Computation Date” means each Installment Computation Date and the Final Computation Date.

“Costs of Issuance” means costs to the extent incurred in connection with, and allocable to, the issuance of an issuance of obligations within the meaning of section 147(g) of the Code. For example, Costs of Issuance include the following costs, but only to the extent incurred in connection with, and allocable to, the borrowing: underwriters’ spread; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; trustee fees; paying agent fees; bond registrar, certification and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than qualified guarantees; and similar costs.

“Costs of Issuance Fund” means the “Costs of Issuance Fund” established pursuant to the Indenture.

“Eligible Investments” has the meaning set forth in the Indenture.

“Expense Fund” means the “Expense Fund” established pursuant to the Indenture.

“Favorable Opinion of Bond Counsel” means, with respect to any action, or omission of an action, the taking or omission of which requires such an opinion, an unqualified written opinion of Bond Counsel to the effect that such action or omission does not adversely affect the excludability from gross income for federal income tax purposes of interest payable on the Bonds under existing law (subject to the inclusion of any exceptions contained in the opinion of Bond Counsel delivered upon the original issuance of the Bonds or other customary exceptions acceptable to the recipient(s) thereof).

“Final Computation Date” means the date on which the final payment in full of the Bonds is made.

“Financial Advisor” means George K. Baum & Company.

“Form 8038” means IRS Form 8038, Information Return for Tax-Exempt Private Activity Bond Issues.

“Gross Proceeds” means any Proceeds and any Replacement Proceeds.

“Indenture” means the Indenture by and between the Issuer and the Trustee, dated as of January 1, 2019.

“Inducement Date” means June 28, 2018.

“Installment Computation Date” means the last day of the fifth Bond Year and each succeeding fifth Bond Year.

“Investment Proceeds” has the meaning set forth in section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from investing Proceeds.

[**“Investment Provider”** means [Provider Name].]

[**“Investment Securities”** means the securities provided by the Investment Provider.]

“IRS” means the Internal Revenue Service.

“Issue Date” means, with respect to an issue of obligations, the first date on which an issuer receives the purchase price in exchange for delivery of the evidence of indebtedness representing any obligation.

“Issue Price” has the meaning ascribed to it in section 1.148-1(f) of the Regulations.

“Loan” means the mortgage loan made by the Issuer to the Borrower pursuant to the Loan Agreement in the aggregate principal amount of \$2,880,000 and evidenced by a multifamily note.

“Loan Agreement” means the Loan Agreement between the Issuer and the Borrower, of even date herewith.

“Long Term Bonds” means the Texas Department of Housing and Community Affairs Multifamily Tax-Exempt Bonds (M-TEBS) (Park Yellowstone) Series 2019 (FN).

“Maturity Date” means [February 1, 2022].

“Median Gross Income for the Area” means, with respect to the Project, the median income for the households in the area which includes the standard metropolitan statistical area in which the Project is located, as determined from time to time by the Secretary of HUD, under Section 8 of the Housing Act (or if such program is terminated, median income determined under the program in effect immediately before such termination), in each case as adjusted for family size.

“Minor Portion” means that portion of the Gross Proceeds of the Bonds that does not exceed in the aggregate \$100,000.

“Net Proceeds” means Sale Proceeds, less the portion of any Sale Proceeds invested in a reasonably required reserve or replacement fund.

“Nonpurpose Investment” means any “investment property,” within the meaning of section 148(b) of the Code, that is not a purpose investment acquired to carry out the governmental purpose of the Bonds.

“Original Issue Discount” means the excess of the Stated Redemption Price at Maturity over the Issue Price.

“Original Issue Premium” means the excess of the Issue Price over the Stated Redemption Price at Maturity.

“Placed in Service” has the meaning set forth in section 1.150-2(c) of the Regulations and means the date on which, based on all the facts and circumstances, (a) a facility reaches a degree of completion that will permit its operation at substantially its design level, and (b) a facility is, in fact, in operation at such level.

“Pre-Issuance Accrued Interest” has the meaning set forth in section 1.148-1(b) of the Regulations and, generally, means amounts representing interest that accrued on an obligation for a period not greater than one year before its Issue Date but only if those amounts are paid within one year after the Issue Date.

“Preliminary Expenditures” are described in section 1.150-2(f)(2) of the Regulations and include architectural, engineering, surveying, soil testing, reimbursement bond issuance and similar costs that are incurred prior to commencement of acquisition, construction or rehabilitation of a project, but do not include land acquisition, site preparation and similar costs incident to the commencement of construction.

“Proceeds” has the meaning set forth in section 1.148-1(b) of the Regulations and, generally, means any Sale Proceeds and Investment Proceeds.

“**Project**” means an approximately 210-unit multifamily housing development located at 3322 Yellowstone Boulevard, Houston, Texas 77021.

“**Project Costs**” means, to the extent authorized by the Act and the Code, any and all costs incurred by the Borrower with respect to the acquisition, rehabilitation, and equipping, as the case may be, of the Project, whether paid or incurred prior to or after the Issue Date of the Bonds, including, without limitation, costs for site preparation, the planning of housing and improvements, the removal or demolition of existing structures, and all other work in connection therewith, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractors’ and Borrower’s overhead and supervisor’s fees and costs directly allocable to the Project, and administrative and other expenses necessary or incident to the Project and the financing thereof.

“**Project Fund**” means the “Project Fund” established pursuant to the Indenture.

“**Qualified Administrative Costs**” are those costs of issuing, carrying or repaying the Bonds, and any underwriter’s discount. Qualified Administrative Costs do not include the costs of issuing, carrying or repaying the Loan.

“**Qualified Project Costs**” means Project Costs that meet the following requirements:

(a) The costs are chargeable to a capital account with respect to the Project for federal income tax purposes, or would be so chargeable either with a proper election by the Borrower or but for the proper election by the Borrower to deduct those amounts; provided, however, that, only such portion of the interest accrued on the Bonds during, and fees for a “qualified guarantee” (within the meaning of section 1.148-4 of the Regulations) attributable to the period of, the rehabilitation of the Project will constitute Qualified Project Costs as bear the same ratio to all such interest or fees, as applicable, as the Qualified Project Costs bear to all Project Costs.

(b) If any portion of the Project is being constructed by the Borrower or a Related Person (whether as a general contractor or a subcontractor), such costs include only (i) the actual out-of-pocket costs incurred by the Borrower or such Related Person in constructing the Project (or any portion thereof), (ii) any reasonable fees for supervisory services actually rendered by the Borrower or such Related Person (but excluding any profit component) and (iii) any overhead expenses incurred by the Borrower or such Related Person that are directly attributable to the work performed on the Project and do not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of section 1504 of the Code) participating in the rehabilitation of the Project or payments received by such Related Person due to early completion of the Project (or any portion thereof).

(c) The costs are not Costs of Issuance.

(d) (i) the costs were paid no earlier than 60 days prior to the Inducement Date and (ii) the reimbursement allocation is made no later than 18 months after the later of (A) the date the expenditure was paid and (B) the date the Project is Placed in Service or

abandoned, but in no event more than three years after the original expenditure is paid; provided that such limitations do not apply to an amount not in excess of \$100,000 or to Preliminary Expenditures that do not exceed 20 percent of the Sale Proceeds of the Bonds.

“Qualified Project Period” means, with respect to the Project, the period beginning on the first day on which 10 percent of the Units are occupied (which date may be the Closing Date) and ending on the latest of (a) the date that is 15 years after the date on which 50 percent of the Units are occupied (which date may be the Closing Date), (b) the first day on which no tax-exempt private activity bond (as that phrase is used in section 142(d)(2) of the Code) issued with respect to the Project is outstanding for federal income tax purposes or, (c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates.

“Qualifying Tenant” means a tenant whose Annual Income (as defined in the Regulatory Agreement) is 60 percent or less of Median Gross Income for the Area, as determined under sections 142(d)(2)(B) and (E) of the Code. If all the occupants of a Unit are students (as defined under section 152(f)(2) of the Code), not one of whom is entitled to file a joint return under section 6013 of the Code, such occupants are not Qualifying Tenants, unless such students meet the qualifications under section 42(i)(3)(D) of the Code.

“Rebate Amount” has the meaning set forth in section 1.148-3(b) of the Regulations and, generally, means the excess, as of any date, of the future value of all receipts on Nonpurpose Investments over the future value of all payments on Nonpurpose Investments all as determined in accordance with section 1.148-3 of the Regulations.

“Rebate Analyst” means a Person that is (a) qualified and experienced in the calculation of rebate payments under section 148 of the Code, (b) chosen by the Borrower, and (c) engaged for the purpose of determining the amount of required deposits, if any, to the Rebate Fund.

“Rebate Fund” means the “Rebate Fund” established pursuant to the Indenture.

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Regulatory Agreement” means the Regulatory and Land Use Restriction Agreement among the Issuer, the Trustee, and the Borrower, dated as of January 1, 2019.

“Related Party” means, in reference to a governmental unit or a 501(c)(3) organization, any member of the same controlled group, and, in reference to a person that is not a governmental unit or a 501(c)(3) organization, a Related Person.

“Related Person” has the meaning set forth in section 144(a)(3) of the Code. A person is a “Related Person” to another person if the relationship between such persons would result in a disallowance of losses under sections 267 or 707(b) of the Code or such persons are members of the same controlled group of corporations (as defined in section 1563(a) of the Code, except that “more than 50 percent” is substituted for “at least 80 percent” each place it appears therein).

“Replacement Proceeds” has the meaning set forth in section 1.148-1(c) of the Regulations and, generally, consist of amounts that have a sufficiently direct nexus to an issue of obligations or the governmental purpose of an issue of obligations to conclude that the amounts would have been used for that governmental purpose if the Proceeds were not used or to be used for that governmental purpose.

“Sale Proceeds” has the meaning set forth in section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from the sale (or other disposition) of any obligation, including amounts used to pay underwriters’ discount or compensation and accrued interest other than Pre-Issuance Accrued Interest. Sale Proceeds also include amounts derived from the sale of a right that is associated with any obligation and that is described in section 1.148-4(b)(4) of the Regulations.

“State” means the State of Texas.

“Stated Redemption Price at Maturity” means the amount fixed by the last modification of the purchase agreement and includes interest and other amounts payable at that time (other than any interest based on a fixed rate and payable unconditionally at fixed periodic intervals of one year or less during the entire term of the debt instrument).

“Underwriter” means Stifel, Nicolaus & Company, Incorporated, the underwriter of the Bonds.

“Unit” means a residential accommodation containing separate and complete facilities for living, sleeping, eating, cooking and sanitation; provided that a residential accommodation will not fail to be treated as a “Unit” merely because it is a single-room occupancy unit (within the meaning of section 42 of the Code).

“Weighted Average Maturity” means the sum of the products of the Issue Price and the number of years to maturity (taking into account mandatory redemptions) of an obligation, divided by the aggregate Sale Proceeds of such obligation.

“Yield” on (a) an issue of obligations has the meaning set forth in section 1.148-4 of the Regulations and, generally, is the discount rate that when used in computing the present value of all payments of principal, interest and fees for qualified guarantees to be paid on the obligation produces an amount equal to the Issue Price of such issue and (b) any investment has the meaning set forth in section 1.148-5 of the Regulations and, generally, is the discount rate that when used in computing the present value of all payments to be received on the investment produces an amount equal to all payments for the investment.

“Yield Reduction Payments” means amounts paid in accordance with section 1.148-5(c) of the Regulations that are treated as payments that reduce the Yield on an investment.

“40-60 Test” means the requirement set forth in section 142(d)(1)(B) of the Code providing that 40 percent or more of Units in the Project be occupied by individuals whose income is 60 percent or less of the Median Gross Income for the Area.

2. Authorized Representatives.

(a) Issuer. The undersigned representative of the Issuer represents that such representative (i) is charged, along with others, with the responsibility for the Bonds and, as such, the undersigned is familiar with the facts herein certified and is authorized on behalf of the Issuer to execute and deliver this Agreement and (ii) is aware of the provisions of sections 103 and 142 through 150, inclusive, of the Code. To the extent that the representations, expectations, certifications, covenants and warranties set forth herein are based on information and data accumulated and analyzed by Issuer personnel and consultants to the Issuer, the undersigned representative of the Issuer has reviewed such representations, expectations, certifications, covenants and warranties with such personnel and consultants to confirm their completeness and accuracy.

(b) Borrower. The undersigned representative of the Borrower represents that such representative (i) is a duly chosen, qualified and acting officer or other representative of the Borrower, which will be the owner of the Project and, as such, the undersigned is familiar with the facts herein certified and is authorized on behalf of the Borrower to execute and deliver this Agreement and (ii) is aware of the provisions of sections 103 and 142 through 150, inclusive, of the Code. To the extent that the representations, expectations, certifications, covenants and warranties set forth herein are based on information and data accumulated and analyzed by Borrower personnel and consultants to the Borrower, the undersigned representative of the Borrower has reviewed such representations, expectations, certifications, covenants and warranties with such personnel and consultants to confirm their completeness and accuracy.

(c) Trustee. The undersigned representative of the Trustee represents that such representative is a duly chosen, qualified and acting officer or other representative of the Trustee and is authorized on behalf of the Trustee to execute and deliver this Agreement.

3. Reasonable Expectations. The Issuer and the Borrower hereby affirm that the facts and estimates that are set forth in this Agreement are accurate and the expectations that are set forth in this Agreement are reasonable in light of such facts and estimates. There are no other facts or estimates that would materially change such expectations. The Issuer has also relied, to the extent appropriate, on the (a) Issue Price Certificate attached hereto as Exhibit A, (b) Certificate of Financial Advisor attached hereto as Exhibit B, [(c) Certificate of Bidding Agent attached hereto as Exhibit D, and (d) the Provider Certificate attached hereto as Exhibit E]. The undersigned representatives of the Issuer and the Borrower are aware of no fact, estimate or circumstance that would create any doubt regarding the accuracy or reasonableness of all or any portion of the representations set forth in such certificates.

4. Reliance on Borrower's Representations and Covenants. Except as otherwise indicated in this Agreement, the representations, expectations, certifications, covenants and warranties of the Issuer concerning the use and investment of the Proceeds of the Bonds and certain other matters described in this Agreement are based solely upon representations, expectations, certifications, covenants and warranties of the Borrower, as set forth in this Agreement or in the Exhibits attached hereto. In relying upon such representations, expectations, certifications, covenants and warranties of the Borrower, the Issuer has not made any independent investigations

of the matters pertaining thereto. The Issuer is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation, expectations, certifications, covenants and warranties of the Borrower made in this Agreement or in the Exhibits attached hereto.

5. Completeness of Borrower Information. The Borrower has supplied or caused to be supplied to Bond Counsel all documents, instruments and written information requested by Bond Counsel, and all such documents, instruments and written information supplied by or on behalf of the Borrower at the request of Bond Counsel, which have been reasonably relied upon by Bond Counsel in rendering its opinion with respect to the excludability from gross income for federal income tax purposes of the interest on the Bonds, are true and correct in all material respects, do not contain any untrue statement of a material fact and do not omit to state any material fact necessary to be stated therein to make the information provided therein, in light of the circumstances under which such information was provided, not misleading, and the Borrower is not aware of any other pertinent information for which Bond Counsel has not asked. After due investigation, there is no information not obtained, or any investigation or inspection not heretofore pursued, that would be relevant or material to the certifications set forth below.

6. General Requirements Relating to Issuance of the Bonds. The Issuer and the Borrower hereby represent, covenant and agree as follows:

(a) Governmental Purpose. The Borrower has applied to the Issuer and been approved for the Loan to be made from the Proceeds of the Bonds. The proceeds of the Loan (and, thus, the Proceeds of the Bonds) will be used to finance a portion of the Project Costs.

(b) Public Hearing and Approval. A public hearing with respect to the Bonds was conducted by the Issuer on September 13, 2018, in Houston, Texas, as required under section 147(f) of the Code. Written notice of the applicable date, hour, place and subject of such public hearing was published no less than 14 days before the date such public hearing was held, in the newspaper of general circulation available to persons residing within such geographic locality. The Attorney General of the State approved the issuance of the Bonds as required under section 147(f) of the Code.

(c) Volume Cap. The Issuer has received from the Texas Bond Review Board a reservation of State private activity bond volume cap in an amount no less than the aggregate principal amount of the Bonds (or if greater, the Issue Price of the Bonds) for the purpose of issuing the Bonds to finance the acquisition, rehabilitation and equipping of the Project.

(d) Issue. There are no other obligations that (i) were sold at substantially the same time as the Bonds (i.e., less than 15 days apart), (ii) were sold pursuant to the same plan of financing with the Bonds, and (iii) will be paid out of substantially the same source of funds as the Bonds. The Long Term Bonds will be paid from revenues of the Project and, therefore, will not be paid out of substantially the same source of funds as the Bonds, the principal and interest of which will be paid from cash deposited in a collateral fund.

(e) Form 8038. The Borrower has examined the completed Form 8038 with respect to the Bonds, including accompanying schedules and statements, and, to the best of the Borrower's knowledge and belief, the information in Parts IV and V, which was furnished by the Borrower, is true, correct, and complete. The Issuer will cause Form 8038 with respect to the Bonds to be filed timely with the IRS.

(f) Substantial User. Neither the Borrower nor any Related Person (within the meaning of section 147(a)(2) of the Code) to the Borrower was a "substantial user" (within the meaning of section 1.103-11 of the Regulations) of the Project at any time during the five year period before the Issue Date of the Bonds.

(g) Program Covenant. Neither the Borrower nor any Related Party of the Borrower is, or will be, a party to any agreement, formal or informal, pursuant to which it will purchase any of the Bonds in an amount related to the amount of the Bond Loan made to the Borrower unless the Borrower or such Related Party provides a Favorable Opinion of Bond Counsel to the Issuer.

(h) No Federal Guarantee. Neither the Issuer nor the Borrower will take any action that would result in all or any portion of the Bonds being treated as federally guaranteed within the meaning of section 149(b)(2) of the Code.

7. Sale Proceeds of the Bonds. The amount of Sale Proceeds received by the Issuer from the sale of the Bonds is \$[2,880,000], which represents the Stated Redemption Price at Maturity of the Bonds. The Sale Proceeds of the Bonds will be loaned to the Borrower and deposited as follows in the Bond Proceeds Fund and used to pay Project Costs. The aggregate amount of the Project Costs is anticipated to exceed such amount. Any Project Costs not financed out of Proceeds of the Bonds will be financed out of the Borrower's available funds.

8. Pre-Issuance Accrued Interest. There is no Pre-Issuance Accrued Interest on the Bonds.

9. Use of Proceeds of the Bonds. The Issuer and the Borrower hereby represent, covenant and agree as follows:

(a) Qualified Project Costs. At least 95 percent of the Net Proceeds of the Bonds actually expended will be used to pay or reimburse Qualified Project Costs. Not more than five percent of the Net Proceeds of the Bonds will be expended for or allocated to Project Costs that are not Qualified Project Costs.

For purposes of this subparagraph (a) the Project includes only: (i) those portions of buildings included in the Project that are (A) separate and complete facilities for living, sleeping, eating, cooking and sanitation that will be used on other than a transient basis by one or more persons and that will be available on a regular basis for use by members of the general public and will be rented, or available for rental, on a continuous basis during the longer of the term of the Bonds or the Qualified Project Period, and (B) facilities in building areas that are functionally related and subordinate thereto, such as centrally located machinery and equipment and common areas in a typical apartment building (but not including any health club facilities, except a facility that will be available only to tenants

and their guests with no separate fee to be paid for the use of such facility); and (ii) land and other facilities that are properly allocable to such living facilities, such as parking areas and recreational areas for occupants of the living facilities.

Further, all of the allocable functionally related and subordinate land areas, facilities, and building areas taken into account in determining Qualified Project Costs under this subparagraph (a) are of a character and size commensurate with the number and size of the living facilities and are not functionally related and subordinate to, or properly allocable to, any other facilities.

(b) Additional Limitations.

(i) Costs of Issuance. No Costs of Issuance are expected to be paid out of the Net Proceeds of the Bonds. In no event will Costs of Issuance paid from Proceeds of the Bonds exceed two percent of the Sale Proceeds of the Bonds, and any Costs of Issuance in excess of two percent of Sale Proceeds of the Bonds will be paid by the Borrower from sources other than Net Proceeds of the Bonds.

(ii) Acquisition of Existing Property. No portion of the Net Proceeds of the Bonds will be used to pay or reimburse the cost of acquiring any property or an interest therein unless, (i) the first use of such property is pursuant to such acquisition, except for land, or (ii) the rehabilitation expenditures with respect to any building and the equipment therefor equal or exceed 15 percent of the portion of the cost of acquiring such building and equipment financed with the Net Proceeds of the Bonds (with respect to structures other than buildings, this clause shall be applied by substituting 100 percent for 15 percent). For purposes of the preceding sentence, the term “rehabilitation expenditures” shall have the meaning set forth in section 147(d)(3) of the Code. If the Project has two or more buildings, the provisions regarding rehabilitation expenditures are to be applied on a Project-wide basis.

(iii) Limitation on Land Acquisition. Less than 25 percent of the Net Proceeds of the Bonds will be used (directly or indirectly) to acquire land (or an interest therein) and no portion of the Net Proceeds of the Bonds will be used (directly or indirectly) for farming purposes. For this purpose, an amount is considered used for the acquisition of land (or an interest therein) to the extent of that portion of the acquisition cost of the Project that is properly allocable for all federal income tax purposes to the land component (including interests in land) of the Project.

(iv) Prohibited Facilities. None of the Proceeds of the Bonds will be used to acquire, construct, or equip, and no portion of the Project will be, an airplane, a skybox or any other type of luxury box, a health club facility, a facility primarily used for gambling, or a store the principal business of which is the sale of alcoholic beverages for consumption off premises; provided that, any fitness room functionally related to and subordinate to the Project for use by tenants of the

Project or their guest is not considered a health club facility for purposes of this subparagraph.

(v) Payments to Related Persons. Any amount of Proceeds of the Bonds paid to a Related Person to the Borrower or any affiliated person that is not a Related Person to the Borrower will not exceed an arm's-length charge that is the amount that would be charged to a person other than the Borrower. Further, any amount of Proceeds of the Bonds paid to a Related Person to the Borrower or any affiliated person that is not a Related Person to the Borrower would be paid under the same circumstances by a person other than the Borrower to such affiliated person or entity. Notwithstanding the foregoing, in no event will amounts of Proceeds of the Bonds that are paid to a Related Person to the Borrower be treated as spent until such amounts are spent on capital expenditures by such Related Person.

(vi) No Working Capital. Except for an amount that does not exceed five percent of the Sale Proceeds of the Bonds (and that is directly related to the Project), the Proceeds of the Bonds will only be expended for (A) costs that would be chargeable to the capital account of the Project if the Issuer's income were subject to federal income taxation; (B) interest on the Bonds in an amount that does not cause the aggregate amount of interest paid on the Bonds to exceed that amount of interest on the Bonds that is attributable to the period that commences on the Issue Date of the Bonds and ends on the later of (1) the date that is three years from the Issue Date of the Bonds or (2) the date that is one year after the date on which the Project is Placed in Service; and/or (C) fees for a qualified guarantee of the Bonds or payment for a qualified hedge on the Bonds.

(vii) No Pooling. The Issuer will not use the Proceeds of the Bonds directly or indirectly to make or finance loans to two or more ultimate unrelated borrowers.

(viii) Weighted Average Economic Life. The Weighted Average Maturity of the Bonds, as calculated by the Financial Advisor as set forth in Exhibit B hereto, is [WAM] years. The weighted average reasonably expected economic life of the portion of the Project financed with Proceeds of the Bonds is at least [WAM/1.2] years. Thus, the Weighted Average Maturity of the Bonds is not more than 120 percent of the weighted average reasonably expected economic life of the portion of the Project financed with Proceeds of the Bonds. Such weighted average estimated economic life is determined in accordance with the following assumptions: (A) the weighted average is determined by taking into account the respective costs of each asset, excluding land; (B) the reasonably expected economic life of an asset is determined as of the later of (1) the Issue Date of the Bonds or (2) the date on which such asset is originally Placed in Service (or expected to be Placed in Service); and (C) the economic lives for the itemized assets are the useful lives that would have been used for depreciation purposes under section 167 of the Code prior to the enactment of the ACRS system under section 168 of the Code (i.e., the mid-point lives under the Class Life Asset Depreciation

Range System of section 167(m) of the Code where applicable and the guideline lives under Revenue Procedure 62-21, 1962-2 C.B. 418, in the case of structures). The Borrower hereby covenants not make any changes to the Project that would, at the time made, cause the remaining Weighted Average Maturity of the Bonds to be more than 120 percent of the remaining weighted average estimated economic life of the portion of the Project financed with Proceeds of the Bonds.

(a) Reimbursement. Other than (i) the amount of \$100,000 and/or (ii) Preliminary Expenditures up to an amount not in excess of 20 percent of the Issue Price of the Bonds, no portion of the Proceeds of the Bonds will be disbursed to reimburse the Issuer, the Borrower or any Related Person for any expenditures paid or incurred prior to the date that is 60 days before the Inducement Date, which is the date on which the Issuer adopted a resolution describing the Project, stating the maximum principal amount of obligations expected to be issued for the Project and stating the Issuer's reasonable expectation that expenditures for costs of the Project would be reimbursed with Proceeds of an obligation. Such resolution was not an official intent declared as a matter of course or in an amount substantially in excess of the amount expected to be necessary for the Project. Neither the Issuer nor the Borrower has engaged in a pattern of failure to reimburse actual original expenditures covered by official intents. [The Borrower expects that it will use Proceeds of the Bonds in the amount of approximately \$[] to reimburse itself for expenditures paid prior to the Issue Date of the Bonds.] Such reimbursed portion will be treated as spent for purposes of the "Funds—Bond Proceeds Fund" subparagraph herein and the "Compliance with Rebate Requirements; Rebate Fund" paragraphs herein.

(b) Allocations and Accounting. The Proceeds of the Bonds will be allocated to expenditures not later than 18 months after the later of the date the original expenditure is made or the date the Project is Placed in Service, but in no event later than the date that is 60 days after the fifth anniversary of the Issue Date of the Bonds or the retirement of the Bonds, if earlier; provided that if such allocation is made pursuant to a reimbursement expenditure described above, such reimbursement allocation will in no event be made later than the date that is three years after the date each such original expenditure is paid. The Borrower hereby elects to consistently allocate the expenditure of Proceeds of the Bonds to Qualified Project Costs of the Project. No Proceeds of the Bonds will be allocated to any expenditures to which Proceeds of any other tax-exempt obligations have heretofore been allocated.

10. Issue Price; Yield on the Bonds. The Issuer and the Borrower hereby represent, covenant and agree as follows:

(a) In accordance with section 1.148-1(f)(2)(iv) of the Regulations, the Issuer and the Borrower hereby identify in the books and records maintained for the Bonds the rule that will be used to determine the Issue Price for the Bonds as the rule set forth in the first sentence of section 1.148-1(f)(2)(i) of the Regulations, i.e. the Issue Price is the first price at which a substantial amount (i.e. 10%) is sold to the public. Based on the representations set forth in Exhibit A hereto, the aggregate Issue Price of the Bonds is \$[2,880,000].

(b) The Yield on the Bonds will be computed separately for each computation period. For the purposes of this Agreement, the Yield on the Bonds for each computation period is the discount rate that, when used in computing the present value as of the first day of the computation period of all payments of principal, interest and fees for qualified guarantees on the Bonds that are attributable to the computation period, produces an amount equal to the present value, using the same discount rate, of the aggregate Issue Price (or deemed Issue Price, as determined by section 1.148-4(c)(2)(iv) of the Regulations) of the Bonds as of the first day of the computation period.

(c) For purposes of demonstrating the fact that the Yield on the Loans is not higher than the Yield on the Bonds by more than 1.5 percentage points, the Yield on the Bonds (i) is the discount rate that, when used in computing the present value as of the Issue Date of the Bonds, of all unconditionally payable payments of principal and interest on the Bonds, produces an amount equal to the present value, using the same discount rate, of the aggregate Issue Price of the Bonds as of the Issue Date of the Bonds and (i) is computed by treating the Bonds as redeemed on the mandatory tender date of [_____], because it is reasonably expected that the Bonds will be redeemed on such date. As set forth in the Certificate of Financial Advisor attached hereto as Exhibit B, the Yield on the Bonds, calculated in accordance with this subparagraph (b) is [Bond Yield] percent.

(d) Neither the Issuer nor the Borrower has entered into any hedging transaction with respect to the Bonds, and each covenants not to enter into a hedging transaction with respect to the Bonds unless there is first received a Favorable Opinion of Bond Counsel.

11. Yield on the Loan. The Issuer and the Borrower hereby represent, covenant and agree as follows:

(a) The Loan is allocated to the Bonds. The Yield on the Loan is computed using the same compounding interval and financial conventions used to compute the Yield on the Bonds. For the purposes of this Agreement, the Yield on the Loan is the discount rate that, when used in computing the present value as of the Issue Date of the Bonds of all receipts with respect to the Loan, produces an amount equal to the present value, using the same discount rate, of the aggregate payments with respect to the Loan as of the Issue Date of the Bonds. The aggregate payments made to the Borrower with respect to the Loan include no payments other than the “purchase price” of the Loan. The purchase price of the Loan is the amount loaned to the Borrower by the Issuer on the Issue Date of the Bonds, i.e. \$[2,880,000].

(b) The Loan is a purpose investment that the Issuer intends to treat as a “program investment” within the meaning of section 1.148-1 of the Regulations, because it is part of a governmental program (i) that involves the origination or acquisition of purpose investments; (ii) in which at least 95 percent of the cost of the purpose investments acquired under the program represents one or more loans to a substantial number of persons representing the general public, states or political subdivisions, organizations exempt from tax under section 501(c)(3) of the Code, persons who provide housing and related facilities, or any combination of the foregoing; (iii) in which at least 95 percent of the receipts from the purpose investments are used to pay principal, interest, or redemption prices on issues

that financed the program, to pay or reimburse administrative costs of those issues or of the program, to pay or reimburse anticipated future losses directly related to the program, to finance additional purpose investments for the same general purposes of the program, or to redeem and retire governmental obligations at the next earliest possible date of redemption; and (iv) in which the program documents prohibit any obligor on a purpose investment financed by the program or any “related party,” within the meaning of section 1.150-1(b) of the Regulations, to that obligor from purchasing bonds of an issue that finance the program in an amount related to the amount of the purpose investment acquired from that obligor. The Issuer has not waived the right to treat the Loan as a program investment.

(c) The receipts from the Borrower with respect to the Loan include interest and principal payments with respect to the Loan and the Qualified Administrative Costs paid by the Borrower, and the Qualified Administrative Costs paid by the Borrower have been taken into account, as provided by 1.148-5(e) of the Regulations, for purposes of computing the Yield on the Loan. Because the Issuer intends to treat the Loan as a “program investment” within the meaning of section 1.148-1 of the Regulations, the Qualified Administrative Costs do not include the costs or expenses paid, directly or indirectly, to purchase, carry, sell, or retire the Loan, which amounts are set forth in Exhibit D hereto.

(d) As set forth in the Certificate of the Financial Advisor attached hereto as Exhibit B, the Yield on the Loan, calculated in the manner set forth above, is [Loan Yield], which does not exceed than the Yield on the Bonds by more than 1.5 percentage points.

12. Investment of Proceeds Pending Expenditure; No Arbitrage. The Issuer and the Borrower hereby represent, covenant and agree as follows:

(a) Investment Proceeds. Amounts on deposit in the Project Fund may be comprised of Proceeds of the Bonds and amounts that are not Proceeds of the Bonds or any tax-exempt obligation. If Proceeds of the Bonds and amounts that are not Proceeds of the Bonds are commingled, the Borrower will take into account for purposes of its covenant to comply with the arbitrage and rebate requirements that Proceeds of the Bonds and amounts that are not Proceeds of the Bonds have been commingled as an investment. Investment Proceeds resulting from the investment of any Proceeds of the Bonds pending expenditure of such Proceeds for Project Costs will be used to pay Qualified Project Costs or, if not used to pay Qualified Project Costs, such amounts will be treated as “bad costs.”

(b) Minor Portion and Yield Reduction Payments. All Gross Proceeds of the Bonds will be invested in accordance with the “Funds” paragraph herein. To the extent such amounts remain on hand following the periods set forth in the “Funds” paragraph herein or exceed the limits set forth in the “Funds” paragraph herein, such amounts will be invested at a restricted Yield as set forth in such paragraph; provided, however, that an amount not to exceed the Minor Portion may be invested at a Yield that is higher than the Yield on the Bonds and, provided further, that, to the extent permitted by section 1.148-5(c)(3) of the Regulations, the Yield restriction requirements may be satisfied by making Yield Reduction Payments to the federal government.

(c) Bonds Are Not Hedge Bonds. Not more than 50 percent of the Proceeds of the Bonds will be invested in a Nonpurpose Investments having a substantially guaranteed Yield for four years or more. Further, at least 85 percent of the spendable Proceeds of the Bonds are reasonably expected to be used to carry out the governmental purposes of the Bonds within the three-year period beginning on the Issue Date of the Bonds.

(d) No Arbitrage. On the basis of the facts, estimates and circumstances set forth in this Agreement, it is expected by the Issuer and the Borrower that the Gross Proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of section 148 of the Code. To the best of the knowledge and belief of the undersigned representatives of the Issuer and the Borrower, there are no other facts, estimates or circumstances that would materially change such expectations. Except as provided in the Indenture and the Loan Agreement, the Borrower will not pledge or otherwise encumber, or permit the pledge or encumbrance of, any money, investment, or investment property as security for payment of any amounts due under the Loan Agreement or the note relating to the Loan, will not establish any segregated reserve or similar fund for such purpose and will not prepay any such amounts in advance of the redemption date of an equal principal amount of the Bonds, unless in each case there will have been delivered a Favorable Opinion of Bond Counsel. The Borrower will not, at any time prior to the final maturity of the Bonds, direct or permit the Trustee to invest Gross Proceeds of the Bonds in any investment (or to use Gross Proceeds of the Bonds to replace money so invested), if as a result of such investment the Yield of all investments acquired with Gross Proceeds (or with money replaced thereby) on or prior to the date of such investment exceeds the Yield of the Bonds to stated maturity, except as permitted by section 148 of the Code. The Issuer and the Borrower further covenant and agree that each will comply with and will take all action reasonably required to ensure that the Trustee complies with all applicable requirements of section 148 of the Code relating to the Bonds and the interest thereon.

(e) [Investment Securities. To the extent not expended on the Issue Date, Proceeds of the Bonds on deposit in the Project Fund and the Collateral Fund will be invested in the Investment Securities. The Issuer and the Borrower hereby certifies that the requirements of section 1.148-5(d)(6)(iii) of the Regulations will be followed. Specifically, with respect to the Investment Securities:

(i) The purchase of the Investment Securities was awarded to the Investment Provider based upon a bona fide solicitation by the Bidding Agent on behalf of the Issuer pursuant to bid specifications that were in writing and were timely forwarded to potential providers. The bid specifications included all material terms of the bid. A term is material if it may directly or indirectly affect the Yield or the cost of the investment. The bid specifications included a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Issuer or any other person (whether or not in connection with the Bonds), and that the bid is not being submitted solely as a courtesy to the Issuer, or any other person for purposes of

satisfying the requirements of the Regulations. The terms of the bid specifications were commercially reasonable. A term is commercially reasonable if there is a legitimate business purpose for the term other than to increase the purchase price or reduce the Yield of the investment.

(ii) All potential providers had an equal opportunity to bid. No potential provider was given the opportunity to review other bids (i.e., a last look) before providing a bid. At least three reasonably competitive providers were solicited for each of the bids. A reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of investments being purchased.

(iii) The bids received by the Bidding Agent satisfied all of the following requirements: (A) the Bidding Agent received three bids from providers that were solicited under a bona fide solicitation meeting the requirements described above and that did not have a material financial interest in the issue. A lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until fifteen days after the Issue Date of the issue. In addition, any entity acting as a financial advisor with respect to the purchase of the investment at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue. A provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue; (B) at least one of the bids described in (A) of this subparagraph was from a reasonably competitive provider, within the meaning set forth above; and (C) the Underwriter and the Bidding Agent did not bid to provide the investment.

(iv) The winning bid satisfied the following requirements: (A) the winning bid was the lowest cost bona fide bid (including any brokerage fees) for the portfolio, (B) the Provider certified the administrative costs that it pays (or expects to pay, if any) to third parties in connection with supplying the investment and (C) the winning bid (including any brokerage fees) is not greater than the cost of the most efficient portfolio comprised exclusively of State and Local Government Series Securities from the United States Department of Treasury, Bureau of Public Debt, determined at the time that the bids were required to be submitted pursuant to the terms of the bid specifications.

(v) The Issuer and the Borrower will retain the following records with the Bond documents until three years after the last outstanding Bond is redeemed: (A) a copy of the trade confirmations for the Investment Securities; (B) the receipt or other record of the amount actually paid for the Investment Securities, including a record of any administrative costs paid by any person and the certifications described above; (C) for each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid and the bid results; (D) the bid solicitation form and, if the terms of the Investment Securities deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation; and (E) the cost of the most

efficient portfolio of State and Local Government Series Securities, determined at the time the bids were required to be submitted pursuant to the terms of the bid specifications.

The Issuer determined that the bid to provide the Investment Securities satisfies each of the conditions set forth above and has obtained representations comparable in all material respects to the relevant representations set forth in the certificates attached hereto in Exhibits D and E.

13. Covenants of Trustee Relating to Investment of Proceeds. The Trustee will invest funds held under the Indenture in accordance with the respective terms of the Indenture and this Agreement, which covenant will extend throughout the term of the Bonds to all funds and accounts created under the Indenture and this Agreement and all moneys on deposit to the credit of any fund or account.

Notwithstanding any other provisions of the Indenture or of this Agreement, the Trustee will not make or cause to be made any investment or other use of the moneys in the funds or accounts that would cause the Bonds to be classified as “arbitrage bonds” within the meaning of section 148 of the Code or would cause the interest on the Bonds to be includable in gross income for federal income tax purposes. This covenant will extend, throughout the term of the Bonds, to all funds created under the Indenture, and all moneys on deposit to the credit of any fund. Pursuant to this covenant, with respect to the investments of the funds and accounts under the Indenture, the Trustee obligates itself to comply throughout the term of the Bonds with the requirements of section 148 of the Code.

Should the Issuer or the Borrower deliver notice (in the manner required under the Indenture or the Loan Agreement, as applicable) to the Trustee (it being understood that neither the Issuer nor the Borrower has an obligation to so deliver) or should the Trustee receive an opinion of Bond Counsel to the effect that any proposed investment or other use of Proceeds of the Bonds would cause the Bonds to become “arbitrage bonds” within the meaning of section 148 of the Code, then the Trustee will comply with any written direction of the Borrower regarding such investment or use so as to prevent the Bonds from becoming “arbitrage bonds.”

The Issuer and the Borrower agree that, in complying with the provisions set forth under this paragraph, the Trustee will be deemed to have complied with such provisions and will have no liability to the extent the Trustee materially follows the written directions of the Borrower or the Issuer.

14. Compliance with Yield Reduction and Rebate Requirements; Rebate Fund.

(a) Covenant to Comply with Rebate Requirements. The Issuer and the Borrower covenant to comply with the requirements that (i) if Gross Proceeds of the Bonds have been invested at a Yield that is “materially higher” the Yield on the Bonds and Yield Reduction Payments are permitted under section 1.148-5(c)(3) of the Regulations, Yield Reduction Payments be made to the federal government and (ii) “rebateable arbitrage earnings” on the investment of the Gross Proceeds of the Bonds, within the meaning of section 148(f) of the Code, be rebated to the federal government.

(b) Rebate Fund. The Indenture established the Rebate Fund, which will be maintained and held in trust by the Trustee and which will be disbursed and applied only as herein authorized in this “Compliance with Yield Reduction and Rebate Requirements; Rebate Fund” paragraph. Notwithstanding anything herein to the contrary, all provisions of the Indenture relating to the general administration of the funds created thereunder will apply to the Rebate Fund, and the Trustee is afforded all the rights, protections and immunities otherwise accorded to it thereunder as if the provisions set forth in this “Compliance with Yield Reduction and Rebate Requirements; Rebate Fund” paragraph were set forth in the Indenture.

(c) Delivery of Documents and Money by Borrower on Computation Dates. The Borrower will deliver to the Trustee and the Issuer, within 55 days after each Computation Date:

(i) a statement, signed by an officer of the Borrower, stating the Rebate Amount as of such Computation Date and the amount of any Yield Reduction Payments due; and

(ii) (A) if such Computation Date is an Installment Computation Date, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to at least 90 percent of the Rebate Amount and Yield Reduction Payments due as of such Installment Computation Date, less any “previous rebate payments” (determined in accordance with section 1.148-3(f)(1) of the Regulations), made to the United States of America or (B) if such Computation Date is the Final Computation Date, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to the Rebate Amount and Yield Reduction Payments due as of such Final Computation Date, less any “previous rebate payments” (determined in accordance with section 1.148-3(f)(1) of the Regulations) made to the United States of America; and

(iii) an IRS Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate (“Form 8038-T”) properly signed and completed as of such Computation Date.

(d) Administration of Rebate Fund and Payment of Rebate.

(i) The Trustee will deposit or transfer to the credit of the Rebate Fund each amount delivered to the Trustee by the Borrower for deposit thereto and each amount directed by the Borrower to be transferred thereto. Within five days after each receipt or transfer of funds to the Rebate Fund, the Trustee will withdraw such funds from the Rebate Fund and pay such amounts to the United States of America. The Trustee may conclusively rely on the instructions of the Borrower with regard to any actions to be taken by it pursuant to this paragraph and will have no liability for any consequences of any failure of the Borrower to perform its duties or obligations or to supply accurate or sufficient instructions. Except as specifically provided herein, the Trustee will have no duty or responsibility with respect to the

Rebate Fund or the Borrower's duties and responsibilities with respect thereto except to follow the Borrower's specific written instructions related thereto.

(ii) Moneys and securities held by the Trustee in the Rebate Fund will not be deemed funds of the Bonds and are not pledged or otherwise subject to any security interest in favor of the owners of the Bonds to secure the Bonds or any other obligations.

(iii) Moneys in the Rebate Fund will be separately invested and reinvested by the Trustee, at the written direction of the Borrower, in Eligible Investments, subject to the Code. The Trustee will sell and reduce to cash a sufficient amount of such Eligible Investments whenever the cash balance in the Rebate Fund is insufficient for its purposes.

(iv) The Borrower will provide to the Trustee and the Trustee will keep such records of the results of the computations made pursuant to this paragraph for a period of three years after the last Bond and any tax-exempt obligations issued to refinance the Bonds are retired. The Trustee will keep and make available to the Issuer and the Borrower such records concerning the investments of Gross Proceeds of the Bonds and the investments of earnings from those investments as may be requested by the Issuer or the Borrower in order to enable the Borrower to make the computations required under section 148(f) of the Code.

(e) Correction of Underpayments. If the Borrower discovers or is notified as of any date that any amount required to be paid to the United States of America pursuant to this Agreement has not been paid as required or that any payment paid to the United States of America pursuant to this Agreement has failed to satisfy any requirement of section 148(f) of the Code or section 1.148-3 of the Regulations (whether or not such failure is due to any default by the Borrower, the Issuer, or the Trustee), the Borrower will (i) deliver to the Trustee (for deposit to the Rebate Fund) and cause the Trustee to pay to the United States of America from the Rebate Fund (A) the Rebate Amount or Yield Reduction Payments due that the Borrower failed to pay, plus any interest specified in section 1.148-3(h)(2) of the Regulations, if such correction payment is delivered to and received by the Trustee within 175 days after such discovery or notice, or (B) if such correction payment is not delivered to and received by the Trustee within 175 days after such discovery or notice, the amount determined in accordance with clause (A) of this subparagraph plus the 50 percent penalty required by section 1.148-3(h)(1) of the Regulations, and (ii) deliver to the Trustee and the Issuer a Form 8038-T completed as of such date. If such Rebate Amount or Yield Reduction Payments, together with any penalty and/or interest due, is not paid to the United States of America in the amount and manner and by the time specified in the Regulations, the Borrower will take such steps as are necessary to prevent the Bonds from becoming "arbitrage bonds" within the meaning of section 148 of the Code.

(f) Fees and Expenses. The Borrower agrees to pay all of the fees and expenses of Bond Counsel, the Rebate Analyst, and any other necessary consultant employed by the Borrower, the Trustee, or the Issuer in connection with computing the Rebate Amount and the Yield Reduction Payments.

(g) No Diversion of Rebatable Arbitrage. The Borrower will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the Gross Proceeds of the Bonds that is not purchased at fair market value (as defined in section 1.148-5(d)(6)(iii) of the Regulations) or includes terms that the Borrower would not have included if the Bonds was not subject to section 148(f) of the Code.

(h) Rebate Not Required in Certain Circumstances.

(i) Notwithstanding the foregoing, the Borrower will not be required to perform the obligations set forth in this “Compliance with Rebate Requirements; Rebate Fund” paragraph, except for the obligation to retain accounting records and the payment of expenses as described herein, if (A) the Gross Proceeds of the Bonds have not been invested at a Yield that is “materially higher” the Yield on the Bonds and therefore is not required to pay Yield Reduction Payments and/or (B) the Borrower has not earned any rebatable arbitrage and, therefore, is not subject to the rebate obligation set forth in section 148(f) of the Code. To the extent that the Borrower will not be required to perform such obligations, the Borrower will send written notice to the Trustee and the Issuer within 55 days after the applicable Computation Date.

(ii) Notwithstanding anything to the contrary in this Agreement requiring a payment to be made based on the Rebate Analyst’s calculations showing a Yield Reduction Payment or Rebate Amount being due, no payment will be made by the Trustee to the United States of America if the Borrower furnishes to the Issuer and the Trustee a Favorable Opinion of Bond Counsel. In such event, the Borrower will be entitled to withdraw funds from the Rebate Fund to the extent provided in such Favorable Opinion of Bond Counsel.

(i) Trustee Reliance on Written Directions. The Issuer and the Borrower agree that, in complying with the provisions set forth under this paragraph, the Trustee will be deemed to have complied with such provisions and will have no liability to the extent it materially follows the written directions of the Borrower, the Issuer, or the Rebate Analyst. The Trustee is not liable or responsible for monitoring the compliance by the Borrower, the Issuer or Rebate Analyst of any of the requirements of Section 148 of the Code or any applicable regulation, ruling, or other judicial or administrative interpretation thereof, it being acknowledged and agreed that the sole obligation of the Trustee in this regard is (i) to invest the moneys received by the Trustee pursuant to the written instructions of the Borrower, Issuer, or Rebate Analyst in specific investments identified by the Borrower or, in the absence of such identification, to make investments as otherwise provided herein and to disburse said moneys in accordance with the terms of this Indenture and (ii) to materially follow investment instructions as provided in this Indenture.

15. Funds.

(a) Project Fund. All of the Proceeds of the Bonds in the Project Fund are expected by the Borrower and the Issuer to be invested and disbursed as described in the Indenture to pay Project Costs. The Issuer and the Borrower hereby waive the temporary period available under Section 1.148-2(e)(2) of the Regulations. All amounts on deposit in the Project Fund will be invested at a Yield that is not “materially higher” than the Yield on the Bonds, except as set forth in the “Investment of Proceeds Pending Expenditure; No Arbitrage—Minor Portion and Yield Reduction Payments” and “—Investment Securities” subparagraphs herein.

(b) Bond Fund. Amounts on deposit in the Bond Fund will be used for the purposes set forth in Section 4.03 of the Indenture. The Bond Fund will be used primarily to achieve a proper matching of payments made pursuant to the Loan Agreement and debt service on the Bonds within each Bond Year. Any amounts in the Bond Fund held for longer than 13 months will be invested in obligations the Yield on which is not “materially higher” than the Yield on the Bonds, except as set forth in the “Investment of Proceeds Pending Expenditure; No Arbitrage—Minor Portion and Yield Reduction Payments” subparagraph herein.

(c) Costs of Issuance Fund. Amounts on deposit in the Costs of Issuance Fund will be funded by the Borrower at closing and used for the purpose of paying Costs of Issuance. Amounts remaining in the Costs of Issuance Fund after the payment of all Costs of Issuance, and in any event not later than 30 days following the Issue Date of the Bonds, will be returned to the Borrower. There is no assurance that amounts on deposit in the Costs of Issuance Fund will be available to pay debt service on the Bonds.

(d) Collateral Fund. Amounts on deposit in the Collateral Fund will be used for the purposes set forth in Section 4.06 of the Indenture. Any amounts held in the Collateral Fund will be invested in obligations the Yield on which is not “materially higher” than the Yield on the Bonds, except as set forth in the “Investment of Proceeds Pending Expenditure; No Arbitrage—Minor Portion and Yield Reduction Payments” and “—Investment Securities” subparagraphs herein.

(e) Expense Fund. Amounts on deposit in the Expense Fund will be funded by the Borrower and used for the purposes set forth in Section 4.08 of the Indenture. There is no assurance that amounts on deposit in such fund will be available to pay debt service on the Bonds.

(f) Rebate Fund. The Rebate Fund will be used in the event the Borrower is required to pay Yield Reduction Payments or rebatable arbitrage earnings to the federal government, as described in the “Compliance with Rebate Requirements; Rebate Fund” paragraph above. Amounts on deposit in the Rebate Fund are not subject to the lien of the Indenture; accordingly, there is no assurance that amounts on deposit, if any, in the Rebate Fund will be available to pay debt service on the Bonds.

16. Replacement Proceeds. The Issuer and the Borrower hereby represent as follows:

(a) No Sinking Funds. Other than the Bond Fund and the Collateral Fund, there is no debt service fund, redemption fund, reserve fund, replacement fund, or similar fund reasonably expected to be used directly or indirectly to pay principal or interest on the Bonds.

(b) No Pledged Funds. Other than amounts in the Bond Fund and the Collateral Fund, there is no amount that is directly or indirectly pledged to pay principal or interest on the Bonds, or to a guarantor of the Bonds, such that such pledge provides reasonable assurance that such amount will be available to pay principal or interest on the Bonds if the Issuer encounters financial difficulty. For purposes of this certification, an amount is treated as so pledged if it is held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of the holders or the guarantor of the Bonds.

(c) No Other Replacement Proceeds. There are no other Replacement Proceeds allocable to the Bonds because the Issuer reasonably expects that the term of the Bonds will not be longer than is reasonably necessary for the governmental purpose of the Bonds. Furthermore, even if the Bonds were outstanding longer than necessary for the purpose of the Bonds, no Replacement Proceeds will arise because the Issuer reasonably expects that no amounts will become available during the period that the Bonds remain outstanding longer than necessary based on the reasonable expectations of the Issuer as to the amounts and timing of future revenues. The Bonds would be issued to achieve the governmental purpose of the Bonds independent of any arbitrage benefit as evidenced by the expectation that the Bonds reasonably would have been issued if the interest on the Bonds were not excludable from gross income (assuming that the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate and that tax credits issued under section 42 of the Code would be available in connection therewith).

17. Not an Abusive Transaction. The Issuer and the Borrower hereby represent as follows:

(a) General. A device has not been and will not be employed in connection with the issuance of the Bonds to obtain a material financial advantage (based on arbitrage) apart from savings attributable to lower interest rates. Furthermore, no action taken in connection with the Bonds is or will be an abusive arbitrage device by having the effect of (i) enabling the Issuer or the Borrower to exploit, other than during an allowable temporary period, the difference between tax-exempt and taxable interest rates to obtain a material financial advantage (including as a result of an investment of any portion of the Gross Proceeds of the Bonds over any period of time, notwithstanding that, in the aggregate, the Gross Proceeds of the Bonds are not invested in higher yielding investments over the term of the Bonds) and (ii) overburdening the tax-exempt bond market by issuing more bonds, issuing bonds earlier or allowing bonds to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Bonds, based on all the facts and circumstances. Specifically, (A) the primary purpose of each transaction undertaken in connection with the issuance of the Bonds is a bona fide governmental purpose; (B) each action taken in connection with the issuance of the Bonds would

reasonably be taken to accomplish the governmental purposes of the Bonds if the interest on the Bonds were not excludable from gross income for federal income tax purposes (assuming the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate on the Bonds); and (C) the Proceeds of the Bonds will not exceed by more than a Minor Portion the amount reasonably anticipated to be necessary to accomplish the governmental purposes of the Bonds and will in fact not be substantially in excess of the amount of Proceeds allocated to expenditures for the governmental purposes of the Bonds. The issuance of the Bonds as sized is necessary to achieve the 50% of basis requirement of Section 42 of the Code in order for the Borrower to receive low-income housing tax credits, without which the Project could not be provided for low-income tenants. The funding of the Collateral Fund is necessary to secure the rating on the Bonds and to enable the Bonds to be sold with terms acceptable to the Borrower.

(b) No Sinking Fund. No portion of the Bonds has a term that has been lengthened primarily for the purpose of creating a sinking fund or similar fund with respect to the Bonds.

(c) No Window. No portion of the Bonds has been structured with maturity dates the primary purpose of which is to make available released revenues that will enable the Issuer to avoid transferred proceeds or to make available revenues that may be invested to be ultimately used to pay debt service on another issue of obligations.

(d) No Disposition. No portion of the Project is reasonably expected to be disposed of while the Bonds are outstanding.

18. The Project. The Borrower hereby represents and covenants as follows:

(a) The Project will be comprised of (i) Units, none of which will be owner-occupied other than any functionally related and subordinate Units used by management for the purpose of housing any resident managers, security personnel or maintenance personnel that is reasonably required for the Project, and (ii) facilities, all of which are functionally related and subordinate to the aforementioned Units (i.e., facilities that are of a size and character commensurate with the size and character of such Units). All Units in the Project will be rented to individuals or families for residential occupancy.

(b) There has been and will be no substantial deviation from the description and location of the Project and the Borrower, operator or manager set forth in the notice of hearing published with respect to the Bonds for purposes of satisfying the requirements of section 147(f) of the Code.

(c) The Project will be designed and equipped and will be owned, maintained and operated on a continuous basis in accordance with the Loan Agreement and the Regulatory Agreement. For purposes of this subparagraph, each of the enumerated types of facilities includes the interior furnishings of such facility (including the facility's plumbing, electrical and decorating costs) and the structural components required for the facility (including the facility's walls, ceilings and special enclosures). Each such enumerated type of facility includes only those normal components of the structure in

which it is located, such as the structure's structural supports, to the extent that those components are required because of the facility. The recreational facilities, if any, included as part of the Project will be available only to residential tenants and their guests, and no separate fee will be required for the use of such facilities.

(d) Except to the extent that any Unit is a single room occupancy unit under section 42 of the Code, each Unit will contain separate and complete facilities for living, sleeping, eating, cooking and sanitation. Specifically, each Unit will contain a living area, a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, full-size refrigerator and sink, all of which are separate and distinct from the facilities included in other Units.

(e) Parking spaces included in the Project are functionally related and subordinate to the Units included in the Project in that they are no greater in number than is normally appropriate for a residential rental facility that is of the size of the Project. Only tenants, prospective tenants, guests of tenants, employees of the Borrower, and employees of the manager are expected to use these parking spaces.

(f) If the Project contains a clubhouse, exercise or similar recreational facility, such facility exists as a tenant amenity and may be used by any tenant free of any separate charge and will be constructed for the exclusive use of tenants of the Project and their guests. Such facility, if any, is of a character and size commensurate with the character and size of the Project and will not be open to the general public on a membership basis.

(g) The Project will not include any nonresidential or commercial space, including particularly, without limitation, any other space or facility not described in this paragraph.

(h) No continual or frequent skilled or unskilled nursing services will be available at the Project, although the tenants will be permitted to engage such services from providers that are not affiliated with the Borrower or the manager. Thus, neither the Borrower nor the manager, nor any Related Person to either the Borrower or the manager, will provide any assistance to any tenant in connection with his or her activities of daily living, other than concierge and valet services. The Project will not be licensed as a convalescent or nursing home, continuing care facility, personal care facility, special care facility or other assisted living facility under State law.

19. Tenant Income Certifications. The Borrower hereby represents and covenants as follows:

(a) The Borrower will obtain and maintain tenant income certifications in a form that satisfies the requirements of section 1.103-8(b)(8) of the Regulations demonstrating that the 40-60 Test is met with respect to the occupied Units continuously throughout the Qualified Project Period.

(b) The Borrower will ensure that each person who is intended to be a Qualifying Tenant will sign and deliver to the Borrower or a manager of the Project a tenant income certification in the form required by the Regulatory Agreement. In addition, the

Borrower will ensure that such person will provide whatever other information, documents or certifications are deemed necessary to substantiate the tenant income certification.

(c) The Borrower will timely file, or take such actions as are necessary to cause any other person who is properly treated as the “operator” for purposes of section 142(d)(7) of the Code to file timely, the annual certifications described in section 142(d)(7) of the Code (currently, IRS Form 8703, Annual Certificate of Residential Rental Project).

(d) For a period of at least three years after the date the Bonds are retired, a tenant income certification in the form required by the Regulatory Agreement will at all times be maintained on file at the applicable location for the Project with respect to each Qualifying Tenant who resides or has resided in a Unit.

20. Form of Lease. The Borrower will ensure that the term of a lease of any Unit will be for a term of not less than six months, subject to the provision that any lease may be terminated if the tenant’s physical condition no longer permits full-time residence in the Project; provided, however, that the form of lease to be utilized by the Borrower in renting any Units to a person who is intended to be a Qualifying Tenant will provide for termination of the lease and consent by such person to immediate eviction in accordance with applicable law for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by such person with respect to the tenant income certification.

21. Change in Use. The Borrower acknowledges that any failure to satisfy the applicable requirements of sections 103 and 142 through 150, inclusive, of the Code, including the 40-60 Test, with respect to the Project will be treated as a change in use for purposes of section 150(b)(2) of the Code with the result that no deduction will be allowed for federal income tax purposes for interest paid by the Borrower with respect to the portion of the Loan that is allocable to Proceeds of the Bonds that accrues during the period beginning on the first day of the taxable year in which the Project fails to meet such requirements and ending on the date that the Project meets such requirements.

On the earlier of (a) the date on which the Borrower reasonably determines that the Project will not be completed or (b) the date on which the Project is Placed in Service, the Borrower will identify the amount of unspent Net Proceeds of the Bonds, if any, and will use such amount to redeem or, if not permitted by the terms of the Bonds, defease the Bonds, all in accordance with the requirements of section 1.142-2 of the Regulations, the Indenture and the Loan Agreement, as applicable, including the requirement that, if a defeasance is necessary, timely written notice be provided to the IRS.

22. Cashflow Sufficiency. The Borrower reasonably expects that all principal of and interest on the Loan will be paid as due and that after such payments are made there will be significant cash flow that will be available to the Borrower. Furthermore, the Borrower expects that debt service on the Loan will not be paid, directly or indirectly, from non-operating or other investment funds maintained by the Borrower or any “related person” (as such term is defined for purposes of section 147(a)(2) of the Code) to the Borrower. The Borrower does not expect to create or establish, or otherwise set aside or dedicate, any fund or account that is expected to be used to pay principal of or interest on the Bonds or to be pledged, directly or indirectly, to the

payment of principal of or interest on the Bonds, except for the funds and accounts established under the Indenture. Moneys received from the investment of moneys received from the sale of the Bonds and from the investment of such investment income will not be commingled with other receipts or revenues of the Borrower.

23. Record Retention. The Issuer, the Borrower and the Trustee will retain or cause to be retained all pertinent and material records relating to the investment, use and expenditure of the Proceeds of the Bonds and the calculation of rebate in connection therewith until three years after the Bonds, including any tax-exempt obligations issued to refinance the Bonds, are redeemed or paid at maturity, or such shorter period as authorized by subsequent guidance issued by the Department of the Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the Issuer to retrieve and reproduce such books and records in the event of an examination of the Bonds by the IRS.

24. Examination by IRS. The Borrower acknowledges that, in the event of an examination by the IRS of the exclusion of interest on the Bonds from the gross income of the owners thereof for federal tax purposes, the Issuer will likely be treated as the “taxpayer”, and the Borrower agrees to respond in a commercially reasonable manner on behalf of, and at the direction of, the Issuer (and in consultation with the Servicer, who will have the right to participate in all related proceedings (including tax court challenges and appeals)) to such examination and to pay the costs of the counsel selected by the Issuer to provide a defense regarding the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes. THE BORROWER WILL INDEMNIFY AND HOLD HARMLESS THE ISSUER AND THE TRUSTEE AGAINST ANY AND ALL COSTS, LOSSES, CLAIMS, DAMAGES, OR LIABILITY OF, OR RESULTING FROM, SUCH AN EXAMINATION AND THE SETTLEMENT THEREOF BY THE ISSUER AND THE TRUSTEE (INCLUDING THE COST OF THE ISSUER’S AND THE TRUSTEE’S LEGAL COUNSEL), EXCEPT AS A RESULT OF THE WILLFUL MISCONDUCT, BAD FAITH, OR FRAUD OF THE ISSUER (WITH RESPECT TO INDEMNIFICATION OF THE ISSUER) OR THE GROSS NEGLIGENCE, WILLFUL MISCONDUCT, BAD FAITH, OR FRAUD OF THE TRUSTEE (WITH RESPECT TO INDEMNIFICATION OF THE TRUSTEE).

25. Post-Issuance Compliance Procedures. The Borrower has been provided with a copy of the Issuer’s written post-issuance compliance procedures regarding federal tax compliance that include provisions to ensure that all nonqualified bonds are remediated according to the requirements under the Code and Regulations and to monitor the requirements of section 148 of the Code. The Borrower has reviewed such written post-issuance compliance procedures and agrees to take such actions as required therein to maintain compliance with requirements in the Code. A copy of the current version of such procedures is attached hereto as Exhibit [F].

26. Term. The obligations of the Issuer, the Borrower and the Trustee, under this Agreement will survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the exclusion from gross income of interest on the Bonds for federal income tax

purposes. The provisions of Section 24 of this Agreement will survive the defeasance and discharge of the Bonds and the resignation or removal of the Trustee.

27. Amendments.

(a) To the extent any amendments to the Code or the Regulations, which, as a matter of law, are applicable to the Project and, in the written opinion of Bond Counsel filed with the Issuer, the Trustee and the Borrower, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Agreement, this Agreement will be deemed to be automatically amended to impose such additional or more restrictive requirements. The parties hereto hereby agree to execute such amendment hereto as will be necessary to document such automatic amendment hereof.

(b) To the extent that the Code or the Regulations, or any amendments thereto, which, as a matter of law, are applicable to the Project and, in the written opinion of Bond Counsel filed with the Issuer, the Trustee and the Borrower, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Agreement, this Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment signed by the Issuer, the Trustee and the Borrower and upon receipt of a Favorable Opinion of Bond Counsel.

(c) All reasonable costs, including fees and out-of-pocket expenses actually incurred by the Issuer and the Trustee, in connection with an amendment to this Agreement will be paid by the Borrower and its successors in interest.

28. Remedies. The Issuer, the Trustee, and the Borrower each hereby agree that the remedies available under Article VI of the Indenture and Article VII of the Loan Agreement apply upon the occurrence of an Event of Default (as defined under the Indenture or the Loan Agreement, as applicable) resulting from an action or omission of an action by any party hereunder with respect to any provision of this Agreement.

29. Miscellaneous.

(a) Severability. If any provision of this Agreement is ruled invalid by any court of competent jurisdiction, the invalidity of such provision will not affect any of the remaining provision hereof.

(b) Counterparts. This Agreement may be executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

(c) Notices. All notices, demands, communications and requests which may or are required to be given hereunder or by any party hereto will be deemed given on the date on which the same will have been mailed by registered or certified mail, postage prepaid, addressed to such parties at the addresses set forth in the Indenture and the Loan Agreement, as applicable.

(d) Successors and Assigns. The terms, provisions, covenants and conditions of this Agreement bind and inure to the benefit of the respective successors and assigns of the Issuer, the Borrower, and the Trustee.

(e) Headings. The headings of this Agreement are inserted for convenience only and will not be deemed to constitute a part of this Agreement.

(f) The Trustee. Every provision of this Agreement relating to the conduct of, or affecting the liability of, or affording protection to, the Trustee shall be expressly subject to Article V of the Indenture.

(g) Governing Law. This Agreement is governed by the laws of the State, without regard to the choice of law rules of the State. Venue for any action under this Agreement will lie within the district courts of the State, and the parties hereto consent to the jurisdiction and venue of any such court and hereby waive any argument that venue in such forums is not convenient.

[EXECUTION PAGES FOLLOW]

IN WITNESS WHEREOF, the Issuer, the Borrower and the Trustee have caused this Agreement to be executed and delivered by duly authorized officers thereof as of the day and year first written above.

**TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS**, as Issuer

By: _____

Name: Monica Galuski

Title: Director of Bond Finance/Chief Investment
Officer

Signature Page to Tax Exemption Agreement

YELLOWSTONE BOULEVARD, LLC,
a Texas limited liability company

By: Yellowstone Boulevard I, LLC, its
Managing Member

By: Bozrah International Ministries, Inc.,
its Managing Member

By: _____
Name: Brian Courtney
Title: President

**U.S. BANK, NATIONAL ASSOCIATION, as
Trustee**

By: _____
Name: _____
Title: _____

EXHIBIT A

ISSUE PRICE CERTIFICATE

I, the undersigned officer of Stifel, Nicolaus & Company, Incorporated (the “Stifel”), make this certificate in connection with the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Park Yellowstone) Series 2019 (the “Bonds”). Each capitalized term used herein has the meaning or is the amount, as the case may be, specified for such term in the Tax Exemption Certificate and Agreement to which this Exhibit A is attached (the “Tax Exemption Agreement”). I hereby certify as follows as of the Issue Date of the Bonds:

1. I hereby certify as follows in good faith as of the Issue Date of the Bonds:

(a) I am the duly chosen, qualified and acting officer of Stifel for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of Stifel. I am the officer of Stifel charged, along with other officers of Stifel, with responsibility for the Bonds.

(b) The first price at which at least 10% of each maturity was sold to the Public is the price for each such maturity set forth on the cover of the Official Statement prepared in connection with the Bonds (each, an “Actual Sales Price”).

(c) The aggregate of the Actual Sales Prices is \$[_____]. The Bonds were sold with no pre-issuance accrued interest.

2. For purposes of this Issue Price Certificate, the following definitions apply:

(b) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

(c) “Related Party” means any two or more persons who are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interest or profits interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(e) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel's interpretation of any laws, including specifically sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer and the Borrower with respect to certain of the representations set forth in the Tax Exemption Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bracewell LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds.

[EXECUTION PAGE FOLLOWS]

The foregoing Issue Price Certificate has been duly executed as of the Closing Date.

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED**

By: _____
Name: _____
Title: _____

Signature Page to Issue Price Certificate

EXHIBIT B

CERTIFICATE OF FINANCIAL ADVISOR

I, the undersigned officer of George K. Baum & Company (the “Financial Advisor”), make this certificate in connection with the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Park Yellowstone) Series 2019 (the “Bonds”). Each capitalized term used herein has the meaning or is the amount, as the case may be, specified for such term in the Tax Exemption Certificate and Agreement to which this Exhibit B is attached (the “Tax Exemption Agreement”). I hereby certify as follows as of the Issue Date of the Bonds:

1. I am the duly chosen, qualified and acting officer of the Financial Advisor for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Financial Advisor.

2. The Issue Price plus any Pre-Issuance Interest on the Bonds, based on the representations of Stifel, Nicolaus & Company, Incorporated attached as Exhibit A to the Tax Exemption Agreement, is not more than \$[_____].

3. The Financial Advisor has computed the Yield on the Bonds, based on such Issue Price, to be [Bond Yield] percent.

4. The Financial Advisor has calculated the Yield on the Mortgage Loan to be [Loan Yield] percent. Accordingly, the Yield on the Mortgage Loan does not exceed the Yield on the Bonds by more than 1.5 percentage points.

5. For purposes of determining the Yields in paragraphs 3 and 4 above, the Financial Advisor has performed certain calculations relating to the Bonds and the Bond Loan. Such calculations are attached hereto as Schedule I. The Financial Advisor hereby represents that such calculations are based on assumptions and methodologies provided by Bond Counsel and are in all material respects consistent with the assumptions and methodologies set forth in the “Yield on the Bonds” and “Yield on the Bond Loan” paragraphs of the Tax Exemption Agreement. These calculations include calculations based upon assumptions, information, and estimates obtained from the Borrower and the Issuer, which the Financial Advisor, based on its experience with similar transactions, has no reason to believe are not reasonable in light of the relevant facts and circumstances. To the best of the Financial Advisor’s knowledge, as of the Issue Date of the Bonds, no fact or circumstance has come to the Financial Advisor’s attention that conflicts with the assumptions, information and estimates described in the preceding sentence.

6. As shown in Schedule I attached hereto, the Financial Advisor computed the Weighted Average Maturity of the Bonds, calculated in accordance with the provisions of the Tax Exemption Agreement, to be [WAM] years.

7. The Financial Advisor represents that to the best of its knowledge as of the Issue Date of the Bonds, the statements set forth in paragraphs (a) through (c) of the “Not An Abusive Transaction” paragraph of the Tax Exemption Agreement are true.

The Issuer may rely on the statements made herein in connection with making the representations set forth in the Tax Exemption Agreement and in its efforts to comply with the conditions imposed by the Code on the exclusion of interest on the Bonds from the gross income of their owners. Bracewell LLP also may rely on this certificate for purposes of its opinion regarding the treatment of interest on the Bonds as excludable from gross income for federal income tax purposes and the preparation of the Form 8038.

[EXECUTION PAGE FOLLOWS]

The foregoing Certificate of Financial Advisor has been duly executed as of the Closing Date.

GEORGE K. BAUM & COMPANY

By: _____
Name: _____
Title: _____

Signature Page to Certificate of Financial Advisor

EXHIBIT C
SCHEDULE OF LOAN COSTS

Paid Prior to Closing

Application Fee* \$

Paid at Closing

Issuer Issuance Fee* \$

Issuer Administration Fee \$
(first two years)

Issuer Compliance Fee* \$
(first year)

Annual Fees

Issuer Administration Fee .10% per annum of the aggregate principal
(beginning January 1, 2021) amount of the Bonds outstanding

Issuer Compliance Fee* \$25 per unit in the Project
(beginning January 1, 2022)

*Based on pro rata amount (based on par amounts) of combined total fees of the Bonds and the Long Term Bonds.

EXHIBIT D

CERTIFICATE OF BIDDING AGENT

I, the undersigned officer of [Bidding Agent Name] (the “Bidding Agent”), make this certificate in connection with the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Park Yellowstone), Series 2019 (the “Bonds”). Each capitalized term used herein has the meaning or is the amount, as the case may be, specified for such term in the Tax Exemption Certificate and Agreement to which this Exhibit D is attached (the “Tax Exemption Agreement”). I hereby certify as follows as of the Issue Date:

1. I am the duly chosen, qualified and acting officer of the Bidding Agent for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Bidding Agent.

2. The Bidding Agent has acted on behalf of the Issuer in receiving bids for the purchase by the Issuer of the Investment Securities. The Bidding Agent has made a bona fide solicitation for the Investment Securities that satisfies all of the following requirements:

(a) The bid specifications attached hereto were timely forwarded to potential providers of the Investment Securities.

(b) The bid specifications attached hereto include all material terms of the bid. A term is material if it may directly or indirectly affect the yield or the cost of the Investment Securities.

(c) The bid specifications attached hereto include a statement notifying potential providers of the Investment Securities that submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Issuer or any other person, and that the bid is not being submitted solely as a courtesy to the Issuer or any other person for purposes of satisfying the requirements of section 1.148-5(d)(6)(iii)(B)(1) or (2) of the Regulations.

(d) The terms of the bid specifications attached hereto are commercially reasonable. A term is commercially reasonable if there is a legitimate business purpose for the term other than to increase the purchase price or reduce the Yield of the Investment Securities. For example, the hold firm period must be no longer than the Issuer reasonably requires.

(e) All potential providers of the Investment Securities had an equal opportunity to bid. For example, no potential provider was given the opportunity to review other bids (i.e., a last look) before providing a bid.

(f) At least three reasonably competitive providers were solicited for bids with respect to each group of substantially identical Investment Securities. A reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of investments being purchased.

3. (a) The bids to provide the Investment Securities received by the Bidding Agent are as follows and meet all of the following requirements:

Bidder

Bid

(b) The Bidding Agent received at least three bids with respect to the Investment Securities from providers that the Bidding Agent solicited under a bona fide solicitation meeting the requirements of paragraph 2 above and that did not have a material financial interest in the Bonds. A lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the Issue Date of the issue. Any entity acting as a Bidding Agent with respect to the purchase of the Investment Securities at the time the bid specifications were forwarded to potential providers has a material financial interest in the issue. A provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.

(c) At least one of the bids with respect to the Investment Securities described in subparagraph 3(a) above is from a reasonably competitive provider, within the meaning of subparagraph 2(f) above.

(d) The Bidding Agent did not bid to provide any of the Investment Securities.

4. The Bidding Agent further certifies with respect to each group of substantially identical Investment Securities:

(a) The winning bid is the lowest cost bid for the portfolio comprised of the Investment Securities(including any broker's fees, as adjusted).

(b) The lowest cost bona fide bid (including any broker's fees, as adjusted) is not greater than the cost of the most efficient portfolio comprised exclusively of State and Local Government Series Securities from the United States Department of the Treasury, Bureau of Public Debt. The cost of the most efficient portfolio of State and Local Government Series Securities is to be determined at the time that bids are required to be submitted pursuant to the terms of the attached bid specifications.

(c) The Provider certified the administrative costs that it paid (or expected to pay), if any, to third parties in connection with supplying the Investment Securities, as set out in paragraph [] of the Provider Certificate.

(d) The Bidding Agent has provided to the Issuer (i) the receipt or other record of the amount actually paid by the Issuer for the Investment Securities, including a record of any administrative costs paid by the Issuer, and the certification under subparagraph 4(c) above; (ii) for each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results; (iii) the bid solicitation form and, if the terms of the purchase deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

5. The Bidding Agent received compensation of \$[_____]. The fee, as of the date the Investment Securities are allocated to the Bonds, does not exceed the lesser of \$39,000 or 0.2 percent of the computational base of the Investment Securities (or, if more, \$4,000). The computational base is the purchase price of the Investment Securities. The amount of such fee is not reasonable unless it is comparable to administrative costs that would be charged for the same investment or a reasonably comparable investment if acquired with a source of funds other than Gross Proceeds of tax-exempt bonds.

The Bidding Agent hereby authorizes the Issuer to rely on the statements made herein in connection with making the representations set forth in the Tax Exemption Agreement and in its efforts to comply with the conditions imposed by the Code on the exclusion of interest on the Bonds from the gross income of their owners. The Bidding Agent hereby authorizes Bracewell LLP to rely on this certificate for purposes of its opinion regarding the treatment of interest on the Bonds as excludable from gross income for federal income tax purposes.

[EXECUTION PAGE FOLLOWS]

The foregoing Certificate of the Bidding Agent has been duly executed as of the Closing Date.

[BIDDING AGENT NAME]

By: _____

Name: _____

Title: _____

Signature Page to Certificate of Bidding Agent

EXHIBIT E
PROVIDER CERTIFICATE

[See attached.]

EXHIBIT F
POST-ISSUANCE COMPLIANCE PROCEDURES

[See Attached]

BOND PURCHASE AGREEMENT

Dated January __, 2019

by and among

**STIFEL, NICOLAUS & COMPANY, INCORPORATED,
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

and

YELLOWSTONE BOULEVARD, LLC

Relating to:

**\$12,500,000
Texas Department of Housing and Community Affairs
Multifamily Tax-Exempt Bonds (M-TEMS)
(Park Yellowstone)
Series 2019 (FN)**

and

**\$2,880,000
Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(Park Yellowstone), Series 2019**

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BOND PURCHASE AGREEMENT

Stifel, Nicolaus & Company, Incorporated (the “*Underwriter*”), on its own behalf and not as your fiduciary, hereby offers to enter into this Bond Purchase Agreement dated January __, 2019 (this “*Purchase Contract*”) with the Texas Department of Housing and Community Affairs (together with its successors and assigns, the “*Issuer*”) and Yellowstone Boulevard, LLC, a Texas limited liability company (the “*Borrower*”), for the sale by the Issuer and the purchase by the Underwriter of the Bonds defined below which are being issued by the Issuer for the benefit of the Borrower. The Underwriter is an “underwriter” as defined in Section 2(a)(11) of the Securities Act of 1933, as amended (the “*1933 Act*”). This offer is made subject to the written acceptance hereof by the Issuer and the Borrower and delivery of such acceptance (in the form of one or more counterparts hereof) at or prior to 5:00 p.m., Eastern Time, on the date hereof, and will expire if not so accepted at or prior to such time (or such later time as the Underwriter may agree in writing). Upon such acceptance, this Purchase Contract will be binding upon each of the Issuer, the Borrower and the Underwriter.

Section 1. Definitions and Background. The capitalized terms used but not defined in this Purchase Contract have the meanings assigned to them in the Indenture of Trust by and between the Issuer and U.S. Bank National Association (the “*Trustee*”) dated as of January 1, 2019 (the “*Long-Term Bonds Indenture*”) and in the Trust Indenture by and between the Issuer and the Trustee dated as of January 1, 2019 (the “*Short-Term Bonds Indenture*,” and together with the Long-Term Bonds Indenture, the “*Indentures*”).

1.2 This Purchase Contract is for the sale and delivery of the Issuer’s Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN) (the “*Long-Term Bonds*”) and the Issuer’s Multifamily Housing Revenue Bonds (Park Yellowstone) Series 2019 (the “*Short-Term Bonds*,” and together with the Long-Term Bonds, the “*Bonds*”), which are being issued by the Issuer to provide financing for the Project. The Bonds will be issued pursuant to (i) that certain resolution of the Issuer adopted December 6, 2018 (the “*Bond Resolution*”), (ii) the provisions of Chapter 2306, Texas Government Code, as amended (the “*Act*”), and (iii) the terms of the Indentures. The Long-Term Bonds will be payable from (i) the pledge of one hundred percent (100%) of the beneficial ownership interest in the MBS, if and when delivered, from the Issuer to the Trustee, (ii) an assignment of the MBS Revenues (as defined in the Long-Term Indenture) received by the Issuer under or in respect of the MBS, and (iii) the moneys and securities from time to time held by the Trustee in the funds under the terms of the Long-Term Indenture (collectively, the “*Long-Term Bond Trust Estate*”). The Short-Term Bonds will be payable from (i) certain revenues to be received by the Issuer under the Loan Agreement (as defined herein), (ii) the moneys and securities from time to time held by the Trustee in the funds under the terms of the Short-Term Indenture, and (iii) a subordinate mortgage on the Project (collectively, the “*Short-Term Bond Trust Estate*”, and with the Long-Term Bond Trust Estate, the “*Trust Estate*”). In connection with the issuance of the Bonds, the Issuer will execute and deliver this Purchase Contract; the Indentures; the Financing Agreement with respect to the Long-Term Bonds among the Issuer, the Lender (as defined herein), and the Borrower (the “*Financing Agreement*”) dated as of January 1, 2019; the Loan Agreement with respect to the Short-Term Bonds by and between the Issuer and the Borrower (the “*Loan Agreement*”) dated as of January 1, 2019; a separate Tax Exemption Certificate and Agreement by and among the Issuer, the Borrower and the Trustee with respect to each of the Bonds (the “*Tax Exemption Agreement*”); and a Regulatory and Land Use Restriction Agreement dated as of January 1, 2019 among the Issuer, the Borrower and the Trustee (the “*Regulatory Agreement*”) (collectively, the “*Issuer Documents*”) and the Borrower will execute and deliver this Purchase Contract, the Amended and Restated Operating Agreement of Borrower dated as of January __, 2019, the Financing Agreement, the Loan Agreement, a Continuing Disclosure Agreement between the Borrower and the Trustee, as dissemination agent, (the “*Continuing Disclosure Agreement*”) dated as of January 1, 2019, the Tax

Exemption Agreement, and the Regulatory Agreement (collectively, the “*Borrower Documents*”). The Issuer Documents and the Borrower Documents are referred to herein as the “*Financing Documents*.”

Section 2. Purchase and Sale.

2.1 Subject to the terms and conditions set forth in this Purchase Contract, the Underwriter hereby agrees to purchase from the Issuer and the Issuer hereby agrees to sell to the Underwriter, at the Closing (as hereafter defined), \$_____ aggregate principal amount of the Bonds at a prices set forth in Exhibit A attached hereto (plus, with respect to the Long-Term Bonds, accrued interest thereon from the dated date thereof)[, plus an additional amount equal to \$_____ (the “Underwriter’s Advance”) for initial deposits established under the Indentures. The Underwriter will be reimbursed on or before the Closing by the Borrower from funds other than the proceeds of the Bonds for the Underwriter’s Advance].

2.2 The Bonds will (i) be issued pursuant to the Indentures and (ii) have the payment related terms (that is, the dated date, maturity date, interest rate and price) set forth in Exhibit A attached hereto and will otherwise correspond to the description thereof contained in the Official Statements (as hereinafter defined).

2.3 The Issuer and the Borrower acknowledge and agree that (i) the transaction contemplated by this Purchase Contract is an arm’s-length commercial transaction among the Issuer, the Borrower, and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent, municipal advisor, financial advisor, or fiduciary of the Issuer or the Borrower, (iii) the Underwriter has not assumed individually or collectively any advisory or fiduciary responsibility in favor of the Issuer or the Borrower with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has advised or provided other services or is currently advising or providing other services to the Issuer or the Borrower on other matters) and the Underwriter has no obligation to the Issuer or the Borrower with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Contract and (iv) the Issuer and the Borrower have consulted their own legal, financial, accounting, tax and other advisors to the extent they deem appropriate in connection with the offering of the Bonds. The primary role of the Underwriter is to purchase the Bonds for resale to investors in an arm’s-length commercial transaction between the Issuer and the Underwriter. The Underwriter has financial and other interests that differ from those of the Issuer and the Borrower.

Section 3. Offering of Bonds and Issue Price Certificate. Notwithstanding any provision of this Purchase Contract to the contrary, the following provisions related to the establishment of the issue price of each of the Short-Term Bonds and the Long-Term Bonds apply: (a) *Definitions.* For purposes of this Section 3.1, the following definitions apply:

(i) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than a Tax Law Underwriter or a Related Party to a Tax Law Underwriter.

(ii) “*Related Party*” means any two or more persons who are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the

outstanding stock of the corporation or the capital interest or profits interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(iii) “*Sale Date*” means the date of execution of this Purchase Contract by all parties.

(iv) “*Tax Law Underwriter*” means (A) any person that agrees pursuant to a written contract with the Issuer to participate in the initial sale of the applicable series of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the applicable series Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the applicable series of the Bonds to the Public).

(b) *Issue Price Certificate*. The Underwriter agrees to assist the Issuer in establishing the issue price of each of the Short-Term Bonds and the Long-Term Bonds and to execute and deliver to the Issuer at Closing an “issue price” or similar certificate substantially in the form attached hereto as *Exhibit G* with respect to each, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Issuer and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the Public of each of the Short-Term Bonds and the Long-Term Bonds (each, an “*Issue Price Certificate*”). All actions to be taken by the Issuer under this Section 3.1 to establish the issue price of the applicable series of the Bonds may be taken on behalf of the Issuer by the Issuer’s municipal advisor identified herein and any notice or report to be provided to the Issuer may be provided to the Issuer’s municipal advisor.

(c) *Public Offering*. The Underwriter confirms that, on the Sale Date, the Underwriter offered the Bonds to the Public at the offering price or prices (each, an “*Initial Offering Price*”), or at the corresponding yield or yields, set forth in *Exhibit A* attached hereto.

(d) *10% Test*. Except as otherwise set forth in the Issue Price Certificate, the Issuer will determine the issue price of each of the Short-Term Bonds and the Long-Term Bonds based on the first price at which 10% of each maturity of the Bonds is sold to the Public (the “*10% Test*”) (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% Test). Each of the Issue Price Certificates will set forth the maturities, if any, of the Bonds for which the issue price will be the applicable Initial Offering Price because the 10% Test was satisfied as of the Sale Date. If the 10% Test has not been satisfied as to any maturity of the Bonds on the Sale Date, the Underwriter agrees to promptly report to the Issuer the prices at which the Bonds of such maturity subsequently are sold by the Tax Law Underwriters to the Public. That reporting obligation will continue, whether or not the Closing Date has occurred, until the 10% Test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the Public.

(g) *Sale to Related Party not a Sale to the Public*. The Underwriter acknowledges that sales of any Bonds to any person that is a Related Party to a Tax Law Underwriter do not constitute sales to the Public for purposes of this Section 3.1.

3.2 Subject to the preceding paragraph, the Underwriter reserves the right to change such prices as it deems necessary in connection with the offering of the Bonds. Concessions from the public offering price may be allowed to selected dealers and special purchasers. The Borrower authorizes the Underwriter to supplement the Official Statements to insert the reoffering price for the Bonds selected by the Underwriter in its complete discretion.

Section 4. Closing. Subject to the terms and conditions hereof, the delivery of the Bonds and the payment of the purchase price of the Bonds as set forth in Exhibit A hereof (the “*Closing*”) will take place at 10:00 a.m. on January __, 2019, or at such other time or on such other date mutually agreed upon by the Issuer, the Borrower and the Underwriter, which date shall be referred to herein as the “*Closing Date*.”

Section 5. Official Statements; Disclosure Matters.

5.1 The Issuer (to the extent of the provisions referred to in Section 5.4(a) hereof) and the Borrower each hereby (a) confirms its authorization or ratification of the use by the Underwriter of the Preliminary Official Statement dated January __, 2019, relating to the Long-Term Bonds (the “*Long-Term Bonds Preliminary Official Statement*”) and the Preliminary Official Statement dated January __, 2019, relating to the Short-Term Bonds (the “*Short-Term Bonds Preliminary Official Statement*,” and together with the Long-Term Bonds Official Statement, the “*Preliminary Official Statements*”) in the marketing of the Bonds and (b) authorizes the Underwriter to prepare, use and distribute (at the sole expense of the Borrower) the Official Statement dated January __, 2019, relating to the Long-Term Bonds (the “*Long-Term Bonds Official Statement*”) and the Official Statement dated January __, 2019, relating to the Short-Term Bonds (the “*Short-Term Bonds Official Statement*,” and together with the Long-Term Bonds Official Statement, the “*Official Statements*”) in final form in connection with the offering and sale of the Bonds.

5.2 The Issuer (to the extent of the provisions referred to in Section 5.4(a) hereof) and the Borrower each agrees to the extent required and permitted by applicable law to cooperate (at the sole cost and expense of the Borrower) with the Underwriter so as to enable the Underwriter to comply with the requirements of Rule 15c2-12 (“*Rule 15c2-12*”) under the Securities Exchange Act of 1934, as amended (the “*1934 Act*”), and any other rules of the Securities and Exchange Commission (the “*SEC*”) and the Municipal Securities Rulemaking Board (the “*MSRB*”), in connection with the offer and sale of the Bonds.

5.3 The Issuer and the Borrower hereby make the following representations in subsection (a) and (b) respectively:

(a) The Issuer hereby certifies and agrees that the information in the Preliminary Official Statements and the Official Statements under the captions “THE ISSUER” and “NO LITIGATION — The Issuer” has been “deemed final” by the Issuer as of its date, except for final information as to the offering prices, interest rates, selling compensation, amount of proceeds, delivery dates, other terms depending on such factors, and other information permitted to be omitted under part (b)(1) of Rule 15c2-12.

(b) The Borrower hereby certifies and agrees that the Preliminary Official Statements have been “deemed final” by the Borrower as of its date, except for final information as to the offering prices, interest rates, selling compensation, amount of proceeds, delivery dates, other terms depending on such factors, and other information permitted to be omitted under part (b)(1) of Rule 15c2-12.

5.4 The Issuer and the Borrower hereby make the following representations in subsection (a) and (b), respectively:

(a) The Issuer hereby represents that the information in the Preliminary Official Statements and the Official Statements under the captions “THE ISSUER” and “NO LITIGATION — The Issuer” is true and correct and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading. The Issuer has not participated in the preparation of the Preliminary Official Statements and the Official Statements and makes no representations with respect thereto except as expressly set forth in the preceding sentence, and assumes no responsibility with respect to the sufficiency, accuracy, or completeness of any of the information contained in the Preliminary Official Statements and the Official Statements or any other document used in connection with the offer and sale of the Bonds. The Underwriter acknowledges that the Issuer has made no independent investigation and has furnished no information contained in the Preliminary Official Statements and the Official Statements, except the information contained under the captions “THE ISSUER” and “NO LITIGATION — The Issuer.”

(b) The Borrower hereby represents that the information in the Preliminary Official Statements and the Official Statements is true and correct and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

5.5 The Borrower will, at the sole expense of the Borrower, supply to the Underwriter the Official Statements, in such quantity as may be requested by the Underwriter no later than the earlier of (i) seven (7) business days after the date of this Purchase Contract or (ii) one (1) business day prior to the Closing Date, in order to permit the Underwriter to comply with Rule 15c2-12, and the applicable rules of the MSRB, with respect to distribution of the Official Statements. The Borrower shall provide to the Underwriter the Official Statements, including any amendments thereto, in word-searchable PDF format as described in the MSRB’s Rule G-32 no later than one (1) business day prior to the Closing Date to enable the Underwriter to comply with MSRB Rule G-32.

5.6 During the period commencing on the date of this Purchase Contract and ending on the earlier of (a) 90 days from the End of the Underwriting Period or (b) the time when the Official Statements are available to any person from the MSRB, but in no case less than 25 days following the End of the Underwriting Period (the “*Update Period*”), if any event shall occur which would cause the Official Statements to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, and in the judgment of the Underwriter or the Issuer, such event requires the preparation and publication of a supplement or amendment to the Official Statements, the Issuer (only to the extent of the provisions referred to in Section 5.4(a) hereof) and the Borrower will, at the sole expense of the Borrower, prepare or cooperate in the preparation of such supplement or amendment to the Official Statements in a form approved by the Underwriter and furnish or cooperate in the furnishing to the Underwriter (at the sole expense of the Borrower) a reasonable number of copies of an amendment of, or a supplement to, the Official Statements so that, as supplemented or amended, they will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading. If the Official Statements are so supplemented or amended prior to the Closing, the approval by the Underwriter of a supplement or amendment to the Official Statements shall not preclude the Underwriter from thereafter terminating this Purchase Contract in accordance with the provisions of Section 12(c)

hereof to the extent that such termination does not stem directly from the event pursuant to which the Official Statements were so supplemented or amended. The “*End of the Underwriting Period*” means the later of the delivery of the Bonds by the Issuer to the Underwriter or when the Underwriter no longer retains (directly or as a syndicate member) an unsold balance of the Bonds for sale to the public; provided, that the “*End of the Underwriting Period*” shall be deemed to be the Closing Date, unless the Underwriter otherwise notifies the Issuer and the Borrower in writing prior to such date that there is an unsold balance of the Bonds, in which case the End of the Underwriting Period shall be deemed to be extended for up to 30 days. The deemed End of the Underwriting Period may be extended for two additional periods of up to 30 days each upon receipt of an additional written notification from the Underwriter containing the same information as required in the initial written notice.

5.7 If, during the Update Period, the Issuer becomes aware of any event relating to the information concerning the Issuer under the captions “THE ISSUER” and “LITIGATION – The Issuer” of the Official Statements which would cause such portions of the Official Statements to contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, the Issuer will promptly notify the Underwriter of such event.

5.8 The Issuer shall promptly advise the Underwriter, during the Update Period, of any action, suit, proceeding, inquiry or investigation against the Issuer, of which the Issuer has actual knowledge, seeking to prohibit, restrain or otherwise affect the use of the Official Statements in connection with the offering, sale or distribution of the Bonds.

5.9 If, during the Update Period, the Borrower becomes aware of any event which would cause the Official Statements to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, the Borrower will promptly notify the Underwriter and the Issuer of such event.

5.10 The Borrower shall promptly advise the Underwriter, during the Update Period, of any action, suit, proceeding, inquiry or investigation against the Borrower, of which they receive written or actual notice, seeking to prohibit, restrain or otherwise affect the use of the Official Statements in connection with the offering, sale or distribution of the Bond.

5.11 The Borrower represents and warrants to the Underwriter and the Issuer that neither the Borrower nor any affiliates thereof are in default under any undertakings with respect to continuing disclosure requirements designed to comply with Rule 15c2-12 in connection with any issue of municipal securities.

Section 6. Representations of the Issuer.

6.1 The Issuer hereby makes the following representations to the Underwriter:

(a) The Issuer is a public and official agency of the State of Texas (the “*State*”) and has full power and authority under the Act to adopt the Bond Resolution, to enter into and to perform its obligations under the Issuer Documents, and when executed and delivered by the respective parties thereto, the Issuer Documents will constitute the legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’

rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitation on legal remedies against units of government of the State;

(b) By official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has approved and authorized the distribution of the Preliminary Official Statements and the Official Statements and authorized and approved the execution and delivery of the Issuer Documents and the consummation by the Issuer of the transactions contemplated thereby;

(c) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, or to the Issuer's knowledge, pending against the Issuer seeking to restrain or enjoin the sale or issuance of the Bonds, or in any way contesting or affecting any proceedings of the Issuer taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Bonds, in any way contesting the validity or enforceability of the Issuer Documents or contesting in any way the completeness or accuracy of the Official Statements or the existence or powers of the Issuer relating to the sale of the Bonds;

(d) The statements and information contained in the Preliminary Official Statements and the Official Statements under the captions "THE ISSUER" and "NO LITIGATION — The Issuer" are true and correct in all material respects, and the information contained in the Preliminary Official Statements and the Official Statements under the captions "THE ISSUER" and "NO LITIGATION — The Issuer" does not contain an untrue statement of a material fact or omit any statement or information concerning the Issuer which is necessary to make such statements and information therein, in the light of the circumstances under which they were made, not misleading in any material respect;

(e) The execution and delivery by the Issuer of the Issuer Documents and compliance with the provisions on the Issuer's part contained therein will neither (i) conflict with or constitute a material breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, security, note, resolution, agreement or other instrument to which the Issuer is a party or is otherwise subject; provided, however, that the Issuer makes no representation or warranty with respect to compliance with applicable state securities or Blue Sky laws or the registration of the Bonds under the Securities Act of 1933, as amended, or the qualification of the Indentures under the Trust Indenture Act of 1939, as amended nor (ii) result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Issuer under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, security, note, resolution, agreement or other instrument, except as provided by the Issuer Documents;

(f) Except as may be required under Blue Sky or other securities laws of any state and for filings to be made with the Internal Revenue Service on Form 8038, to the Issuer's knowledge, there is no consent, approval, authorization or other order of, or filing with, or certification by, any state court, or state or federal governmental agency, or public body of any state required for the execution and delivery of the Issuer Documents or the consummation by the Issuer of the transactions on its part contemplated herein or therein, which has not been duly obtained or made or which will not be obtained or made on or before Closing; provided, however, that the Issuer makes no representation or warranty with respect to the registration of the Bonds under the Securities Act of 1933, as amended, or the qualification of the Indentures under the Trust Indenture Act of 1939, as amended;

(g) Upon delivery of the Bonds, the Issuer will have good right, full power and lawful authority to pledge and assign to the Trustee the Trust Estate described in the Indentures as provided in the Indentures and the Bond Resolution;

(h) The Issuer has complied in all material respects with the Bond Resolution and the Issuer Documents; and

(i) The Bonds, when delivered in accordance with the Indentures and paid for by the Underwriter on the Closing Date as provided herein, will be validly issued and outstanding special, limited obligations of the Issuer entitled to all the benefits and security of the Indentures.

6.2 The execution and delivery of this Purchase Contract by the Issuer shall constitute a representation by the Issuer to the Underwriter that the representations and agreements contained in this Section are true as of the date hereof; provided, however, that no representation is made as to any information other than as provided in Section 5.4(a) hereof, and as to any information furnished by or relating to the Borrower pursuant to this Purchase Contract or relating to the Borrower or the Project, the Issuer is relying solely on such information provided by the Borrower or in making the Issuer's representations and agreements, and as to all matters of law the Issuer is relying on the advice of Bond Counsel; and provided further, that no commissioner, member, officer, agent or employee of the Issuer shall be individually liable for the breach of any representation, or agreement contained herein.

6.3 It is understood that the representations and covenants of the Issuer contained in this Section 6 and elsewhere in this Purchase Contract shall not create any general obligation or liability of the Issuer, and that any obligation or liability of the Issuer hereunder or under the Issuer Documents is payable solely out of the Trust Estate. It is further understood and agreed that the Issuer makes no representations, except as set forth in Section 5.4(a) hereof, as to the Official Statements, or as to (i) the financial condition, results of operation, business or prospects of the Borrower or the Project, (ii) any statements (financial or otherwise), representations, documents or certification provided or to be provided by the Borrower in connection with the offer or sale of the Bonds, or (iii) the correctness, completeness or accuracy of such statements, representations, documents or certifications.

Section 7. Representations and Warranties of the Borrower.

7.1 The Borrower hereby makes the following representations and warranties to the Underwriter and the Issuer, all of which will continue in effect subsequent to the purchase of the Bonds:

(a) The Borrower is a limited liability company duly organized and existing under and pursuant to the laws of the State and is qualified to own the Project and conduct its business in the State.

(b) The Borrower has, and as of the Closing Date will have, full legal right, power and authority to (i) execute and deliver the Borrower Documents, (ii) assist in the preparation, distribution and use of the Preliminary Official Statements and the Official Statements, and (iii) otherwise consummate the transactions contemplated by the Borrower Documents.

(c) The Borrower has duly authorized the (i) execution and delivery of the Borrower Documents, (ii) performance by the Borrower of the obligations contained in the Borrower Documents, (iii) preparation of the Preliminary Official Statements and the Official Statements, and (iv) consummation by the Borrower of all of the transactions contemplated by the Borrower Documents.

(d) The Borrower Documents are, and, when executed and delivered by the Borrower and the other parties thereto, will be, the legal, valid and binding obligations of the Borrower, enforceable in accordance with their respective terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(e) To the Borrower's knowledge, all consents, approvals, orders or authorizations of, notices to, or filings, registrations or declarations with any governmental authority, board, agency, commission or body having jurisdiction which are required on behalf of the Borrower for the execution and delivery by the Borrower of the Borrower Documents or the consummation by the Borrower of the transactions contemplated hereby or thereby, have been obtained or will be obtained prior to Closing.

(f) The execution and delivery by the Borrower of the Borrower Documents and the consummation by the Borrower of the transactions contemplated hereby and thereby are not prohibited by, do not violate any provision of, and will not result in the breach of or default under (i) the organizational documents of the Borrower or the Managing Member, (ii) to the Borrower's knowledge, any applicable law, rule, regulation, judgment, decree, order or other requirement to which the Borrower is subject, or (iii) any contract, indenture, agreement, mortgage, lease, note, commitment or other obligation or instrument to which the Borrower is a party or by which the Borrower or its properties are bound.

(g) There is no legal action, suit, proceeding, investigation or inquiry at law or in equity, before or by any court, agency, arbitrator, public board or body or other entity or person, pending or, to the best knowledge of the Borrower, threatened against or affecting the Borrower or any member of the Borrower, in their respective capacities as such, nor, to the knowledge of the Borrower, any basis therefor, (i) which would restrain or enjoin the issuance or delivery of the Bonds, the use of the Preliminary Official Statements or the Official Statements in the marketing of the Bonds or the collection of revenues pledged under or pursuant to the Borrower Documents or (ii) which would in any way contest or affect the organization or existence of the Borrower or the entitlement of any officer of the Borrower to its position or (iii) which would contest or have a material and adverse effect upon (A) the due performance by the Borrower of the transactions contemplated by the Preliminary Official Statements, the Official Statements or the Borrower Documents, (B) the validity or enforceability of the Bonds, the Borrower Documents or any other agreement or instrument to which the Borrower is a party and that is used or contemplated for use in the consummation of the transactions contemplated hereby and thereby, (C) the exclusion from gross income for federal income tax purposes of the interest on the Bonds or (D) the financial condition or operations of the Borrower, (iv) which contests in any way the completeness or accuracy of the Preliminary Official Statements or the Official Statements or (v) which questions the power or authority of the Borrower to carry out the transactions on its part contemplated by the Preliminary Official Statements, the Official Statements and the Borrower Documents, or the power of the Borrower to own or operate the Project. The Borrower is not subject to any judgment, decree or order entered in any lawsuit or proceeding brought against it that would have such an effect.

(h) On the Closing Date, the Borrower shall not have granted any interests in or rights or options to sell the Bonds to any other party.

(i) All permits (including building permits), licenses and authorizations necessary for the ownership and operation of its Project in the manner contemplated by the Preliminary Official Statements, the Official Statements and each of the Borrower Documents have been obtained or

will be obtained when needed to accomplish the timely completion of the Project, and said ownership and operation are not, to the knowledge of the Borrower, in conflict with any zoning, subdivision or similar ordinance or law applicable to the Project. To the knowledge of the Borrower, the Project conforms to all material environmental regulations.

(j) None of the Borrower, any guarantor of the Borrower or any “related person” to the Borrower within the meaning of Section 147 of the Code has acquired or shall acquire, pursuant to any arrangement, formal or informal, any Bonds.

(k) The Borrower has not taken or omitted to take on or prior to the date hereof any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(l) On the Closing Date, each of the representations and warranties of the Borrower contained herein and in the other Borrower Documents and all other documents executed by the Borrower in connection with the Bonds shall be true, correct and complete in all material respects.

(m) As of the Closing Date, the Borrower will not be in material default under any document, instrument or commitment to which the Borrower is a party or to which any of its property is subject which default would or could reasonably be expected to adversely affect the ability of the Borrower to carry out its obligations under the Borrower Documents. As of the Closing Date, the Borrower will be in compliance with all of its obligations under the Regulatory Agreement.

(n) The statements and information contained in the Preliminary Official Statements and the Official Statements are true and correct in all material respects and do not contain an untrue statement of a material fact or omit any material facts necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading in any material respect.

(o) The Borrower is in compliance with all of its prior continuing disclosure undertakings entered into pursuant to Rule 15c2-12, if any.

7.2 Each of the representations and warranties set forth in this section will survive the Closing.

7.3 Any certificate signed by any officer of the Borrower and delivered to the Underwriter in connection with the delivery of the Bonds will be deemed to be a representation and warranty by the Borrower to the Underwriter as to the statements made therein.

Section 8. Covenants of the Issuer.

8.1 The Issuer hereby makes the following covenants with the Underwriter:

(a) Prior to the Closing, the Issuer will not supplement or amend the Official Statements or cause the Official Statements to be supplemented or amended without providing reasonable notice of such proposed supplement or amendment to the Underwriter. Neither the receipt by the Underwriter of notice of a proposed supplement or amendment nor the consent by the Underwriter to such supplement or amendment shall abrogate the Underwriter’s rights under Section 12(c) hereof to the extent that the Underwriter’s exercise of such rights would not stem

directly from the event pursuant to which the Official Statements were so supplemented or amended.

(b) Prior to the Closing, the Issuer will not amend, terminate or rescind, and will not agree to any amendment, termination or rescission of this Purchase Contract without the prior written consent of the Underwriter.

(c) Prior to the Closing, except as provided in the Issuer Documents, the Issuer will not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds or interests which will be pledged pursuant to the Indentures, including, without limitation, the Bonds or the Issuer Documents.

(d) The Issuer will not knowingly take any action which will in any way cause the proceeds of the Bonds to be applied in a manner other than as provided in the Indentures and described in the Preliminary Official Statements or the Official Statements or which would cause the interest on the Bonds to be includable in the gross income of the holders thereof for federal income tax purposes.

(e) Prior to the Closing, the Issuer will obtain all governmental consents, approvals, orders or authorizations of any governmental authority or agency that would constitute a condition precedent to the performance by it of its obligations under the Issuer Documents and the Bonds.

(f) The Issuer will reasonably cooperate with the Underwriter upon request, without cost to the Issuer, in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter may designate; provided that the foregoing shall not require the Issuer to expend its own funds, execute a general or special consent to service of process or to qualify as a foreign corporation in connection with such qualification in any foreign jurisdiction.

(g) The Issuer will not adopt any amendment of or supplement to the Official Statements to which, after having been furnished a copy, the Underwriter shall reasonably object in writing and if any event relating to or affecting the Issuer or the Borrower shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statements in order to make the Official Statements not misleading in the light of the circumstances existing at the time it is delivered to the Underwriter, the Issuer shall cause to be forthwith prepared and furnished (at the sole expense of the Borrower) to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statements (in form and substance satisfactory to the Underwriter) that will amend or supplement the Official Statements so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time of delivery to the Underwriter, not misleading.

Section 9. Covenants of the Borrower.

9.1 The Borrower hereby makes the following covenants with the Underwriter and the Issuer:

(a) The Borrower will not supplement or amend the Official Statements or cause the Official Statements to be supplemented or amended without providing reasonable notice of such proposed supplement or amendment to the Underwriter and the Issuer. It is understood pursuant to Section 12(c) that, in the event there arises an event or condition which, in the reasonable

judgment of the Underwriter, requires the Official Statements to be amended or supplemented or has a material and adverse effect upon the marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds, the Underwriter shall have the right, pursuant to Section 12(c) hereof, to terminate this Purchase Contract without liability. Neither the receipt by the Underwriter of notice of a proposed supplement or amendment nor the consent by the Underwriter to such supplement or amendment shall abrogate the Underwriter's rights under Section 12(c) hereof to the extent that the Underwriter's exercise of such rights would not stem directly from the event pursuant to which the Official Statements were so supplemented or amended.

(b) The Borrower will not adopt any amendment of or supplement to the Official Statements to which, after having been furnished a copy, the Underwriter shall reasonably object in writing and if any event relating to or affecting the Issuer or the Borrower shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statements in order to make the Official Statements not misleading in the light of the circumstances existing at the time it is delivered to the Underwriter, the Borrower shall cause to be forthwith prepared and furnished (at the sole expense of the Borrower) to the Underwriter (with a copy to the Issuer) a reasonable number of copies of an amendment of or supplement to the Official Statements (in form and substance satisfactory to the Issuer and the Underwriter) that will amend or supplement the Official Statements so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time of delivery to the Underwriter, not misleading.

(c) Prior to the Closing, the Borrower will not amend, terminate or rescind, and will not agree to any amendment, termination or rescission of the Borrower Documents without the prior written consent of the Underwriter and the Issuer.

(d) Prior to the Closing, except as provided in the Borrower Documents, the Borrower will not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds or interests which will be pledged pursuant to the payment of the Bonds pursuant to the Indentures and the Borrower Documents.

(e) The Borrower will cooperate with the Issuer to cause the Bonds to be delivered to the address and at the time specified by the Underwriter in conjunction with the Closing.

(f) The Borrower will not take or omit to take any action which will in any way cause the proceeds of the Bonds, or other moneys on deposit in any fund or account in connection with the Bonds, to be applied in a manner other than as provided in the Indentures and described in the Official Statements or which would cause the interest on the Bonds to be includable in the gross income of the holders thereof for federal income tax purposes.

(g) The Borrower will cooperate with the Underwriter in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter may designate.

(h) The Borrower agrees to cause the necessary amount to be paid to the Trustee on the Closing Date for deposit in the Costs of Issuance Account as set forth in the Indentures to pay costs of issuance.

(i) The Borrower agrees to provide the Underwriter, at the Borrower's sole expense, a reasonable number of additional copies of the Financing Documents as the Underwriter shall request.

Section 10. Conditions of Closing.

10.1 The obligations of the Underwriter to consummate at the Closing the transactions contemplated hereby are subject to receipt by the Underwriter of the items described in Section 10.2 hereof and to the satisfaction of the following conditions:

(a) The Underwriter will not have discovered any material error, misstatement or omission in the representations and warranties made by the Borrower or the Issuer in this Purchase Contract, which representations and warranties will be deemed to have been made again at and as of the time of the Closing and will then be true in all material respects.

(b) The Issuer and the Borrower will have performed and complied with all agreements and conditions required by this Purchase Contract to be performed or complied with by such respective parties at or prior to Closing.

(c) The Bonds, the Financing Documents and the Official Statements shall each have been executed and delivered by each of the parties thereto, shall be in full force and effect on and as of the Closing Date and shall not have been amended, modified or supplemented prior to the Closing except as may have been agreed to in writing by the Underwriter and no event of default shall exist under any such documents.

(d) The Borrower shall have entered into the Continuing Disclosure Agreement containing covenants meeting the requirements of Rule 15c2-12 under the 1934 Act.

10.2 In addition to the conditions set forth in Section 10.1, the obligations of the Underwriter to consummate at the Closing the transactions contemplated hereby are subject to receipt by the Underwriter of the following items:

(a) An approving opinion of Bond Counsel, dated the Closing Date, relating to the validity of the Long-Term Bonds and the tax-exempt status of the Long-Term Bonds, substantially in the form attached to the Long-Term Bonds Official Statement as Appendix I, and a reliance letter of such counsel, addressed to Fannie Mae, the Underwriter and the Trustee, to the effect that such opinion may be relied upon by such parties (or a comparable statement in the supplemental opinion), together with a supplemental opinion of Bond Counsel, satisfactory in form and substance to the Underwriter and the Issuer, dated the Closing Date, substantially in the form attached hereto as Exhibit B-1.

(b) An approving opinion of Bond Counsel, dated the Closing Date, relating to the validity of the Short-Term Bonds and the tax-exempt status of the Short-Term Bonds, substantially in the form attached to the Short-Term Bonds Official Statement as Appendix F, and a reliance letter of such counsel, addressed to the Underwriter and the Trustee, to the effect that such opinion may be relied upon by such parties (or a comparable statement in the supplemental opinion), together with a supplemental opinion of Bond Counsel, satisfactory in form and substance to the Underwriter and the Issuer, dated the Closing Date, substantially in the form attached hereto as Exhibit B-2.

(c) An opinion of counsel to the Borrower, dated the Closing Date, satisfactory in form and substance to the Underwriter, the Trustee, Fannie Mae, Bond Counsel and the Issuer and in substantially the form attached hereto as Exhibit C, and an opinion of counsel to the Borrower, dated the Closing Date, with respect to the Construction Loan, in form and substance acceptable to the Issuer and Bond Counsel.

(d) An opinion of Tiber Hudson LLC, counsel to the Underwriter, satisfactory in form and substance to the Underwriter.

(e) A certificate of the Issuer, dated the Closing Date and signed by an authorized official or officer of the Issuer, to the effect that (i) each of the Issuer's representations contained herein and in all other Issuer Documents, which representations will be deemed to have been made again at and as of the time of Closing, are true and correct in all material respects; (ii) the Issuer has performed and complied with all agreements and conditions required by this Purchase Contract to be performed or complied with by it at or prior to the Closing; and (iii) the information contained in the Official Statements under the captions "THE ISSUER" and "NO LITIGATION — The Issuer" is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(f) A separate certificate of the Issuer with respect to each series of Bonds, dated the Closing Date and signed by an authorized officer of the Issuer, in form and substance satisfactory to the Issuer, the Underwriter and Bond Counsel, respecting certain tax matters as may be reasonably required by Bond Counsel to enable it to give its opinion.

(g) A certificate of the Borrower, dated the Closing Date and signed by its authorized representative, to the effect that (i) each of the Borrower's representations and warranties contained herein and in all Borrower Documents, which representations and warranties will be deemed to have been made again at and as of the time of Closing, are true and correct in all material respects; (ii) the Borrower has performed and complied with all agreements and conditions required by this Purchase Contract to be performed or complied with by it at or prior to the Closing; (iii) since the date of the Official Statements and except as set forth therein, there has not been any material adverse change in the Borrower's operations, financial or otherwise; (iv) the information contained in the Official Statements is true and correct and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading; and (v) such other matters as the Underwriter may reasonably request.

(h) the Borrower's 15c2-12 Certificate, substantially in the form attached hereto as Exhibit D, duly executed by the Borrower.

(i) Certified copies of the organizational documents of the Borrower and copies of the resolutions or actions of its members (if applicable) authorizing the execution and delivery of the Borrower Documents.

(j) The Financing Documents (or certified copies thereof) duly executed and delivered by the respective parties thereto, with such amendments, modifications or supplements as may have been agreed to by the Underwriter.

(k) A certificate of Fannie Mae dated the Closing Date, delivered to the Issuer and the Underwriter, substantially in the form attached hereto as Exhibit E.

(l) A certificate of KeyBank Real Estate Capital, a _____ (the “Lender”), dated the Closing Date, delivered to the Issuer and the Underwriter, substantially in the form attached hereto as Exhibit F.

(m) A certificate from the Trustee, satisfactory in form and substance to the Underwriter, dated the Closing Date, and delivered to the Underwriter, the Issuer and Bond Counsel.

(n) Written evidence satisfactory to the Underwriter that S&P Global Ratings (the “Rating Agency”) has issued a rating of “AA+” for the Bonds and such rating shall be in effect on the Closing Date.

(o) Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy as of the Closing Date of the respective representations and warranties of the Issuer and the Borrower herein contained and of the Official Statements, and to evidence compliance by the Issuer and the Borrower with this Purchase Contract and all applicable legal requirements, and the due performance and satisfaction by the Issuer and the Borrower at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer and the Borrower.

10.3 If any of the conditions set forth in Section 10.1 or 10.2 have not been met on the Closing Date, the Underwriter may, at its sole option, terminate this Purchase Contract or proceed to Closing upon waiving any rights under this Purchase Contract with respect to any such condition. If this Purchase Contract is terminated pursuant to this Section, no party will have any rights or obligations to any other, except as provided in Section 13.

Section 11. Actions and Events at the Closing.The following events will take place at the Closing:

(a) The Issuer will cause the Trustee to deliver the Bonds to the Underwriter, at the offices of Bond Counsel. The Bonds so delivered will be in the form required by the Indentures, duly authenticated by the Trustee, and will be fully registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York.

(b) The Issuer and the Borrower, as applicable, will deliver or cause to be delivered to the Underwriter at the offices of Bond Counsel, or at such other place or places as the Issuer, the Borrower and the Underwriter may mutually agree upon, the materials described in Section 10.1 and Section 10.2.

(c) The Underwriter will deliver to the Trustee, for the account of the Issuer, a wire, payable in immediately available funds, in an amount equal to the purchase price of the Bonds as set forth in Exhibit A.

Section 12. Termination of Agreement.The Underwriter may terminate this Purchase Contract, without liability therefor, by notifying the Issuer and the Borrower at any time prior to the Closing, if:

(a) Legislation is enacted or introduced in the Congress or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either

house of the Congress of the United States by a committee of such house to which such legislation has been referred for consideration, or a decision is rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement is issued or made: (i) by or on behalf of the Treasury Department of the United States or the Internal Revenue Service with the purpose or effect, directly or indirectly, of imposing federal income taxation upon such interest as would be received by the owners of the Bonds, or (ii) by or on behalf of the SEC, or any other governmental entity having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds or any arrangements underlying the Bonds, are not exempt from registration under the 1933 Act, or that the Indentures are not exempt from qualification under the Trust Indenture Act of 1939, as amended;

(b) The declaration of a general banking moratorium by federal, New York or State authorities, or general suspension of trading in securities on the New York Stock Exchange or the establishment by the New York Stock Exchange, by the SEC, by any federal or state agency or by the decision of any court, of any limitation on prices for such trading, or any outbreak or escalation of hostilities or occurrence of any other national or international calamity or crisis, the effect of which on the financial markets of the United States shall be such as to make it impracticable for the Underwriter to proceed with the purchase and offering of the Bonds;

(c) Any event or condition which, in the reasonable judgment of the Underwriter, (i) renders untrue or incorrect, in any material respect as of the time to which the same purports to relate, the information contained in the Official Statements, or (ii) requires that information not reflected in the Official Statements should be reflected therein in order to make the statements and information contained therein not misleading in any material respect as of such time, or (iii) has a material adverse effect upon the marketability of the Bonds, or (iv) would materially and adversely affect the ability of the Underwriter to enforce contracts for the sale of the Bonds;

(d) The imposition by the New York Stock Exchange or other national securities exchange, or any governmental entity, of any restrictions not now in force with respect to any of the Bonds or obligations of the general character of the Bonds or securities generally, or the increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of the Underwriter;

(e) An order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the SEC, or any other governmental entity having jurisdiction of the subject matter, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds or the issuance, offering or sale of the Bonds or any arrangements underlying the Bonds, as contemplated hereby or by the Official Statements, is or would be in violation of the federal securities laws as then in effect; or

(f) The rating on the Bonds shall have been downgraded or withdrawn by the Rating Agency.

Section 13. Fees and Expenses.

13.1 The Borrower shall pay to the Underwriter a fee in the amount of \$ _____ plus \$ _____ for certain fees and expenses (the "Purchasing Fee"), payable in immediately available funds on the Closing Date from which the Underwriter will pay certain expenses. The Purchasing Fee shall not include the fees of the Underwriter's counsel. The Borrower acknowledges that a portion of the Purchasing Fee will pay or reimburse the Underwriter for various expenses incurred by the Underwriter

including, but not limited to, meals, transportation and lodging, if any, and any other miscellaneous closing costs, which are incidental to implementing this Purchase Contract and the issuance and purchase of the Bonds. The Underwriter will pay all expenses (other than those described in Section 13.2 hereof) incurred by the Underwriter in connection with its public offering and sale of the Bonds.

13.2 The Borrower shall pay the costs of issuance of the Bonds, including all expenses incident to the performance of the Underwriter's and the Issuer's obligations hereunder, including, but not limited to, (i) the cost of the preparation, printing or other reproduction of this Purchase Contract, the Preliminary Official Statements and the final Official Statements, as supplemented or amended, the Indentures and the other Financing Documents in reasonable quantities for distribution; (ii) the cost of engraving, reproducing and signing the definitive Bonds; (iii) the reasonable fees and disbursements of all applicable legal counsel, including Bond Counsel, counsel to the Issuer, counsel to the Borrower, counsel to the Trustee (if any), and counsel to the Underwriter; (iv) the initial fees and costs of paying the Trustee and all paying agents, transfer agents and registrars; (v) the fees and expenses of the Issuer; (vi) CUSIP fees; (vii) the cost of qualifying the Bonds for sale in various states chosen by the Underwriter; (viii) the fees and expenses of the experts retained by the Borrower with respect to the acquisition, construction and financing of the Project; (ix) reimbursement to the Underwriter of the Underwriter's Advance; and (x) all other applicable fees of professionals hired in conjunction with the issuance of the Bonds.

13.3 In the event that the Issuer, the Borrower or the Underwriter shall have paid obligations of the other as set forth in this Section, appropriate adjustments will promptly be made.

13.4 The Borrower shall indemnify the Issuer and the Underwriter with respect to the foregoing costs and expenses in the event that the purchase provided for herein is not consummated.

Section 14. Indemnification.

14.1 The Borrower will indemnify and hold harmless the Issuer and the Underwriter, and each of their officers, directors, employees, agents, officials, members and each person who "controls" (as such term is used in Section 15 of the 1933 Act and Section 20 of the 1934 Act) the Issuer and the Underwriter (each referred to individually as an "*Indemnified Party*" and collectively as the "*Indemnified Parties*") against any losses, claims, expenses (including, without limitation, to the extent permitted by law, reasonable attorneys' fees and expenses actually incurred), damages or liabilities, causes of action (whether in contract, tort or otherwise), suits, claims, demands and judgments of any kind, character and nature (collectively referred to herein as the "*Liabilities*"), joint or several, to which the Indemnified Parties may be threatened or become subject, caused by or directly or indirectly arising from or in any way relating to (i) the Bonds, the Project, the loan of the proceeds of the Bonds, this Purchase Contract or any document related to the Bonds, the Project or the loan of the proceeds of the Bonds or any transaction or agreement, written or oral, pertaining to the foregoing, (ii) any untrue statement or alleged untrue statement of any material fact contained in the Preliminary Official Statements or the Official Statements, or any supplement or amendment thereto, or (iii) any omission or alleged omission to state in the Preliminary Official Statements or the Official Statements a material fact necessary to be stated therein in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading. This indemnification provision shall not be construed as a limitation on any other liability which the Borrower may otherwise have to any indemnified person, provided that in no event shall the Borrower be obligated for double indemnification. Notwithstanding the foregoing, the Borrower shall not be required to indemnify an Indemnified Party for the gross negligence or willful misconduct of such Indemnified Party.

14.2 The indemnity agreements in Section 14.1 hereof shall be in addition to any liability which the Borrower may otherwise have hereunder or under the other Borrower Documents, and shall

extend on the same terms and conditions to each member, principal, official, officer, attorney or employee of the Borrower and to each person, if any, who “controls” (as such term is used in Section 15 of the 1933 Act and Section 20 of the 1934 Act) the Borrower.

14.3 Promptly after receipt by an Indemnified Party under Section 14.1 hereof of notice of the commencement of any action against such Indemnified Party in respect of which indemnity or reimbursement may be sought against the Borrower under any such paragraph, such Indemnified Party will notify the Borrower in writing of the commencement thereof; provided that any delay or failure to give such notification shall be of no effect except to the extent that the Borrower is prejudiced thereby.

14.4 In case any action, claim or proceeding, as to which the Borrower is to provide indemnification hereunder, shall be brought against the Indemnified Party and the Indemnified Party notifies the Borrower of the commencement thereof, the Borrower may, or if so requested by the Indemnified Party shall, participate therein or assume the defense thereof, with counsel reasonably satisfactory to the Indemnified Party; provided that, except as provided below, the Borrower shall not be liable for the expenses of more than one separate counsel representing the Indemnified Parties in the action, claim or proceeding.

14.5 If the Borrower shall not have employed counsel to have charge of the defense of the action, claim or proceeding, or if any Indemnified Party shall have concluded reasonably that there may be a defense available to it or to any other Indemnified Party which is different from or in addition to those available to the Borrower or to any other Indemnified Party (hereinafter referred to as a “separate defense”), (i) the Borrower shall not have the right to direct the defense of the action, claim or proceeding on behalf of the Indemnified Party, and (ii) reasonable legal and other expenses incurred by the Indemnified Party (including without limitation, to the extent permitted by law, reasonable attorney’s fees and expenses actually incurred) shall be borne by the Borrower; provided, that the Borrower shall not be liable for the expenses of more than one additional separate counsel for each Indemnified Party with respect to such separate defenses. For the purpose of this paragraph, an Indemnified Party shall be deemed to have concluded reasonably that a separate defense is available to it or any other Indemnified Party if (a) such Indemnified Party shall have requested an unqualified written opinion from Independent Counsel to the effect that a separate defense exists, and such Independent Counsel shall have delivered such opinion to the Indemnified Party within ten (10) days after such request or (b) the Borrower agrees that a separate defense is so available. For purposes of this paragraph, Independent Counsel shall mean any attorney, or firm or association of attorneys, duly admitted to practice law before the supreme court of any state and not a full-time employee of any Indemnified Party. Nothing contained in this Section 14.5 will preclude any Indemnified Party, at its own expense, from retaining additional counsel to represent such party in any action with respect to which indemnity may be sought from the Borrower hereunder.

14.6 The Borrower agrees to reimburse any Indemnified Party for any reasonable expense (including reasonable fees and expenses of counsel) incurred as a result of producing documents, presenting testimony or evidence, or preparing to present testimony or evidence (based upon time expended by an Indemnified Party at its then current time charges), in connection with any court or administrative proceeding (including any investigation which may be preliminary thereto) arising out of or relating to any public distribution of the Bonds. The Borrower will not be required to reimburse an Indemnified Party if such court or administrative hearing arises out of the gross negligence of, willful misconduct or breach of, this Purchase Contract by such Indemnified Party.

14.7 In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in Sections 14.1 or 14.2 hereof is for any reason held to be unavailable, the Borrower and the Indemnified Party shall contribute proportionately to the aggregate Liabilities to which the Borrower and the Indemnified Party may be subject, so that the Indemnified Party is responsible for

that portion represented by the percentage that the fees paid by the Borrower to the Indemnified Party in connection with the issuance and administration of the Bonds bears to the aggregate offering price of the Bonds, with the Borrower responsible for the balance; provided, however, that in no case shall the Indemnified Party be responsible for any amount in excess of the fees paid by the Borrower to the Indemnified Party in connection with the issuance and administration of the Bonds; and provided, further, that the foregoing limitation on an Indemnified Party's liability or responsibility shall not be applicable to an Indemnified Party if the indemnity provided for in Sections 14.1 or 14.2 hereof is unavailable or inapplicable due to the gross negligence or willful misconduct of such Indemnified Party.

14.8 The Indemnified Parties, other than the Underwriter and the Issuer, shall be considered to be third-party beneficiaries of this Purchase Contract for purposes of this Section 14. The provisions of this Section 14 will be in addition to all liability which the Borrower may otherwise have and shall survive any termination and cancellation of this Purchase Contract, the offering and sale of the Bonds and the payment or provisions for payment of the Bonds.

Section 15. Limitation of Liability. Notwithstanding any provision herein to the contrary, any member, officer, director, partner, agent or employee of the Issuer, the Underwriter or the Borrower, including any person executing this Purchase Contract on behalf of any such entity, shall not bear any liability as a result of any failure of the Issuer, the Underwriter or the Borrower to perform the obligations of each, respectively, set forth in this Purchase Contract.

IF THE MBS IS ISSUED BY FANNIE MAE AND ACQUIRED BY THE TRUSTEE AS COLLATERAL FOR THE LONG-TERM BONDS, FANNIE MAE'S OBLIGATIONS WILL BE SOLELY AS PROVIDED IN THE MBS AND IN THE FANNIE MAE MBS PROSPECTUS AND THE RELATED FORM OF PROSPECTUS SUPPLEMENT FOR MBS CERTIFICATE (AS ATTACHED TO THE LONG-TERM BONDS OFFICIAL STATEMENT). THE OBLIGATIONS OF FANNIE MAE UNDER THE MBS WILL BE OBLIGATIONS SOLELY OF FANNIE MAE, A FEDERALLY CHARTERED CORPORATION, AND WILL NOT BE BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. THE BONDS ARE NOT AND WILL NOT BE A DEBT OF THE UNITED STATES OF AMERICA OR ANY OTHER AGENCY OR INSTRUMENTALITY OF THE UNITED STATES OF AMERICA OR OF FANNIE MAE. THE BONDS ARE NOT AND WILL NOT BE GUARANTEED BY THE FULL FAITH AND CREDIT OF FANNIE MAE OR THE UNITED STATES OF AMERICA.

Section 16. Miscellaneous.

16.1 All notices, demands and formal actions hereunder will be in writing and mailed, telecopied or delivered to the following address or such other address as either of the parties shall specify:

If to the Underwriter:	Stifel, Nicolaus & Company, Incorporated 3630 Peachtree Road NE Suite 400 Atlanta, GA 30326 Attention: Cody N. Wilson
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If to the Issuer: Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, TX 78711
Attention: Manager of Multifamily Bonds

With a copy to: Bracewell LLP
111 Congress Avenue, Suite 2300
Austin, TX 78701
Attention: Elizabeth Bowes, Esq.

If to the Borrower: Yellowstone Boulevard, LLC
c/o Vesta Corporation
175 Powder Forest Drive
Weatogue, CT 06089
Attention:

16.2 This Purchase Contract will inure to the benefit of and be binding upon the parties hereto and their successors and assigns and, except as provided in Section 14 hereof will not confer any rights upon any other person. The terms “successor” and “assigns” will not include any purchaser of any of the Bonds from the Underwriter merely because of such purchase.

16.3 This Purchase Contract may not be assigned by any of the parties hereto prior to the Closing.

16.4 If any provision of this Purchase Contract is held or deemed to be or is, in fact, inoperative, invalid or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision of any constitution, statute, rule of public policy, or any other reason, such circumstances will not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance or of rendering any other provision or provisions of this Purchase Contract invalid, inoperative or unenforceable to any extent whatever.

16.5 This Purchase Contract will be construed in accordance with and governed by the internal laws of the State, without regard to conflict of law principles of the State.

16.6 This Purchase Contract may be executed in several counterparts (including counterparts exchanged by email in PDF format), each of which will be regarded as an original and all of which will constitute one and the same document.

Section 17. Survival of Certain Representations and Obligations.

The respective agreements, covenants, representations, warranties and other statements of the Issuer and the Borrower and each of their respective officers set forth in or made pursuant to this Purchase Contract shall survive delivery of and payment for the Bonds and shall remain in full force and effect, regardless of any investigation, or statements as to the results thereof, made by or on behalf of the Underwriter.

[Signature Pages to Follow]

[PURCHASE CONTRACT SIGNATURE PAGE OF UNDERWRITER]

If the foregoing is in accordance with your understanding, please sign and return to us two counterparts hereof and, upon the acceptance hereof by the Issuer and the Borrower, this Purchase Contract and such acceptance shall constitute the binding agreement among us as to the matters set forth above.

Very truly yours,

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED**, as Underwriter

By:

Cody N. Wilson
Managing Director

[Signatures continue on following page]

[PURCHASE CONTRACT SIGNATURE PAGE OF ISSUER]

Accepted as of the date first above written:

**TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS**

By: _____
Chair

[Signatures continue on following page]

[PURCHASE CONTRACT SIGNATURE PAGE OF BORROWER]

YELLOWSTONE BOULEVARD, LLC,
a Texas limited liability company

By: Vesta Equity Yellowstone, LLC,
its Special Member

By: Vesta Equity Corporation,
its Managing Member

By: Vesta Corporation,
Sole Shareholder

By: _____
Arthur N.K. Greenblatt
President

EXHIBIT A

TERMS OF BONDS

**DATED DATE, MATURITY, PRINCIPAL AMOUNT, INTEREST RATE
AND PURCHASE PRICE**

Long-Term Bonds

<u>Dated Date</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>
January 1, 2019	January 1, 2036	\$12,500,000	____%	100%

Short-Term Bonds

<u>Dated Date</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>
January __, 2019	February 1, 2022	\$2,880,000	____%	100%

EXHIBIT B-1

**PROPOSED FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL
WITH RESPECT TO LONG-TERM BONDS**

[to be provided]

EXHIBIT B-2

**PROPOSED FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL
WITH RESPECT TO SHORT-TERM BONDS**

[to be provided]

EXHIBIT C

FORM OF OPINION OF COUNSEL TO THE BORROWER

[to be provided]

EXHIBIT D

FORM OF BORROWER'S RULE 15c2-12 CERTIFICATE

\$12,500,000

**Texas Department of Housing and Community Affairs
Multifamily Tax-Exempt Bonds(M-TEMS)
(Park Yellowstone), Series 2019 (FN)**

\$2,880,000

**Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(Park Yellowstone), Series 2019**

The undersigned hereby certifies and represents to Stifel, Nicolaus & Company, Incorporated (the "Underwriter") that the undersigned is authorized to execute and deliver this certificate on behalf of Yellowstone Boulevard, LLC, a Texas limited liability company (the "Borrower"), and hereby further certifies to the Underwriter as follows:

(a) This Certificate is delivered to enable the Underwriter to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") in connection with the issuance and sale of the above captioned securities (the "Bonds").

(b) In connection with the issuance and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated January __, 2019, relating to the Multifamily Tax-Exempt Mortgage-based Bonds (the "Long-Term Bonds Preliminary Official Statement") and a Preliminary Official Statement, dated January __, 2019, relating to the Multifamily Housing Revenue Bonds (the "Short-Term Bonds Preliminary Official Statement," and together with the Long-Term Bonds Preliminary Official Statement, the "Preliminary Official Statements") setting forth information concerning the Bonds and the Borrower.

(c) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), accreted values, yield to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters and the identity of the Underwriter(s), all with respect to the issuance and sale of the Bonds.

(d) The Preliminary Official Statement is, as of the date thereof, deemed final within the meaning of the Rule, except for Permitted Omissions.

(e) The section of the Preliminary Official Statement entitled "CONTINUING DISCLOSURE" describes the agreement the Borrower expects to make for the benefit of the Bondholders in the Continuing Disclosure Agreement dated as of January 1, 2019, executed by the Borrower and Digital Assurance Certification LLC, as dissemination agent, by which the Borrower will undertake to provide continuing disclosure in accordance with the Rule.

Dated: January __, 2019

[Remainder of page intentionally left blank]

[Signature page to Rule 15c2-12 Certificate]

IN WITNESS WHEREOF, I have hereunto set my hand as of the date set forth above.

YELLOWSTONE BOULEVARD, LLC,
a Texas limited liability company

By: Vesta Equity Yellowstone, LLC,
its Special Member

By: Vesta Equity Corporation,
its Managing Member

By: Vesta Corporation,
Sole Shareholder

By: _____
Arthur N.K. Greenblatt
President

EXHIBIT E

FORM OF CERTIFICATE OF FANNIE MAE

\$12,500,000

**Texas Department of Housing and Community Affairs
Multifamily Tax-Exempt Bonds(M-TEMS)
(Park Yellowstone)
Series 2019 (FN)**

This Certificate dated as of January __, 2019, is being furnished to the Texas Department of Housing and Community Affairs (the “Issuer”) and Stifel, Nicolaus & Company, Incorporated, as underwriter (the “Underwriter”), pursuant to the terms of the Bond Purchase Agreement dated January __, 2019 (the “Bond Purchase Agreement”) among the Underwriter, the Issuer and Yellowstone Boulevard, LLC, a Texas limited liability company (the “Borrower”), regarding the purchase by the Underwriter of the above-captioned bonds (the “Bonds”), issued by the Issuer. All terms not otherwise defined herein shall have the meanings ascribed to such terms in the Bond Purchase Agreement.

The undersigned hereby certifies to the Issuer and the Underwriter that (A) Fannie Mae has provided the link which includes a template of the Fannie Mae MBS Prospectus (Multifamily Fixed Rate Yield Maintenance) set forth in the first paragraph under the caption “APPENDIX A — FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM” in the Preliminary Official Statement and the Official Statement, (B) if the Pass-Through Certificate had been issued by Fannie Mae on the date of this certificate, the disclosure in the Additional Disclosure Addendum, provided in connection with the Pass-Through Certificate, will be substantially the same in all material respects as the Additional Disclosure provided in Appendix A of the Official Statement, and (C) Fannie Mae has authorized the inclusion of such information in the Preliminary Official Statement and the Official Statement, as supplemented and amended, for use in connection with the marketing of the Bonds.

FANNIE MAE

By: _____
Name: _____
Title: _____

FANNIE MAE CERTIFICATE (Park Yellowstone)

EXHIBIT F

FORM OF CERTIFICATE OF LENDER

\$12,500,000

**Texas Department of Housing and Community Affairs
Multifamily Tax-Exempt Bonds(M-TEMS)
(Park Yellowstone)
Series 2019 (FN)**

January __, 2019

The undersigned, KeyBank Real Estate Capital, a _____ (the “Lender”), in connection with the issuance, sale and delivery by the Texas Department of Housing and Community Affairs (the “Issuer”) of its Multifamily Tax-Exempt Bonds(M-TEMS) (Park Yellowstone) Series 2019 (FN) in the aggregate principal amount of \$12,500,000 (the “Bonds”), does hereby certify as of the date hereof as follows:

1. Each MBS delivered to U.S. Bank National Association (the “Trustee”) shall be issued by Fannie Mae and guaranteed, as to timely payment of interest at the applicable Pass-Through Rate on the unpaid principal balance of the Mortgage Loan pertaining to such MBS, and guaranteed by Fannie Mae as to timely payment of principal in accordance with the terms of the principal amortization schedule of the Mortgage Loan.

2. The Trustee shall be furnished with (i) a MBS, registered in the name of the Trustee (or its nominee), as Trustee under the Indenture and (ii) any prospectus for the MBS.

3. The Lender has provided the information under the caption “APPENDIX H — TERM SHEET (underlying Fannie Mae Pool Statistics (as of Issue Date) and Multifamily Schedule of Loan Information”) in the Official Statement. The information under such caption in the Official Statement is accurate as of the date of the Official Statement and as of the Closing Date, and that the Lender has authorized the inclusion of such information in the Official Statement for use in connection with the marketing of the Bonds.

All terms not otherwise defined herein shall have the meanings ascribed to such terms in the Bond Purchase Agreement dated January __, 2019 by and among Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), Yellowstone Boulevard, LLC, a Texas limited liability company, and the Issuer.

KEYBANK REAL ESTATE CAPITAL,

a _____

By: _____ (SEAL)

[NAME]

[TITLE]

EXHIBIT G

FORM OF ISSUE PRICE CERTIFICATE

\$12,500,000

**Texas Department of Housing and Community Affairs
Multifamily Tax-Exempt Bonds (M-TEMS)
(Park Yellowstone), Series 2019 (FN)**

\$2,880,000

**Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(Park Yellowstone), Series 2019**

I, the undersigned officer of Stifel, Nicolaus & Company, Incorporated (the “Stifel”), make this certificate in connection with the Texas Department of Housing and Community Affairs Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN) (the “Long-Term Bonds”) and the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Park Yellowstone) Series 2019 (the “Short-Term Bonds, and together with the Long-Term Bonds, the “Bonds”). Each capitalized term used herein has the meaning or is the amount, as the case may be, specified for such term in the Tax Exemption Agreement to which this Exhibit A is attached (the “Tax Exemption Agreement”). I hereby certify as follows as of the Issue Date of the Bonds:

1. I hereby certify as follows in good faith as of the Issue Date of the Bonds:

(a) I am the duly chosen, qualified and acting officer of Stifel for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of Stifel. I am the officer of Stifel charged, along with other officers of Stifel, with responsibility for the Bonds.

(b) The first price at which at least 10% of each maturity was sold to the Public is the price for each such maturity set forth on the cover of the Official Statement prepared in connection with the Bonds (each, an “Actual Sales Price”).

(c) The aggregate of the Actual Sales Prices is \$[_____].

2. For purposes of this Issue Price Certificate, the following definitions apply:

(b) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

(c) “Related Party” means any two or more persons who are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interest or profits interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(e) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling

group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel's interpretation of any laws, including specifically sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer and the Borrower with respect to certain of the representations set forth in the Tax Exemption Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bracewell LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds.

[EXECUTION PAGE FOLLOWS]

[Underwriter's signature page to Issue Price Certificate]

The foregoing Issue Price Certificate has been duly executed as of the Closing Date.

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED**

By: _____

Name: Cody N. Wilson

Title: Managing Director

[Remainder of page intentionally left blank]

MULTIFAMILY NOTE

US \$[10,100,000.00]

As of January ___, 2019

FOR VALUE RECEIVED, the undersigned (“**Borrower**”) promises to pay to the order of **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**, a public and official agency of the State of Texas (“**Issuer**”), the principal amount of [TEN MILLION ONE HUNDRED THOUSAND AND 00/100 DOLLARS (US \$10,100,000.00)] (the “**Immediate Mortgage Loan**”), together with interest thereon accruing at the Interest Rate on the unpaid principal balance from the date the Immediate Mortgage Loan proceeds are disbursed until fully paid in accordance with the terms hereof and of that certain Multifamily Loan and Security Agreement dated as of the date hereof, by and between Borrower and Issuer (as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time, the “**Loan Agreement**”).

1. **Defined Terms.**

Capitalized terms used and not specifically defined in this Multifamily Note (this “**Note**”) have the meanings given to such terms in the Loan Agreement.

2. **Repayment.**

Borrower agrees to pay the principal amount of the Immediate Mortgage Loan and interest on the principal amount of the Immediate Mortgage Loan from time to time outstanding at the Interest Rate or such other rate or rates and at the times specified in the Loan Agreement, together with all other amounts due to Issuer under the Loan Documents. The outstanding balance of the Immediate Mortgage Loan and all accrued and unpaid interest thereon shall be due and payable on the Maturity Date, together with all other amounts due to Issuer under the Loan Documents.

3. **Security.**

The Immediate Mortgage Loan evidenced by this Note, together with all other Indebtedness is secured by, among other things, the Security Instrument, the Loan Agreement and the other Loan Documents. All of the terms, covenants and conditions contained in the Loan Agreement, the Security Instrument and the other Loan Documents are hereby made part of this Note to the same extent and with the same force as if they were fully set forth herein. In the event of a conflict or inconsistency between the terms of this Note and the Loan Agreement, the terms and provisions of the Loan Agreement shall govern.

4. **Acceleration.**

In accordance with the Loan Agreement, if an Event of Default has occurred and is continuing, the entire unpaid principal balance of the Immediate Mortgage Loan, any accrued and unpaid interest, including interest accruing at the Default Rate, the Prepayment Premium (if applicable), and all other amounts payable under this Note, the Loan Agreement and any other Loan Document shall at once become due and payable, at the option of Issuer, without any prior

notice to Borrower, unless applicable law requires otherwise (and in such case, after satisfactory notice has been given).

5. Personal Liability.

The provisions of Article 3 (Personal Liability) of the Loan Agreement are hereby incorporated by reference into this Note to the same extent and with the same force as if fully set forth herein.

6. Governing Law.

This Note shall be governed in accordance with the terms and provisions of Section 15.01 (Governing Law; Consent to Jurisdiction and Venue) of the Loan Agreement.

7. Waivers.

Presentment, demand for payment, notice of nonpayment and dishonor, protest and notice of protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, and grace and diligence in collecting the Indebtedness are waived by Borrower, for and on behalf of itself, Guarantor and Key Principal, and all endorsers and guarantors of this Note and all other third party obligors or others who may become liable for the payment of all or any part of the Indebtedness.

8. Commercial Purpose.

Borrower represents that the Indebtedness is being incurred by Borrower solely for the purpose of carrying on a business or commercial enterprise or activity, and not for agricultural, personal, family or household purposes.

9. Construction; Joint and Several (or Solidary, as applicable) Liability.

(a) Section 15.08 (Construction) of the Loan Agreement is hereby incorporated herein as if fully set forth in the body of this Note.

(b) If more than one Person executes this Note as Borrower, the obligations of such Person shall be joint and several (solidary instead for purposes of Louisiana law).

10. Notices.

All Notices required or permitted to be given by Issuer to Borrower pursuant to this Note shall be given in accordance with Section 15.02 (Notice) of the Loan Agreement.

11. Time is of the Essence.

Borrower agrees that, with respect to each and every obligation and covenant contained in this Note, time is of the essence.

12. Loan Charges Savings Clause.

Borrower agrees to pay an effective rate of interest equal to the sum of the Interest Rate and any additional rate of interest resulting from any other charges of interest or in the nature of interest paid or to be paid in connection with the Immediate Mortgage Loan and any other fees or amounts to be paid by Borrower pursuant to any of the other Loan Documents. Neither this Note, the Loan Agreement nor any of the other Loan Documents shall be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate greater than the maximum interest rate permitted to be charged under applicable law. It is expressly stipulated and agreed to be the intent of Borrower and Issuer at all times to comply with all applicable laws governing the maximum rate or amount of interest payable on the Indebtedness evidenced by this Note and the other Loan Documents. If any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower is interpreted so that any interest or other charge or amount provided for in any Loan Document, whether considered separately or together with other charges or amounts provided for in any other Loan Document, or otherwise charged, taken, reserved or received in connection with the Immediate Mortgage Loan, or on acceleration of the maturity of the Immediate Mortgage Loan or as a result of any prepayment by Borrower or otherwise, violates that law, and Borrower is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate any such violation. Amounts, if any, previously paid to Issuer in excess of the permitted amounts shall be applied by Issuer to reduce the unpaid principal balance of the Immediate Mortgage Loan without the payment of any prepayment premium (or, if the Immediate Mortgage Loan has been or would thereby be paid in full, shall be refunded to Borrower), and the provisions of the Loan Agreement and any other Loan Documents immediately shall be deemed reformed and the amounts thereafter collectible under the Loan Agreement and any other Loan Documents reduced, without the necessity of the execution of any new documents, so as to comply with any applicable law, but so as to permit the recovery of the fullest amount otherwise payable under the Loan Documents. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower has been violated, all Indebtedness that constitutes interest, as well as all other charges made in connection with the Indebtedness that constitute interest, and any amount paid or agreed to be paid to Issuer for the use, forbearance or detention of the Indebtedness, shall be deemed to be allocated and spread ratably over the stated term of the Immediate Mortgage Loan. Unless otherwise required by applicable law, such allocation and spreading shall be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of the Immediate Mortgage Loan.

13. WAIVER OF TRIAL BY JURY.

TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH OF BORROWER AND ISSUER (A) AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS NOTE OR THE RELATIONSHIP BETWEEN THE PARTIES AS ISSUER AND BORROWER THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN

BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

14. Receipt of Loan Documents.

Borrower acknowledges receipt of a copy of each of the Loan Documents.

15. Incorporation of Schedules.

The schedules, if any, attached to this Note are incorporated fully into this Note by this reference and each constitutes a substantive part of this Note.

ATTACHED SCHEDULE. The following Schedule is attached to this Note:

Schedule 1 Modifications to Note

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, Borrower has signed and delivered this Note under seal (where applicable) or has caused this Note to be signed and delivered under seal (where applicable) by its duly authorized representative. Where applicable law so provides, Borrower intends that this Note shall be deemed to be signed and delivered as a sealed instrument.

BORROWER:

YELLOWSTONE BOULEVARD LLC, a Texas limited liability company

By: **Yellowstone Boulevard I LLC**, its Managing Member

By: **Bozrah International Ministries, Inc.**, its Managing Member

By: _____
Name: Brian Courtney
Title: President

ENDORSEMENT PAGE TO MULTIFAMILY NOTE

Pay to the order of KeyBank National Association, without recourse.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas

By: _____
Name: J. B. Goodwin
Title: Chair

ENDORSEMENT PAGE TO MULTIFAMILY NOTE

Pay to the order of FANNIE MAE,
without recourse.

KEYBANK NATIONAL ASSOCIATION, a
national banking association

By: _____
Mary Ann Gripka
Senior Vice President

MULTIFAMILY NOTE

US \$[2,400,000.00]

As of January ___, 2019

FOR VALUE RECEIVED, the undersigned (“**Borrower**”) promises to pay to the order of **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**, a public and official agency of the State of Texas (“**Issuer**”), the principal amount of [TWO MILLION FOUR HUNDRED THOUSAND AND 00/100 DOLLARS (US \$2,400,000.00)] (the “**Forward Mortgage Loan**”), together with interest thereon accruing at the Interest Rate on the unpaid principal balance from the date the Forward Mortgage Loan proceeds are disbursed until fully paid in accordance with the terms hereof and of that certain Multifamily Loan and Security Agreement dated as of the date hereof, by and between Borrower and Issuer (as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time, the “**Loan Agreement**”).

1. Defined Terms.

Capitalized terms used and not specifically defined in this Multifamily Note (this “**Note**”) have the meanings given to such terms in the Loan Agreement.

2. Repayment.

Borrower agrees to pay the principal amount of the Forward Mortgage Loan and interest on the principal amount of the Forward Mortgage Loan from time to time outstanding at the Interest Rate or such other rate or rates and at the times specified in the Loan Agreement, together with all other amounts due to Issuer under the Loan Documents. The outstanding balance of the Forward Mortgage Loan and all accrued and unpaid interest thereon shall be due and payable on the Maturity Date, together with all other amounts due to Issuer under the Loan Documents.

3. Security.

The Forward Mortgage Loan evidenced by this Note, together with all other Indebtedness is secured by, among other things, the Security Instrument, the Loan Agreement and the other Loan Documents. All of the terms, covenants and conditions contained in the Loan Agreement, the Security Instrument and the other Loan Documents are hereby made part of this Note to the same extent and with the same force as if they were fully set forth herein. In the event of a conflict or inconsistency between the terms of this Note and the Loan Agreement, the terms and provisions of the Loan Agreement shall govern.

4. Acceleration.

In accordance with the Loan Agreement, if an Event of Default has occurred and is continuing, the entire unpaid principal balance of the Forward Mortgage Loan, any accrued and unpaid interest, including interest accruing at the Default Rate, the Prepayment Premium (if applicable), and all other amounts payable under this Note, the Loan Agreement and any other Loan Document shall at once become due and payable, at the option of Issuer, without any prior

notice to Borrower, unless applicable law requires otherwise (and in such case, after satisfactory notice has been given).

5. Personal Liability.

The provisions of Article 3 (Personal Liability) of the Loan Agreement are hereby incorporated by reference into this Note to the same extent and with the same force as if fully set forth herein.

6. Governing Law.

This Note shall be governed in accordance with the terms and provisions of Section 15.01 (Governing Law; Consent to Jurisdiction and Venue) of the Loan Agreement.

7. Waivers.

Presentment, demand for payment, notice of nonpayment and dishonor, protest and notice of protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, and grace and diligence in collecting the Indebtedness are waived by Borrower, for and on behalf of itself, Guarantor and Key Principal, and all endorsers and guarantors of this Note and all other third party obligors or others who may become liable for the payment of all or any part of the Indebtedness.

8. Commercial Purpose.

Borrower represents that the Indebtedness is being incurred by Borrower solely for the purpose of carrying on a business or commercial enterprise or activity, and not for agricultural, personal, family or household purposes.

9. Construction; Joint and Several (or Solidary, as applicable) Liability.

(a) Section 15.08 (Construction) of the Loan Agreement is hereby incorporated herein as if fully set forth in the body of this Note.

(b) If more than one Person executes this Note as Borrower, the obligations of such Person shall be joint and several (solidary instead for purposes of Louisiana law).

10. Notices.

All Notices required or permitted to be given by Issuer to Borrower pursuant to this Note shall be given in accordance with Section 15.02 (Notice) of the Loan Agreement.

11. Time is of the Essence.

Borrower agrees that, with respect to each and every obligation and covenant contained in this Note, time is of the essence.

12. Loan Charges Savings Clause.

Borrower agrees to pay an effective rate of interest equal to the sum of the Interest Rate and any additional rate of interest resulting from any other charges of interest or in the nature of interest paid or to be paid in connection with the Forward Mortgage Loan and any other fees or amounts to be paid by Borrower pursuant to any of the other Loan Documents. Neither this Note, the Loan Agreement nor any of the other Loan Documents shall be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate greater than the maximum interest rate permitted to be charged under applicable law. It is expressly stipulated and agreed to be the intent of Borrower and Issuer at all times to comply with all applicable laws governing the maximum rate or amount of interest payable on the Indebtedness evidenced by this Note and the other Loan Documents. If any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower is interpreted so that any interest or other charge or amount provided for in any Loan Document, whether considered separately or together with other charges or amounts provided for in any other Loan Document, or otherwise charged, taken, reserved or received in connection with the Forward Mortgage Loan, or on acceleration of the maturity of the Forward Mortgage Loan or as a result of any prepayment by Borrower or otherwise, violates that law, and Borrower is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate any such violation. Amounts, if any, previously paid to Issuer in excess of the permitted amounts shall be applied by Issuer to reduce the unpaid principal balance of the Forward Mortgage Loan without the payment of any prepayment premium (or, if the Forward Mortgage Loan has been or would thereby be paid in full, shall be refunded to Borrower), and the provisions of the Loan Agreement and any other Loan Documents Forwardly shall be deemed reformed and the amounts thereafter collectible under the Loan Agreement and any other Loan Documents reduced, without the necessity of the execution of any new documents, so as to comply with any applicable law, but so as to permit the recovery of the fullest amount otherwise payable under the Loan Documents. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower has been violated, all Indebtedness that constitutes interest, as well as all other charges made in connection with the Indebtedness that constitute interest, and any amount paid or agreed to be paid to Issuer for the use, forbearance or detention of the Indebtedness, shall be deemed to be allocated and spread ratably over the stated term of the Forward Mortgage Loan. Unless otherwise required by applicable law, such allocation and spreading shall be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of the Forward Mortgage Loan.

13. WAIVER OF TRIAL BY JURY.

TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH OF BORROWER AND ISSUER (A) AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS NOTE OR THE RELATIONSHIP BETWEEN THE PARTIES AS ISSUER AND BORROWER THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN

BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

14. Receipt of Loan Documents.

Borrower acknowledges receipt of a copy of each of the Loan Documents.

15. Incorporation of Schedules.

The schedules, if any, attached to this Note are incorporated fully into this Note by this reference and each constitutes a substantive part of this Note.

ATTACHED SCHEDULE. The following Schedule is attached to this Note:

Schedule 1 Modifications to Note

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, Borrower has signed and delivered this Note under seal (where applicable) or has caused this Note to be signed and delivered under seal (where applicable) by its duly authorized representative. Where applicable law so provides, Borrower intends that this Note shall be deemed to be signed and delivered as a sealed instrument.

BORROWER:

YELLOWSTONE BOULEVARD LLC, a Texas limited liability company

By: **Yellowstone Boulevard I LLC**, its Managing Member

By: **Bozrah International Ministries, Inc.**, its Managing Member

By: _____
Name: Brian Courtney
Title: President

ENDORSEMENT PAGE TO MULTIFAMILY NOTE

Pay to the order of KeyBank National Association, without recourse.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas

By: _____
Name: J. B. Goodwin
Title: Chair

ENDORSEMENT PAGE TO MULTIFAMILY NOTE

Pay to the order of FANNIE MAE,
without recourse.

KEYBANK NATIONAL ASSOCIATION, a
national banking association

By: _____
Mary Ann Gripka
Senior Vice President

NOTE

This Note has not been registered under the Securities Act of 1933. Its transferability is restricted by the Trust Indenture and the Loan Agreement referred to herein.

[\$2,880,000]

January 1, 2019

YELLOWSTONE BOULEVARD LLC, a Texas limited liability company (the “**Borrower**”), for value received, promises to pay in installments to the Texas Department of Housing and Community Affairs (the “**Issuer**”), the principal amount of TWO MILLION EIGHT HUNDRED EIGHTY THOUSAND DOLLARS (\$2,880,000) and to pay interest on the unpaid balance of such principal sum from and after the date hereof, at the Initial Interest Rate set forth in the Bonds (as defined below) to but not including February 1, 2021 (the “Initial Mandatory Tender Date”) and thereafter at the Remarketing Rate (as defined in the Indenture) until the payment of such principal sum has been made or provided for. The principal amount stated above shall be paid on or before February 1, 2022. Interest shall be calculated on the basis of a 360-day year of 12 equal months. Interest on this Note shall be paid at least one Business Day before each February 1 and August 1, commencing August 1, 2019 (the “**Interest Payment Dates**”).

This Note is issued pursuant to that certain Loan Agreement (the “**Loan Agreement**”) dated as of January 1, 2019, between the Issuer and the Borrower pursuant to which the Issuer has made a mortgage loan in the principal amount of this Note to the Borrower (the “**Loan**”), and this Note is entitled to the benefits of the Loan Agreement and subject to the terms, conditions and provisions thereof. The Loan was funded with a portion of the proceeds from the Issuer’s [\$2,880,000] Multifamily Housing Revenue Bonds (Park Yellowstone) Series 2019 (the “**Bonds**”) issued pursuant to and secured by the Trust Indenture (the “**Indenture**”), dated as of January 1, 2019, between the Issuer and the Trustee. Terms used but not defined herein shall have the meanings ascribed to such terms in the Loan Agreement and the Indenture.

Under the Loan Agreement, the Borrower has agreed to repay the Loan by making payments (“**Loan Payments**”) at the times and in the amounts set forth in the Loan Agreement and in this Note for application to the payment of Bond Service Charges on the Bonds as and when due. The Borrower shall be entitled to a credit against the Loan Payments required to be made with respect to the Bonds on any date equal to the available money in the Bond Fund for the payment of Bond Service Charges on that date.

To provide funds to pay the principal of and interest on the Bonds as and when due as specified herein, the Borrower hereby agrees to and shall make Loan Payments at least one Business Day before each Interest Payment Date in an amount equal to the Bond Service Charges on the Bonds payable on such Interest Payment Date. In addition, to provide funds to pay the Bond Service Charges on the Bonds as and when due at any other time, the Borrower hereby agrees to and shall make Loan Payments at least one Business Day before the date on which any Bond Service Charges on the Bonds shall be due and payable, whether at maturity, upon redemption, mandatory tender or otherwise, in an amount equal to those Bond Service Charges.

If payment or provision for payment in accordance with the Indenture is made in respect of the Bond Service Charges on the Bonds from money other than Loan Payments, this Note shall

be deemed paid to the extent such payments or provision for payment of Bonds has been made. Consistent with the provisions of the immediately preceding sentence, the Borrower shall have credited against its obligation to make Loan Payments any amounts transferred from the Project Fund or the Collateral Fund to the Bond Fund. Subject to the foregoing, all Loan Payments shall be in the full amount required hereunder.

This Note is secured, among other things, by a Subordinate Short Term Fourth Multifamily Deed of Trust, Security Agreement and Fixture Filing, dated as of January 1, 2019 (the “**Bond Mortgage**”). Reference is made to the Bond Mortgage for other rights of the holder of this Note as to collateral for this Note.

All Loan Payments shall be made to the Trustee at its Designated Office for the account of the Issuer and deposited in the Bond Fund created by the Indenture. Except as otherwise provided in the Indenture, the Loan Payments shall be used by the Trustee to pay the Bond Service Charges on the Bonds as and when due.

The obligation of the Borrower to make the payments required hereunder shall be absolute and unconditional and the Borrower shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense, set off, recoupment or counterclaim which the Borrower may have or assert against the Issuer, the Trustee or any other Person.

This Note is subject to prepayment, in whole, upon the terms and conditions set forth in Article VI of the Loan Agreement. Any prepayment is subject to satisfaction of any applicable notice, deposit or other requirements set forth in the Loan Agreement or the Indenture.

Whenever an Event of Default under Section 6.01 of the Indenture shall have occurred and, as a result thereof, the principal of and any premium on all Bonds then Outstanding, and interest accrued thereon, shall have been declared to be immediately due and payable pursuant to Section 6.03 of the Indenture, the unpaid principal amount of and any premium and accrued interest on this Note shall also be due and payable in on the date on which the principal of and premium and interest on the Bonds shall have been declared due and payable; provided that the annulment of a declaration of acceleration with respect to the Bonds shall also constitute an annulment of any corresponding declaration with respect to this Note.

The payment obligations of this Note are non-recourse to the Borrower to the extent set forth in Section 8.6 of the Loan Agreement.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed in its name as of the date first above written.

YELLOWSTONE BOULEVARD LLC

By: Yellowstone Boulevard I LLC, its Managing Member

By: Bozrah International Ministries, Inc.,
its Managing Member

By: _____
Name: Brian Courtney
Title: President

ENDORSEMENT

Pay to the order of U.S. Bank, National Association, without recourse, as Trustee under the Indenture referred to in the within mentioned Note, as security for the Bonds issued under the Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Note.

**TEXAS DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS**

By: _____
Name: J.B. Goodwin
Title: Chair

Prepared by, and after recording
return to:
Dameon M. Rivers, Esq.
Ballard Spahr LLP
1909 K Street, NW, 12th Floor
Washington, DC 20006

**MULTIFAMILY DEED OF TRUST,
ASSIGNMENT OF LEASES AND RENTS,
SECURITY AGREEMENT
AND FIXTURE FILING

(TEXAS)**

**MULTIFAMILY DEED OF TRUST,
ASSIGNMENT OF LEASES AND RENTS,
SECURITY AGREEMENT
AND FIXTURE FILING**

This MULTIFAMILY DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING (as amended, restated, replaced, supplemented, or otherwise modified from time to time, the “**Security Instrument**”) dated as of December ____, 2018, is executed by **YELLOWSTONE BOULEVARD, LLC**, a limited liability company organized and existing under the laws of Texas, as grantor (“**Borrower**”), to _____, as trustee (“**Trustee**”), for the benefit of **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**, a public and official agency of the State of Texas organized and existing under the laws of Texas, as beneficiary (“**Lender**”).

Borrower, in consideration of (i) the loan in the original principal amount of \$[10,817,000.00] (the “**Mortgage Loan**”) evidenced by that certain Multifamily Note dated as of the date of this Security Instrument, executed by Borrower and made payable to the order of Lender (as amended, restated, replaced, supplemented, or otherwise modified from time to time, the “**Note**”), (ii) that certain Multifamily Loan and Security Agreement dated as of the date of this Security Instrument, executed by and between Borrower and Lender (as amended, restated, replaced, supplemented or otherwise modified from time to time, the “**Loan Agreement**”), and (iii) the trust created by this Security Instrument, and to secure to Lender the repayment of the Indebtedness (as defined in this Security Instrument), and all renewals, extensions and modifications thereof, and the performance of the covenants and agreements of Borrower contained in the Loan Documents (as defined in the Loan Agreement), excluding the Environmental Indemnity Agreement (as defined in this Security Instrument), irrevocably and unconditionally mortgages, grants, warrants, conveys, bargains, sells, and assigns to Trustee, in trust, for benefit of Lender, with power of sale and right of entry and possession, the Mortgaged Property (as defined in this Security Instrument), including the real property located in Harris County, State of Texas, and described in Exhibit A attached to this Security Instrument and incorporated by reference (the “**Land**”), to have and to hold such Mortgaged Property unto Trustee and Trustee’s successors and assigns, forever; Borrower hereby releasing, relinquishing and waiving, to the fullest extent allowed by law, all rights and benefits, if any, under and by virtue of the homestead exemption laws of the Property Jurisdiction (as defined in this Security Instrument), if applicable.

Borrower represents and warrants that Borrower is lawfully seized of the Mortgaged Property and has the right, power and authority to mortgage, grant, warrant, convey, bargain, sell, and assign the Mortgaged Property, and that the Mortgaged Property is not encumbered by any Lien (as defined in this Security Instrument) other than Permitted Encumbrances (as defined in this Security Instrument). Borrower covenants that Borrower will warrant and defend the title to the Mortgaged Property against all claims and demands other than Permitted Encumbrances.

Borrower, and by their acceptance hereof, each of Trustee and Lender covenants and agrees as follows:

1. Defined Terms.

Capitalized terms used and not specifically defined herein have the meanings given to such terms in the Loan Agreement. All terms used and not specifically defined herein, but which are otherwise defined by the UCC, shall have the meanings assigned to them by the UCC. The following terms, when used in this Security Instrument, shall have the following meanings:

“**Condemnation Action**” means any action or proceeding, however characterized or named, relating to any condemnation or other taking, or conveyance in lieu thereof, of all or any part of the Mortgaged Property, whether direct or indirect.

“**Enforcement Costs**” means all expenses and costs, including reasonable attorneys’ fees and expenses, fees and out-of-pocket expenses of expert witnesses and costs of investigation, incurred by Lender as a result of any Event of Default under the Loan Agreement or in connection with efforts to collect any amount due under the Loan Documents, or to enforce the provisions of the Loan Agreement or any of the other Loan Documents, including those incurred in post-judgment collection efforts and in any bankruptcy or insolvency proceeding (including any action for relief from the automatic stay of any bankruptcy proceeding or Foreclosure Event) or judicial or non-judicial foreclosure proceeding, to the extent permitted by law.

“**Environmental Indemnity Agreement**” means that certain Environmental Indemnity Agreement dated as of the date of this Security Instrument, executed by Borrower to and for the benefit of Lender, as the same may be amended, restated, replaced, supplemented, or otherwise modified from time to time.

“**Environmental Laws**” has the meaning set forth in the Environmental Indemnity Agreement.

“**Event of Default**” has the meaning set forth in the Loan Agreement.

“**Fixtures**” means all Goods that are so attached or affixed to the Land or the Improvements as to constitute a fixture under the laws of the Property Jurisdiction.

“**Goods**” means all of Borrower’s present and hereafter acquired right, title and interest in all goods which are used now or in the future in connection with the ownership, management, or operation of the Land or the Improvements or are located on the Land or in the Improvements, including inventory; furniture; furnishings; machinery, equipment, engines, boilers, incinerators, and installed building materials; systems and equipment for the purpose of supplying or distributing heating, cooling, electricity, gas, water, air, or light; antennas, cable, wiring, and conduits used in connection with radio, television, security, fire prevention, or fire detection, or otherwise used to carry electronic signals; telephone systems and equipment; elevators and related machinery and equipment; fire detection, prevention and extinguishing systems and apparatus; security and access control systems and apparatus; plumbing systems; water heaters, ranges, stoves, microwave ovens, refrigerators, dishwashers, garbage disposers, washers, dryers, and other appliances; light fixtures, awnings, storm windows, and storm doors; pictures, screens, blinds, shades, curtains, and curtain rods; mirrors, cabinets, paneling, rugs, and floor and wall coverings; fences, trees, and plants; swimming pools; exercise equipment; supplies; tools; books and records (whether in written or electronic form); websites, URLs, blogs, and social network pages; computer equipment (hardware and software); and other tangible personal property which

is used now or in the future in connection with the ownership, management, or operation of the Land or the Improvements or are located on the Land or in the Improvements.

“Imposition Deposits” means deposits in an amount sufficient to accumulate with Lender the entire sum required to pay the Impositions when due.

“Impositions” means

(a) any water and sewer charges which, if not paid, may result in a lien on all or any part of the Mortgaged Property;

(b) the premiums for fire and other casualty insurance, liability insurance, rent loss insurance and such other insurance as Lender may require under the Loan Agreement;

(c) Taxes; and

(d) amounts for other charges and expenses assessed against the Mortgaged Property which Lender at any time reasonably deems necessary to protect the Mortgaged Property, to prevent the imposition of liens on the Mortgaged Property, or otherwise to protect Lender’s interests, all as reasonably determined from time to time by Lender.

“Improvements” means the buildings, structures, improvements, and alterations now constructed or at any time in the future constructed or placed upon the Land, including any future replacements, facilities, and additions and other construction on the Land.

“Indebtedness” means the principal of, interest on, and all other amounts due at any time under the Note, the Loan Agreement, this Security Instrument or any other Loan Document (other than the Environmental Indemnity Agreement and Guaranty), including Prepayment Premiums, late charges, interest charged at the Default Rate, and accrued interest as provided in the Loan Agreement and this Security Instrument, advances, costs and expenses to perform the obligations of Borrower or to protect the Mortgaged Property or the security of this Security Instrument, all other monetary obligations of Borrower under the Loan Documents (other than the Environmental Indemnity Agreement), including amounts due as a result of any indemnification obligations, and any Enforcement Costs.

“Land” means the real property described in Exhibit A.

“Leases” means all present and future leases, subleases, licenses, concessions or grants or other possessory interests now or hereafter in force, whether oral or written, covering or affecting the Mortgaged Property, or any portion of the Mortgaged Property (including proprietary leases or occupancy agreements if Borrower is a cooperative housing corporation), and all modifications, extensions or renewals thereof.

“Lien” means any claim or charge against property for payment of a debt or an amount owed for services rendered, including any mortgage, deed of trust, deed to secure debt, security interest, tax lien, any materialman’s or mechanic’s lien, or any lien of a Governmental Authority, including any lien in connection with the payment of utilities, or any other encumbrance.

“Mortgaged Property” means all of Borrower’s present and hereafter acquired right, title and interest, if any, in and to all of the following:

- (a) the Land;
- (b) the Improvements;
- (c) the Personalty;
- (d) current and future rights, including air rights, development rights, zoning rights and other similar rights or interests, easements, tenements, rights-of-way, strips and gores of land, streets, alleys, roads, sewer rights, waters, watercourses, and appurtenances related to or benefitting the Land or the Improvements, or both, and all rights-of-way, streets, alleys and roads which may have been or may in the future be vacated;
- (e) insurance policies relating to the Mortgaged Property (and any unearned premiums) and all proceeds paid or to be paid by any insurer of the Land, the Improvements, the Personalty, or any other part of the Mortgaged Property, whether or not Borrower obtained the insurance pursuant to Lender’s requirements;
- (f) awards, payments and other compensation made or to be made by any municipal, state or federal authority with respect to the Land, the Improvements, the Personalty, or any other part of the Mortgaged Property, including any awards or settlements resulting from (1) Condemnation Actions, (2) any damage to the Mortgaged Property caused by governmental action that does not result in a Condemnation Action, or (3) the total or partial taking of the Land, the Improvements, the Personalty, or any other part of the Mortgaged Property under the power of eminent domain or otherwise and including any conveyance in lieu thereof;
- (g) contracts, options and other agreements for the sale of the Land, the Improvements, the Personalty, or any other part of the Mortgaged Property entered into by Borrower now or in the future, including cash or securities deposited to secure performance by parties of their obligations;
- (h) Leases and Lease guaranties, letters of credit and any other supporting obligation for any of the Leases given in connection with any of the Leases, and all Rents;
- (i) earnings, royalties, accounts receivable, issues and profits from the Land, the Improvements or any other part of the Mortgaged Property, and all undisbursed proceeds of the Mortgage Loan and, if Borrower is a cooperative housing corporation, maintenance charges or assessments payable by shareholders or residents;
- (j) Imposition Deposits;
- (k) refunds or rebates of Impositions by any municipal, state or federal authority or insurance company (other than refunds applicable to periods before the real property tax year in which this Security Instrument is dated);
- (l) tenant security deposits;

(m) names under or by which any of the above Mortgaged Property may be operated or known, and all trademarks, trade names, and goodwill relating to any of the Mortgaged Property;

(n) Collateral Accounts and all Collateral Account Funds;

(o) products, and all cash and non-cash proceeds from the conversion, voluntary or involuntary, of any of the above into cash or liquidated claims, and the right to collect such proceeds; and

(p) all of Borrower's right, title and interest in the oil, gas, minerals, mineral interests, royalties, overriding royalties, production payments, net profit interests and other interests and estates in, under and on the Mortgaged Property and other oil, gas and mineral interests with which any of the foregoing interests or estates are pooled or unitized.

“Permitted Encumbrance” means only the easements, restrictions and other matters listed in a schedule of exceptions to coverage in the Title Policy and Taxes for the current tax year that are not yet due and payable.

“Personalty” means all of Borrower's present and hereafter acquired right, title and interest in all Goods, accounts, choses of action, chattel paper, documents, general intangibles (including Software), payment intangibles, instruments, investment property, letter of credit rights, supporting obligations, computer information, source codes, object codes, records and data, all telephone numbers or listings, claims (including claims for indemnity or breach of warranty), deposit accounts and other property or assets of any kind or nature related to the Land or the Improvements now or in the future, including operating agreements, surveys, plans and specifications and contracts for architectural, engineering and construction services relating to the Land or the Improvements, and all other intangible property and rights relating to the operation of, or used in connection with, the Land or the Improvements, including all governmental permits relating to any activities on the Land.

“Prepayment Premium” has the meaning set forth in the Loan Agreement.

“Property Jurisdiction” means the jurisdiction in which the Land is located.

“Rents” means all rents (whether from residential or non-residential space), revenues and other income from the Land or the Improvements, including subsidy payments received from any sources, including payments under any “Housing Assistance Payments Contract” or other rental subsidy agreement (if any), parking fees, laundry and vending machine income and fees and charges for food, health care and other services provided at the Mortgaged Property, whether now due, past due, or to become due, and tenant security deposits.

“Software” means a computer program and any supporting information provided in connection with a transaction relating to the program. The term does not include any computer program that is included in the definition of Goods.

“Taxes” means all taxes, assessments, vault rentals and other charges, if any, general, special or otherwise, including assessments for schools, public betterments and general or local

improvements, which are levied, assessed or imposed by any public authority or quasi-public authority, and which, if not paid, may become a lien, on the Land or the Improvements or any taxes upon any Loan Document.

“**Title Policy**” has the meaning set forth in the Loan Agreement.

“**UCC**” means the Uniform Commercial Code in effect in the Property Jurisdiction, as amended from time to time.

“**UCC Collateral**” means any or all of that portion of the Mortgaged Property in which a security interest may be granted under the UCC and in which Borrower has any present or hereafter acquired right, title or interest.

2. Security Agreement; Fixture Filing.

(a) To secure to Lender, the repayment of the Indebtedness, and all renewals, extensions and modifications thereof, and the performance of the covenants and agreements of Borrower contained in the Loan Documents, Borrower hereby pledges, assigns, and grants to Lender a continuing security interest in the UCC Collateral. This Security Instrument constitutes a security agreement and a financing statement under the UCC. This Security Instrument also constitutes a financing statement pursuant to the terms of the UCC with respect to any part of the Mortgaged Property that is or may become a Fixture under applicable law, and will be recorded as a “fixture filing” in accordance with the UCC. Borrower hereby authorizes Lender to file financing statements, continuation statements and financing statement amendments in such form as Lender may require to perfect or continue the perfection of this security interest without the signature of Borrower. If an Event of Default has occurred and is continuing, Lender shall have the remedies of a secured party under the UCC or otherwise provided at law or in equity, in addition to all remedies provided by this Security Instrument and in any Loan Document. Lender may exercise any or all of its remedies against the UCC Collateral separately or together, and in any order, without in any way affecting the availability or validity of Lender’s other remedies. For purposes of the UCC, the debtor is Borrower and the secured party is Lender. The name and address of the debtor and secured party are set forth after Borrower’s signature below which are the addresses from which information on the security interest may be obtained.

(b) Borrower represents and warrants that: (1) Borrower maintains its chief executive office at the location set forth after Borrower’s signature below, and Borrower will notify Lender in writing of any change in its chief executive office within five (5) days of such change; (2) Borrower is the record owner of the Mortgaged Property; (3) Borrower’s state of incorporation, organization, or formation, if applicable, is as set forth on Page 1 of this Security Instrument; (4) Borrower’s exact legal name is as set forth on Page 1 of this Security Instrument; (5) Borrower’s organizational identification number, if applicable, is as set forth after Borrower’s signature below; (6) Borrower is the owner of the UCC Collateral subject to no liens, charges or encumbrances other than the lien hereof; (7) except as expressly provided in the Loan Agreement, the UCC Collateral will not be removed from the Mortgaged Property without the consent of Lender; and (8) no financing statement covering any of the UCC Collateral or any proceeds thereof is on file in any public office except pursuant hereto.

(c) All property of every kind acquired by Borrower after the date of this Security Instrument which by the terms of this Security Instrument shall be subject to the lien and the security interest created hereby, shall immediately upon the acquisition thereof by Borrower and without further conveyance or assignment become subject to the lien and security interest created by this Security Instrument. Nevertheless, Borrower shall execute, acknowledge, deliver and record or file, as appropriate, all and every such further deeds of trust, mortgages, deeds to secure debt, security agreements, financing statements, assignments and assurances as Lender shall require for accomplishing the purposes of this Security Instrument and to comply with the rerecording requirements of the UCC.

3. Assignment of Leases and Rents; Appointment of Receiver; Lender in Possession.

(a) As part of the consideration for the Indebtedness, Borrower absolutely and unconditionally assigns and transfers to Lender all Leases and Rents. It is the intention of Borrower to establish present, absolute and irrevocable transfers and assignments to Lender of all Leases and Rents and to authorize and empower Lender to collect and receive all Rents without the necessity of further action on the part of Borrower. Borrower and Lender intend the assignments of Leases and Rents to be effective immediately and to constitute absolute present assignments, and not assignments for additional security only. Only for purposes of giving effect to these absolute assignments of Leases and Rents, and for no other purpose, the Leases and Rents shall not be deemed to be a part of the Mortgaged Property. However, if these present, absolute and unconditional assignments of Leases and Rents are not enforceable by their terms under the laws of the Property Jurisdiction, then each of the Leases and Rents shall be included as part of the Mortgaged Property, and it is the intention of Borrower, in such circumstance, that this Security Instrument create and perfect a lien on each of the Leases and Rents in favor of Lender, which liens shall be effective as of the date of this Security Instrument.

(b) Until an Event of Default has occurred and is continuing, but subject to the limitations set forth in the Loan Documents, Borrower shall have a revocable license to exercise all rights, power and authority granted to Borrower under the Leases (including the right, power and authority to modify the terms of any Lease, extend or terminate any Lease, or enter into new Leases, subject to the limitations set forth in the Loan Documents), and to collect and receive all Rents, to hold all Rents in trust for the benefit of Lender, and to apply all Rents to pay the Monthly Debt Service Payments and the other amounts then due and payable under the other Loan Documents, including Imposition Deposits, and to pay the current costs and expenses of managing, operating and maintaining the Mortgaged Property, including utilities and Impositions (to the extent not included in Imposition Deposits), tenant improvements and other capital expenditures. So long as no Event of Default has occurred and is continuing (and no event which, with the giving of notice or the passage of time, or both, would constitute an Event of Default has occurred and is continuing), the Rents remaining after application pursuant to the preceding sentence may be retained and distributed by Borrower free and clear of, and released from, Lender's rights with respect to Rents under this Security Instrument.

(c) If an Event of Default has occurred and is continuing, without the necessity of Lender entering upon and taking and maintaining control of the Mortgaged Property directly, by a receiver, or by any other manner or proceeding permitted by the laws of the Property Jurisdiction, the revocable license granted to Borrower pursuant to Section 3(b) shall

automatically terminate, and Lender shall immediately have all rights, powers and authority granted to Borrower under any Lease (including the right, power and authority to modify the terms of any such Lease, or extend or terminate any such Lease) and, without notice, Lender shall be entitled to all Rents as they become due and payable, including Rents then due and unpaid. During the continuance of an Event of Default, Borrower authorizes Lender to collect, sue for and compromise Rents and directs each tenant of the Mortgaged Property to pay all Rents to, or as directed by, Lender, and Borrower shall, upon Borrower's receipt of any Rents from any sources, pay the total amount of such receipts to Lender. Although the foregoing rights of Lender are self-effecting, at any time during the continuance of an Event of Default, Lender may make demand for all Rents, and Lender may give, and Borrower hereby irrevocably authorizes Lender to give, notice to all tenants of the Mortgaged Property instructing them to pay all Rents to Lender. No tenant shall be obligated to inquire further as to the occurrence or continuance of an Event of Default, and no tenant shall be obligated to pay to Borrower any amounts that are actually paid to Lender in response to such a notice. Any such notice by Lender shall be delivered to each tenant personally, by mail or by delivering such demand to each rental unit.

(d) If an Event of Default has occurred and is continuing, Lender may, regardless of the adequacy of Lender's security or the solvency of Borrower, and even in the absence of waste, enter upon, take and maintain full control of the Mortgaged Property, and may exclude Borrower and its agents and employees therefrom, in order to perform all acts that Lender, in its discretion, determines to be necessary or desirable for the operation and maintenance of the Mortgaged Property, including the execution, cancellation or modification of Leases, the collection of all Rents (including through use of a lockbox, at Lender's election), the making of repairs to the Mortgaged Property and the execution or termination of contracts providing for the management, operation or maintenance of the Mortgaged Property, for the purposes of enforcing this assignment of Rents, protecting the Mortgaged Property or the security of this Security Instrument and the Mortgage Loan, or for such other purposes as Lender in its discretion may deem necessary or desirable.

(e) Notwithstanding any other right provided Lender under this Security Instrument or any other Loan Document, if an Event of Default has occurred and is continuing, and regardless of the adequacy of Lender's security or Borrower's solvency, and without the necessity of giving prior notice (oral or written) to Borrower, Lender may apply to any court having jurisdiction for the appointment of a receiver for the Mortgaged Property to take any or all of the actions set forth in Section 3. If Lender elects to seek the appointment of a receiver for the Mortgaged Property at any time after an Event of Default has occurred and is continuing, Borrower, by its execution of this Security Instrument, expressly consents to the appointment of such receiver, including the appointment of a receiver *ex parte*, if permitted by applicable law. Borrower consents to shortened time consideration of a motion to appoint a receiver. Lender or the receiver, as applicable, shall be entitled to receive a reasonable fee for managing the Mortgaged Property and such fee shall become an additional part of the Indebtedness. Immediately upon appointment of a receiver or Lender's entry upon and taking possession and control of the Mortgaged Property, possession of the Mortgaged Property and all documents, records (including records on electronic or magnetic media), accounts, surveys, plans, and specifications relating to the Mortgaged Property, and all security deposits and prepaid Rents, shall be surrendered to Lender or the receiver, as applicable. If Lender or receiver takes

possession and control of the Mortgaged Property, Lender or receiver may exclude Borrower and its representatives from the Mortgaged Property.

(f) The acceptance by Lender of the assignments of the Leases and Rents pursuant to this Section 3 shall not at any time or in any event obligate Lender to take any action under any Loan Document or to expend any money or to incur any expense. Lender shall not be liable in any way for any injury or damage to person or property sustained by any Person in, on or about the Mortgaged Property. Prior to Lender's actual entry upon and taking possession and control of the Land and Improvements, Lender shall not be:

(1) obligated to perform any of the terms, covenants and conditions contained in any Lease (or otherwise have any obligation with respect to any Lease);

(2) obligated to appear in or defend any action or proceeding relating to any Lease or the Mortgaged Property; or

(3) responsible for the operation, control, care, management or repair of the Mortgaged Property or any portion of the Mortgaged Property.

The execution of this Security Instrument shall constitute conclusive evidence that all responsibility for the operation, control, care, management and repair of the Mortgaged Property is and shall be that of Borrower, prior to such actual entry and taking possession and control by Lender of the Land and Improvements.

(g) Lender shall be liable to account only to Borrower and only for Rents actually received by Lender. Lender shall not be liable to Borrower, anyone claiming under or through Borrower or anyone having an interest in the Mortgaged Property by reason of any act or omission of Lender under this Section 3, and Borrower hereby releases and discharges Lender from any such liability to the fullest extent permitted by law, provided that Lender shall not be released from liability that occurs as a result of Lender's gross negligence or willful misconduct as determined by a court of competent jurisdiction pursuant to a final, non-appealable court order. If the Rents are not sufficient to meet the costs of taking control of and managing the Mortgaged Property and collecting the Rents, any funds expended by Lender for such purposes shall be added to, and become a part of, the principal balance of the Indebtedness, be immediately due and payable, and bear interest at the Default Rate from the date of disbursement until fully paid. Any entering upon and taking control of the Mortgaged Property by Lender or the receiver, and any application of Rents as provided in this Security Instrument, shall not cure or waive any Event of Default or invalidate any other right or remedy of Lender under applicable law or provided for in this Security Instrument or any Loan Document.

4. Protection of Lender's Security.

If Borrower fails to perform any of its obligations under this Security Instrument or any other Loan Document, or any action or proceeding is commenced that purports to affect the Mortgaged Property, Lender's security, rights or interests under this Security Instrument or any Loan Document (including eminent domain, insolvency, code enforcement, civil or criminal forfeiture, enforcement of Environmental Laws, fraudulent conveyance or reorganizations or proceedings

involving a debtor or decedent), Lender may, at its option, make such appearances, disburse or pay such sums and take such actions, whether before or after an Event of Default or whether directly or to any receiver for the Mortgaged Property, as Lender reasonably deems necessary to perform such obligations of Borrower and to protect the Mortgaged Property or Lender's security, rights or interests in the Mortgaged Property or the Mortgage Loan, including:

- (a) paying fees and out-of-pocket expenses of attorneys, accountants, inspectors and consultants;
- (b) entering upon the Mortgaged Property to make repairs or secure the Mortgaged Property;
- (c) obtaining (or force-placing) the insurance required by the Loan Documents; and
- (d) paying any amounts required under any of the Loan Documents that Borrower has failed to pay.

Any amounts so disbursed or paid by Lender shall be added to, and become part of, the principal balance of the Indebtedness, be immediately due and payable and bear interest at the Default Rate from the date of disbursement until fully paid. The provisions of this Section 4 shall not be deemed to obligate or require Lender to incur any expense or take any action.

5. Default; Acceleration; Remedies.

(a) If an Event of Default has occurred and is continuing, Lender, at its option, may declare the Indebtedness to be immediately due and payable without further demand, and may either with or without entry or taking possession as herein provided or otherwise, proceed by suit or suits at law or in equity or any other appropriate proceeding or remedy (1) to enforce payment of the Mortgage Loan; (2) to foreclose this Security Instrument judicially or non-judicially by the power of sale granted herein; (3) to enforce or exercise any right under any Loan Document; and (4) to pursue any one (1) or more other remedies provided in this Security Instrument or in any other Loan Document or otherwise afforded by applicable law. Each right and remedy provided in this Security Instrument or any other Loan Document is distinct from all other rights or remedies under this Security Instrument or any other Loan Document or otherwise afforded by applicable law, and each shall be cumulative and may be exercised concurrently, independently, or successively, in any order. Borrower has the right to bring an action to assert the nonexistence of an Event of Default or any other defense of Borrower to acceleration and sale.

(b) Borrower acknowledges that the power of sale granted in this Security Instrument may be exercised or directed by Lender without prior judicial hearing. In the event Lender invokes the power of sale:

(1) Lender may, by and through the Trustee, or otherwise, sell or offer for sale the Mortgaged Property in such portions, order and parcels as Lender may determine, with or without having first taken possession of the Mortgaged Property, to the highest bidder for cash at public auction. Such sale shall be made at the courthouse door of the county in which all or any part of the Mortgaged Property to be sold is situated (whether the parts or parcel, if any, situated in different counties are contiguous or not, and without

the necessity of having any Personalty present at such sale) on the first Tuesday of any month between the hours of 10:00 a.m. and 4:00 p.m., after advertising the time, place and terms of sale and that portion of the Mortgaged Property to be sold by posting or causing to be posted written or printed notice of sale at least twenty-one (21) days before the date of the sale at the courthouse door of the county in which the sale is to be made and at the courthouse door of any other county in which a portion of the Mortgaged Property may be situated, and by filing such notice with the County Clerk(s) of the county(s) in which all or a portion of the Mortgaged Property may be situated, which notice may be posted and filed by the Trustee acting, or by any person acting for the Trustee, and Lender has, at least twenty-one (21) days before the date of the sale, served written or printed notice of the proposed sale by certified mail on each debtor obligated to pay the Indebtedness according to Lender's records by the deposit of such notice, enclosed in a postpaid wrapper, properly addressed to such debtor at debtor's most recent address as shown by Lender's records, in a post office or official depository under the care and custody of the United States Postal Service. The affidavit of any person having knowledge of the facts to the effect that such service was completed shall be prima facie evidence of the fact of service;

(2) Trustee shall deliver to the purchaser at the sale, within a reasonable time after the sale, a deed conveying the Mortgaged Property so sold in fee simple with covenants of general warranty. Borrower covenants and agrees to defend generally the purchaser's title to the Mortgaged Property against all claims and demands. The recitals in Trustee's deed shall be prima facie evidence of the truth of the statements contained in those recitals;

(3) Trustee shall be entitled to receive fees and expenses from such sale not to exceed the amount permitted by applicable law; and

(4) Lender shall have the right to become the purchaser at any sale made under or by virtue of this Security Instrument and Lender so purchasing at any such sale shall have the right to be credited upon the amount of the bid made therefor by Lender with the amount payable to Lender out of the net proceeds of such sale. In the event of any such sale, the outstanding principal amount of the Mortgage Loan and the other Indebtedness, if not previously due, shall be and become immediately due and payable without demand or notice of any kind. If the Mortgaged Property is sold for an amount less than the amount outstanding under the Indebtedness, the deficiency shall be determined by the purchase price at the sale or sales. Borrower waives all rights, claims, and defenses with respect to Lender's ability to obtain a deficiency judgment.

(c) Borrower acknowledges and agrees that the proceeds of any sale shall be applied as determined by Lender unless otherwise required by applicable law.

(d) In connection with the exercise of Lender's rights and remedies under this Security Instrument and any other Loan Document, there shall be allowed and included as Indebtedness: (1) all expenditures and expenses authorized by applicable law and all other expenditures and expenses which may be paid or incurred by or on behalf of Lender for reasonable legal fees, appraisal fees, outlays for documentary and expert evidence, stenographic

charges and publication costs; (2) all expenses of any environmental site assessments, environmental audits, environmental remediation costs, appraisals, surveys, engineering studies, wetlands delineations, flood plain studies, and any other similar testing or investigation deemed necessary or advisable by Lender incurred in preparation for, contemplation of or in connection with the exercise of Lender's rights and remedies under the Loan Documents; and (3) costs (which may be reasonably estimated as to items to be expended in connection with the exercise of Lender's rights and remedies under the Loan Documents) of procuring all abstracts of title, title searches and examinations, title insurance policies, and similar data and assurance with respect to title as Lender may deem reasonably necessary either to prosecute any suit or to evidence the true conditions of the title to or the value of the Mortgaged Property to bidders at any sale which may be held in connection with the exercise of Lender's rights and remedies under the Loan Documents. All expenditures and expenses of the nature mentioned in this Section 5, and such other expenses and fees as may be incurred in the protection of the Mortgaged Property and rents and income therefrom and the maintenance of the lien of this Security Instrument, including the fees of any attorney employed by Lender in any litigation or proceedings affecting this Security Instrument, the Note, the other Loan Documents, or the Mortgaged Property, including bankruptcy proceedings, any Foreclosure Event, or in preparation of the commencement or defense of any proceedings or threatened suit or proceeding, or otherwise in dealing specifically therewith, shall be so much additional Indebtedness and shall be immediately due and payable by Borrower, with interest thereon at the Default Rate until paid.

(e) If all or any part of the Mortgaged Property is sold pursuant to this Section 5, Borrower will be divested of any and all interest and claim to the Mortgaged Property, including any interest or claim to all insurance policies, utility deposits, bonds, loan commitments and other intangible property included as a part of the Mortgaged Property. Additionally, after a sale of all or any part of the Land, Improvements, Fixtures and Personalty, Borrower will be considered a tenant at sufferance of the purchaser of the same, and the purchaser shall be entitled to immediate possession of such property. If Borrower shall fail to vacate the Mortgaged Property immediately, the purchaser may and shall have the right, without further notice to Borrower, to go into any justice court in any precinct or county in which the Mortgaged Property is located and file an action in forcible entry and detainer, which action shall lie against Borrower or its assigns or legal representatives, as a tenant at sufferance. This remedy is cumulative of any and all remedies the purchaser may have under this Security Instrument or otherwise.

(f) In any action for a deficiency after a foreclosure under this Security Instrument, if any person against whom recovery is sought requests the court in which the action is pending to determine the fair market value of the Mortgaged Property, as of the date of the foreclosure sale, the following shall be the basis of the court's determination of fair market value; provided that Borrower and any guarantor hereby waive any rights to contest the amount of the deficiency claim afforded to Borrower and such guarantor under Tex. Prop. Code Sections 51.003; 51.004 and 51.005; in the event the waiver of such provision is held invalid, that the valuation method as currently set forth below shall be used;

(1) the Mortgaged Property shall be valued "as is" and in its condition as of the date of foreclosure, and no assumption of increased value because of post-foreclosure repairs, refurbishment, restorations or improvements shall be made;

(2) any adverse effect on the marketability of title because of the foreclosure or because of any other title condition not existing as of the date of this Security Instrument shall be considered;

(3) the valuation of the Mortgaged Property shall be based upon an assumption that the foreclosure purchaser desires a prompt resale of the Mortgaged Property for cash within a six (6) month period after foreclosure;

(4) although the Mortgaged Property may be disposed of more quickly by the foreclosure purchaser, the gross valuation of the Mortgaged Property as of the date of foreclosure shall be discounted for a hypothetical reasonable holding period (not to exceed six (6) months) at a monthly rate equal to the average monthly interest rate on the Note for the twelve (12) months before the date of foreclosure;

(5) the gross valuation of the Mortgaged Property as of the date of foreclosure shall be further discounted and reduced by reasonable estimated costs of disposition, including brokerage commissions, title policy premiums, environmental assessment and clean-up costs, tax and assessment, prorations, costs to comply with legal requirements, and attorneys' fees;

(6) expert opinion testimony shall be considered only from a licensed appraiser certified by the State of Texas and, to the extent permitted under Texas law, a member of the Appraisal Institute, having at least five (5) years' experience in appraising property similar to the Mortgaged Property in the county where the Mortgaged Property is located, and who has conducted and prepared a complete written appraisal of the Mortgaged Property taking into considerations the factors set forth in this Security Instrument; no expert opinion testimony shall be considered without such written appraisal;

(7) evidence of comparable sales shall be considered only if also included in the expert opinion testimony and written appraisal referred to in the preceding paragraph; and

(8) an affidavit executed by Lender to the effect that the foreclosure bid accepted by Trustee was equal to or greater than the value of the Mortgaged Property determined by Lender based upon the factors and methods set forth in subparagraphs (1) through (7) above before the foreclosure shall constitute prima facie evidence that the foreclosure bid was equal to or greater than the fair market value of the Mortgaged Property on the foreclosure date.

(g) Lender may, at Lender's option, comply with these provisions in the manner permitted or required by Title 5, Section 51.002 of the Texas Property Code (relating to the sale of real estate) or by Chapter 9 of the Texas Business and Commerce Code (relating to the sale of collateral after default by a debtor), as those titles and chapters now exist or may be amended or succeeded in the future, or by any other present or future articles or enactments relating to same subject. Unless expressly excluded, the Mortgaged Property shall include Rents collected before

a foreclosure sale, but attributable to the period following the foreclosure sale, and Borrower shall pay such Rents to the purchaser at such sale. At any such sale:

(1) whether made under the power contained in this Security Instrument, Section 51.002, the Texas Business and Commerce Code, any other legal requirement or by virtue of any judicial proceedings or any other legal right, remedy or recourse, it shall not be necessary for Trustee to have physically present, or to have constructive possession of, the Mortgaged Property (Borrower shall deliver to Trustee any portion of the Mortgaged Property not actually or constructively possessed by Trustee immediately upon demand by Trustee) and the title to and right of possession of any such Mortgaged Property shall pass to the purchaser as completely as if the Mortgaged Property had been actually present and delivered to the purchaser at the sale;

(2) each instrument of conveyance executed by Trustee shall contain a general warranty of title, binding upon Borrower;

(3) the recitals contained in any instrument of conveyance made by Trustee shall conclusively establish the truth and accuracy of the matters recited in the Instrument, including nonpayment of the Indebtedness and the advertisement and conduct of the sale in the manner provided in this Security Instrument and otherwise by law and the appointment of any successor Trustee;

(4) all prerequisites to the validity of the sale shall be conclusively presumed to have been satisfied;

(5) the receipt of Trustee or of such other party or officer making the sale shall be sufficient to discharge to the purchaser or purchasers for such purchaser(s)' purchase money, and no such purchaser or purchasers, or such purchaser(s)' assigns or personal representatives, shall thereafter be obligated to see to the application of such purchase money or be in any way answerable for any loss, misapplication or nonapplication of such purchase money; and

(6) to the fullest extent permitted by law, Borrower shall be completely and irrevocably divested of all of Borrower's right, title, interest, claim and demand whatsoever, either at law or in equity, in and to the Mortgaged Property sold, and such sale shall be a perpetual bar to any claim to all or any part of the Mortgaged Property sold, both at law and in equity, against Borrower and against any person claiming by, through or under Borrower.

(h) Any action taken by Trustee or Lender pursuant to the provisions of this Section 5 shall comply with the laws of the Property Jurisdiction. Such applicable laws shall take precedence over the provisions of this Section 5, but shall not invalidate or render unenforceable any other provision of any Loan Document that can be construed in a manner consistent with any applicable law. If any provision of this Security Instrument shall grant to Lender (including Lender acting as a mortgagee-in-possession), Trustee or a receiver appointed pursuant to the provisions of this Security Instrument any powers, rights or remedies prior to, upon, during the continuance of or following an Event of Default that are more limited than the powers, rights, or

remedies that would otherwise be vested in such party under any applicable law in the absence of said provision, such party shall be vested with the powers, rights, and remedies granted in such applicable law to the full extent permitted by law.

6. Waiver of Statute of Limitations and Marshaling.

Borrower hereby waives the right to assert any statute of limitations as a bar to the enforcement of the lien of this Security Instrument or to any action brought to enforce any Loan Document. Notwithstanding the existence of any other security interests in the Mortgaged Property held by Lender or by any other party, Lender shall have the right to determine the order in which any or all of the Mortgaged Property shall be subjected to the remedies provided in this Security Instrument and/or any other Loan Document or by applicable law. Lender shall have the right to determine the order in which any or all portions of the Indebtedness are satisfied from the proceeds realized upon the exercise of such remedies. Borrower, for itself and all who may claim by, through, or under it, and any party who now or in the future acquires a security interest in the Mortgaged Property and who has actual or constructive notice of this Security Instrument waives any and all right to require the marshaling of assets or to require that any of the Mortgaged Property be sold in the inverse order of alienation or that any of the Mortgaged Property be sold in parcels (at the same time or different times) in connection with the exercise of any of the remedies provided in this Security Instrument or any other Loan Document, or afforded by applicable law.

7. Waiver of Redemption; Rights of Tenants.

(a) Borrower hereby covenants and agrees that it will not at any time apply for, insist upon, plead, avail itself, or in any manner claim or take any advantage of, any appraisal, stay, exemption or extension law or any so-called “Moratorium Law” now or at any time hereafter enacted or in force in order to prevent or hinder the enforcement or foreclosure of this Security Instrument. Without limiting the foregoing:

(1) Borrower for itself and all Persons who may claim by, through, or under Borrower, hereby expressly waives any so-called “Moratorium Law” and any and all rights of reinstatement and redemption, if any, under any order or decree of foreclosure of this Security Instrument, it being the intent hereof that any and all such “Moratorium Laws,” and all rights of reinstatement and redemption of Borrower and of all other Persons claiming by, through, or under Borrower are and shall be deemed to be hereby waived to the fullest extent permitted by applicable law;

(2) Borrower shall not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any right, power remedy herein or otherwise granted or delegated to Lender but will suffer and permit the execution of every such right, power and remedy as though no such law or laws had been made or enacted; and

(3) if Borrower is a trust, Borrower represents that the provisions of this Section 7 (including the waiver of reinstatement and redemption rights) were made at the express direction of Borrower’s beneficiaries and the persons having the power of

direction over Borrower, and are made on behalf of the trust estate of Borrower and all beneficiaries of Borrower, as well as all other persons mentioned above.

(b) Lender shall have the right to foreclose subject to the rights of any tenant or tenants of the Mortgaged Property having an interest in the Mortgaged Property prior to that of Lender. The failure to join any such tenant or tenants of the Mortgaged Property as party defendant or defendants in any such civil action or the failure of any decree of foreclosure and sale to foreclose their rights shall not be asserted by Borrower as a defense in any civil action instituted to collect the Indebtedness, or any part thereof or any deficiency remaining unpaid after foreclosure and sale of the Mortgaged Property, any statute or rule of law at any time existing to the contrary notwithstanding.

8. Notice.

(a) All notices under this Security Instrument shall be:

(1) in writing, and shall be (A) delivered, in person, (B) mailed, postage prepaid, either by registered or certified delivery, return receipt requested, or (C) sent by overnight express courier;

(2) addressed to the intended recipient at its respective address set forth at the end of this Security Instrument; and

(3) deemed given on the earlier to occur of:

(A) the date when the notice is received by the addressee; or

(B) if the recipient refuses or rejects delivery, the date on which the notice is so refused or rejected, as conclusively established by the records of the United States Postal Service or such express courier service.

(b) Any party to this Security Instrument may change the address to which notices intended for it are to be directed by means of notice given to the other party in accordance with this Section 8.

(c) Any required notice under this Security Instrument which does not specify how notices are to be given shall be given in accordance with this Section 8.

9. Mortgagee-in-Possession.

Borrower acknowledges and agrees that the exercise by Lender of any of the rights conferred in this Security Instrument shall not be construed to make Lender a mortgagee-in-possession of the Mortgaged Property so long as Lender has not itself entered into actual possession of the Land and Improvements.

10. Release.

Upon payment in full of the Indebtedness, Lender shall cause the release of this Security Instrument and Borrower shall pay Lender's costs incurred in connection with such release.

11. Trustee.

(a) Trustee may resign by giving of notice of such resignation in writing to Lender. If Trustee shall die, resign or become disqualified from acting under this Security Instrument or shall fail or refuse to act in accordance with this Security Instrument when requested by Lender or if for any reason and without cause Lender shall prefer to appoint a substitute trustee to act instead of the original Trustee named in this Security Instrument or any prior successor or substitute trustee, Lender shall have full power to appoint a substitute trustee and, if preferred, several substitute trustees in succession who shall succeed to all the estate, rights, powers and duties of the original Trustee named in this Security Instrument. Such appointment may be executed by an authorized officer, agent or attorney-in-fact of Lender (whether acting pursuant to a power of attorney or otherwise), and such appointment shall be conclusively presumed to be executed with authority and shall be valid and sufficient without proof of any action by Lender.

(b) Any successor Trustee appointed pursuant to this Section 11 shall, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of the predecessor Trustee with like effect as if originally named as Trustee in this Security Instrument; but, nevertheless, upon the written request of Lender or such successor Trustee, the Trustee ceasing to act shall execute and deliver an instrument transferring to such successor Trustee, all the estates, properties, rights, powers and trusts of the Trustee so ceasing to act, and shall duly assign, transfer and deliver any of the Mortgaged Property and monies held by the Trustee ceasing to act to the successor Trustee.

(c) Trustee may authorize one (1) or more parties to act on Trustee's behalf to perform the ministerial functions required of Trustee under this Security Instrument, including the transmittal and posting of any notices.

12. No Fiduciary Duty.

Lender owes no fiduciary or other special duty to Borrower.

13. Additional Provisions Regarding Assignment of Leases and Rents.

In no event shall the assignment of Rents or Leases in Section 3 cause the Indebtedness to be reduced by an amount greater than the Rents actually received by Lender and applied by Lender to the Indebtedness, whether before, during or after (a) an Event of Default, or (b) a suspension or revocation of the license granted to Borrower in Section 3 with regard to the Rents. Borrower and Lender specifically intend that the assignment of Rents and Leases in Section 3 is not intended to result in a pro tanto reduction of the Indebtedness. The assignment of Rents and Leases in Section 3 is not intended to constitute a payment of, or with respect to, the Indebtedness and, therefore, Borrower and Lender specifically intend that the Indebtedness shall not be reduced by the value of the Rents and Leases assigned. Such reduction shall occur only if, and to the extent that, Lender actually receives Rents pursuant to Section 3 and applies such

Rents to the Indebtedness. Borrower agrees that the value of the license granted with regard to the Rents equals the value of the absolute assignment of Rents to Lender. The assignment of Rents contained in Section 3 shall terminate upon the release of this Security Instrument.

14. Loan Charges.

Borrower agrees to pay an effective rate of interest equal to the sum of the Interest Rate and any additional rate of interest resulting from any other charges of interest or in the nature of interest paid or to be paid in connection with the Mortgage Loan and any other fees or amounts to be paid by Borrower pursuant to any of the other Loan Documents. Neither this Security Instrument, the Note, the Loan Agreement, nor any of the other Loan Documents shall be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate greater than the maximum interest rate permitted to be charged under applicable law. It is expressly stipulated and agreed to be the intent of Borrower and Lender at all times to comply with all applicable laws governing the maximum rate or amount of interest payable on the indebtedness evidenced by this Security Instrument, the Note and the other Loan Documents. If any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower is interpreted so that any interest or other charge or amount provided for in any Loan Document, whether considered separately or together with other charges or amounts provided for in any other Loan Document, or otherwise charged, taken, reserved or received in connection with the Mortgage Loan, or on acceleration of the maturity of the Mortgage Loan or as a result of any prepayment by Borrower or otherwise, violates that law, and Borrower is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate any such violation. Amounts, if any, previously paid to Lender in excess of the permitted amounts shall be applied by Lender to reduce the unpaid principal balance of the Mortgage Loan without the payment of any Prepayment Premium (or, if the Mortgage Loan has been or would thereby be paid in full, shall be refunded to Borrower), and the provisions of the Loan Agreement and any other Loan Documents immediately shall be deemed reformed and the amounts thereafter collectible under the Loan Agreement and any other Loan Documents reduced, without the necessity of the execution of any new documents, so as to comply with any applicable law, but so as to permit the recovery of the fullest amount otherwise payable under the Loan Documents. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower has been violated, all Indebtedness that constitutes interest, as well as all other charges made in connection with the Indebtedness that constitute interest, and any amount paid or agreed to be paid to Lender for the use, forbearance or detention of the Indebtedness, shall be deemed to be allocated and spread ratably over the stated term of the Mortgage Loan. Unless otherwise required by applicable law, such allocation and spreading shall be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of the Mortgage Loan.

15. ENTIRE AGREEMENT.

THIS SECURITY INSTRUMENT, THE NOTE, THE LOAN AGREEMENT, AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

16. Governing Law; Consent to Jurisdiction and Venue.

This Security Instrument shall be governed by the laws of the Property Jurisdiction without giving effect to any choice of law provisions thereof that would result in the application of the laws of another jurisdiction. Borrower agrees that any controversy arising under or in relation to this Security Instrument shall be litigated exclusively in the Property Jurisdiction. The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies that arise under or in relation to any security for the Indebtedness. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

17. Texas Specific Provisions

(a) **BORROWER ACKNOWLEDGES THAT EVERY RELEASE AND INDEMNITY PROVISION PROVIDED IN ANY LOAN DOCUMENT FOR THE BENEFIT OF LENDER, INCLUDING THE INDEMNITIES SET FORTH IN SECTION 3.03 OF THE LOAN AGREEMENT AND SECTION 8 OF THE ENVIRONMENTAL INDEMNITY AGREEMENT, WILL APPLY EVEN IF AND WHEN THE SUBJECT MATTER OF THE INDEMNITY OR RELEASE ARISES OUT OF OR RESULTS FROM THE NEGLIGENCE OR STRICT LIABILITY OF LENDER, BUT WILL NOT APPLY TO THE EXTENT CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LENDER.**

(b) **TEXAS FINANCE CODE SECTION 307.052 COLLATERAL PROTECTION INSURANCE NOTICE: (1) BORROWER IS REQUIRED TO: (A) KEEP THE MORTGAGED PROPERTY INSURED AGAINST DAMAGE IN THE AMOUNT LENDER SPECIFIES; (B) PURCHASE THE INSURANCE FROM AN INSURER THAT IS AUTHORIZED TO DO BUSINESS IN THE STATE OF TEXAS OR AN ELIGIBLE SURPLUS LINES INSURER; AND (C) NAME LENDER AS THE PERSON TO BE PAID UNDER THE POLICY IN THE EVENT OF A LOSS; (2) BORROWER MUST, IF REQUIRED BY LENDER, DELIVER TO LENDER A COPY OF THE POLICY AND PROOF OF THE PAYMENT OF PREMIUMS; AND (3) IF BORROWER FAILS TO MEET ANY REQUIREMENT LISTED IN CLAUSE (1) OR (2), LENDER MAY OBTAIN COLLATERAL PROTECTION INSURANCE ON BEHALF OF BORROWER AT BORROWER'S EXPENSE. THE PROVISIONS OF THIS SECTION SHALL BE IN ADDITION TO ANY INSURANCE REQUIREMENTS OF THE LOAN AGREEMENT.**

18. Miscellaneous Provisions.

(a) This Security Instrument shall bind, and the rights granted by this Security Instrument shall benefit, the successors and assigns of Lender. This Security Instrument shall bind, and the obligations granted by this Security Instrument shall inure to, any permitted successors and assigns of Borrower under the Loan Agreement. If more than one (1) person or entity signs this Security Instrument as Borrower, the obligations of such persons and entities shall be joint and several. The relationship between Lender and Borrower shall be solely that of creditor and debtor, respectively, and nothing contained in this Security Instrument shall create

any other relationship between Lender and Borrower. No creditor of any party to this Security Instrument and no other person shall be a third party beneficiary of this Security Instrument or any other Loan Document.

(b) The invalidity or unenforceability of any provision of this Security Instrument or any other Loan Document shall not affect the validity or enforceability of any other provision of this Security Instrument or of any other Loan Document, all of which shall remain in full force and effect. This Security Instrument contains the complete and entire agreement among the parties as to the matters covered, rights granted and the obligations assumed in this Security Instrument. This Security Instrument may not be amended or modified except by written agreement signed by the parties hereto.

(c) The following rules of construction shall apply to this Security Instrument:

(1) The captions and headings of the sections of this Security Instrument are for convenience only and shall be disregarded in construing this Security Instrument.

(2) Any reference in this Security Instrument to an “Exhibit” or “Schedule” or a “Section” or an “Article” shall, unless otherwise explicitly provided, be construed as referring, respectively, to an exhibit or schedule attached to this Security Instrument or to a Section or Article of this Security Instrument.

(3) Any reference in this Security Instrument to a statute or regulation shall be construed as referring to that statute or regulation as amended from time to time.

(4) Use of the singular in this Security Instrument includes the plural and use of the plural includes the singular.

(5) As used in this Security Instrument, the term “including” means “including, but not limited to” or “including, without limitation,” and is for example only, and not a limitation.

(6) Whenever Borrower’s knowledge is implicated in this Security Instrument or the phrase “to Borrower’s knowledge” or a similar phrase is used in this Security Instrument, Borrower’s knowledge or such phrase(s) shall be interpreted to mean to the best of Borrower’s knowledge after reasonable and diligent inquiry and investigation.

(7) Unless otherwise provided in this Security Instrument, if Lender’s approval, designation, determination, selection, estimate, action or decision is required, permitted or contemplated hereunder, such approval, designation, determination, selection, estimate, action or decision shall be made in Lender’s sole and absolute discretion.

(8) All references in this Security Instrument to a separate instrument or agreement shall include such instrument or agreement as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(9) “Lender may” shall mean at Lender’s discretion, but shall not be an obligation.

19. Time is of the Essence.

Borrower agrees that, with respect to each and every obligation and covenant contained in this Security Instrument and the other Loan Documents, time is of the essence.

20. WAIVER OF TRIAL BY JURY.

TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH OF BORROWER AND LENDER (BY ITS ACCEPTANCE HEREOF) (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS SECURITY INSTRUMENT OR THE RELATIONSHIP BETWEEN THE PARTIES AS BORROWER AND LENDER THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH OF BORROWER AND LENDER, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

ATTACHED EXHIBITS. The following Exhibits are attached to this Security Instrument and incorporated fully herein by reference:

<input checked="" type="checkbox"/>	Exhibit A	Description of the Land (required)
<input checked="" type="checkbox"/>	Exhibit B	Modifications to Security Instrument (Tax Credit Properties)

[Remainder of Page Intentionally Blank]

The name, chief executive office and organizational identification number of Borrower (as Debtor under any applicable Uniform Commercial Code) are:

Debtor Name/Record Owner:

YELLOWSTONE BOULEVARD, LLC

Debtor Chief Executive Office Address:

c/o Vesta Corporation
175 Powder Forest Drive
Weatogue, CT 06089

Debtor Organizational ID Number:

802491766

Trustee Notice Address:

The name and chief executive office of Lender (as Secured Party) are:

Secured Party Name:

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

Secured Party Chief Executive Office Address:

P.O Box 13941
Austin, Texas 78711

EXHIBIT A
DESCRIPTION OF THE LAND

EXHIBIT B

MODIFICATIONS TO SECURITY INSTRUMENT (Tax Credit Properties)

The foregoing Security Instrument is hereby modified as follows:

1. Capitalized terms used and not specifically defined herein have the meanings given to such terms in the Security Instrument.

2. Section 1 of the Security Instrument (Defined Terms) is hereby amended by adding the following new definitions in the appropriate alphabetical order:

“Extended Use Agreement” means any extended low income housing commitment (as such term is defined in Section 42(h)(6)(B) of the Internal Revenue Code) recorded against the Mortgaged Property.

3. The following sections are hereby added to the Security Instrument as Sections 20 and 21:

20. Extended Low-Income Housing Commitment.

Lender agrees that the lien of this Security Instrument shall be subordinate to the Extended Use Agreement; provided that such Extended Use Agreement, by its terms, must terminate upon a Foreclosure Event in accordance with Section 42(h)(6)(E) of the Internal Revenue Code.

21. Cross-Default.

Borrower acknowledges and agrees that any default, event of default, or breach (however such terms may be defined) after the expiration of any applicable notice and/or cure periods under the Extended Use Agreement shall be an Event of Default under this Security Instrument and the Loan Documents and that any costs, damages or other amounts, including reasonable attorney’s fees incurred by the Lender as a result of such an Event of Default by Borrower, including amounts paid to cure any default or event of default, under the Extended Use Agreement shall be an obligation of Borrower and become a part of the Indebtedness secured by this Security Instrument and the Loan Agreement.

INITIAL PAGE TO
EXHIBIT B
MODIFICATIONS TO SECURITY INSTRUMENT
(Tax Credit Properties)

Borrower Initials

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

SUBORDINATE FORWARD FIFTH
MULTIFAMILY DEED OF TRUST,
SECURITY AGREEMENT AND FIXTURE FILING

from

YELLOWSTONE BOULEVARD LLC,
Grantor,

to

BRIAN T. JENSEN,
Trustee,

for the benefit of
U.S. BANK, NATIONAL ASSOCIATION

and

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,
together, Grantee

Dated as of January 1, 2019

Relating to:

[\$12,500,000]
Texas Department of Housing and Community Affairs
Multifamily Tax-Exempt Bonds
(M-TEBS) (Park Yellowstone)
Series 2019 (FN)

THIS SECURITY INSTRUMENT IS TO BE FILED AND INDEXED IN THE REAL ESTATE RECORDS AND IS ALSO TO BE INDEXED IN THE INDEX OF FINANCING STATEMENTS UNDER THE NAMES OF GRANTOR AS "DEBTOR" AND GRANTEE AS "SECURED PARTY." THIS INSTRUMENT SHALL ALSO BE EFFECTIVE FROM THE DATE OF ITS RECORDING AS A FINANCING STATEMENT FILED AS A FIXTURE FILING WITH RESPECT TO ALL GOODS CONSTITUTING PART OF THE PROPERTY WHICH ARE OR ARE TO BECOME FIXTURES

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**SUBORDINATE FORWARD FIFTH
MULTIFAMILY DEED OF TRUST,
SECURITY AGREEMENT AND FIXTURE FILING**

This SUBORDINATE FORWARD FIFTH MULTIFAMILY DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING, dated as of January 1, 2019 (as the same may be amended, modified or supplemented from time to time, this “**Deed of Trust**”), by Yellowstone Boulevard LLC, a Texas limited liability company (together with its successors and assigns, “**Grantor**” or “**Borrower**”), having its principal office at c/o Vesta Corporation, 175 Powder Forest Drive, Weatogue, CT 06089, to Brian T. Jensen and his successors and assigns (the “**Trustee**”), for the benefit of U.S. BANK, NATIONAL ASSOCIATION, as trustee (together with any successor trustee under the Indenture described below and their respective successors and assigns, the “**Bond Trustee**”), a national banking association organized and existing under the laws of the United States of America, having offices at 13737 Noel Road, Suite 800, Dallas, TX 75240, and TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (the “**Issuer**” and, together with the Bond Trustee, the “**Grantee**”), a public and official agency of the State of Texas having offices at 221 East 11th Street, Austin, TX 78701.

W I T N E S S E T H:

WHEREAS, the Issuer is authorized by the provisions of Chapter 2306, Texas Government Code, as amended (the “**Act**”), to issue one or more series of its revenue bonds and loan the proceeds thereof to finance residential rental housing facilities for individuals and families of low, very low and extremely low income and families of moderate income; and

WHEREAS, by proceedings adopted pursuant to and in accordance with the provisions of the Act, the Issuer has authorized the issuance of its Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN), in the original aggregate principal amount of \$[12,500,000] (the “**Bonds**”) pursuant to an Indenture of Trust between the Issuer and the Bond Trustee dated as of the date hereof (as the same may be modified, amended or supplemented from time to time, the “**Indenture**”); and

WHEREAS, Grantor proposes to borrow a portion of the proceeds of the Bonds representing the Forward Mortgage Loan (as defined in the Indenture) in an amount equal to \$ _____, (the “**Bond Loan Amount**”) from the Issuer pursuant to that certain Financing Agreement dated as of January 1, 2019 by and among the Issuer, KeyBank Real Estate Capital (the “**Lender**”), the Bond Trustee, the and Grantor (as the same may be amended, modified or supplemented from time to time, the “**Financing Agreement**”); and

WHEREAS, Grantor has executed and delivered to the Issuer that certain Multifamily Note dated the Closing Date (as the same may be amended, modified or supplemented from time to time, the “**Bond Note**”), which evidences the portion of the Bond Loan Amount corresponding to the aggregate principal amount of the Bonds (the “**Bond Loan**”) being \$ _____ being made to the Grantor pursuant to the Financing Agreement; and

WHEREAS, the proceeds of the Bond Loan will be utilized by Grantor to pay the costs of acquiring, rehabilitating and equipping a multifamily rental housing development known as Park Yellowstone (the “**Development**”); and

WHEREAS, the Bond Note provides that the Bond Loan matures on the final maturity date of the Bonds, being _____ 1, 20__ (the “**Maturity Date**”), upon which date all of the outstanding and unpaid principal and interest under the Bond Note will be due and payable; and

WHEREAS, simultaneously with the issuance of the Bonds, the Issuer has determined to issue and sell its \$[2,880,000] Multifamily Housing Revenue Bonds (Park Yellowstone) Series 2019 (the “**Short Term Bonds**”) issued under and pursuant to a Trust Indenture dated as of the date hereof (the “**Short Term Indenture**”) by and between the Issuer and the Bond Trustee and to use the proceeds thereof to make a separate loan to the Borrower to provide additional funds necessary for the acquiring, rehabilitating and equipping the Development; and

WHEREAS, the Issuer requires that this Deed of Trust be executed and delivered as a condition to making the Bond Loan and as security for the Grantor’s obligations under the Financing Agreement.

GRANTING CLAUSES

NOW, THEREFORE, in consideration of the sum of TEN DOLLARS (\$10.00) and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, in order to secure the payment of the Indebtedness (as hereinafter defined), and any other sums payable under the Financing Documents (as hereinafter defined); and to secure the performance and observance of all other provisions of the Financing Documents, Grantor hereby grants, bargains, sells, warrants, conveys, assigns, sets over and confirms to Trustee, in trust for the benefit of Grantee, with power of sale, and grants to Grantee a security interest and lien in, all of the following (all of which is hereinafter collectively referred to as the “**Mortgaged Property**”):

I. The fee simple interest of Grantor in those certain tract(s) or parcel(s) of land (the “**Land**”), being situated in Harris County, Texas, being more fully described as set forth in Exhibit A attached hereto and hereby referred to and incorporated herein for all purposes, together with all right, title and interest of the Grantor, including any after-acquired right, title or reversion, in and to the beds of the ways, streets, avenues and alleys adjoining the Land subject to the Permitted Encumbrances, and all Improvements;

II. The fee simple interest of Grantor in all (i) buildings and other improvements and additions thereto now erected or hereafter constructed or placed upon the Land or any part thereof (the “**Improvements**”); (ii) the name or names, if any, as may now or hereafter be used for each Improvement or otherwise in connection with the Land, and the books and records and good will associated therewith, and all licenses, permits, and approvals in connection with the construction and operation of the Improvements; and (iii) refrigerators, dishwashers, air conditioners, microwave ovens, washers, dryers, exercise equipment, lawn care equipment, pool equipment and furniture, devices, apparatus, interior improvements, appurtenances, heating, electrical, mechanical, lighting, plumbing, ventilating, air conditioning, refrigerating, incinerating and elevator equipment and systems, stoves, ranges, vacuum cleaning systems, call systems, sprinkler

systems and other fire prevention and extinguishing apparatus and materials, motors, machinery, pipes, appliances, fittings, fixtures, equipment and building materials of every kind and nature whatsoever now or hereafter attached to or placed in or upon the Land or the Improvements, or any part thereof, or used or procured for use in connection with the operation of the Land or the Improvements or any business conducted thereon (except for fixtures and personal property that are at any time the property of Space Tenants, as hereinafter defined), all of the foregoing items set forth in this clause (iii), except as aforesaid, hereinafter collectively called the “**Equipment**”;

III. All screens, awnings, shades, blinds, curtains, draperies, carpets, rugs, furniture, furnishings, decorations, chattels and other personal property now or hereafter in, on or at said Land (except for trade fixtures, furniture and furnishings that are at any time the property of Space Tenants), all of the foregoing, except as aforesaid, hereinafter collectively called the “**Furnishings**”;

IV. All unearned premiums, accrued, accruing or to accrue under insurance policies now or hereafter obtained, or caused to be obtained, by Grantor and all proceeds of the conversion, voluntary or involuntary, of the Mortgaged Property or any part thereof into cash or liquidated claims, including, without limitation, proceeds of casualty insurance, title insurance or any other insurance maintained on the Land, the Improvements, the Equipment or the Furnishings or any part of any thereof (collectively, “**Proceeds**”) and all awards and other compensation (collectively “**Awards**”) heretofore and hereafter made to the present and all subsequent owners of the Land, the Improvements, the Equipment or the Furnishings or any part of any thereof by any governmental or other lawful authorities for the taking by eminent domain, condemnation or otherwise, of all or any part thereof or any easement or other right therein, including Awards for any change of grade of streets, all of which Proceeds and Awards are hereby assigned to Grantee;

V. If applicable pursuant to Section 4.1 hereof, all of the rents, issues, income, receipts, revenues, benefits and profits of the Mortgaged Property (collectively, the “**Rents**”), including all leases, subleases, occupancy agreements, licenses, franchises and appurtenances now or hereafter entered into covering any part of the Mortgaged Property, including all interest of Grantor as landlord in and to any of the same, including, without limitation, the interest of Grantor in and to all cash, promissory notes and securities deposited thereunder and the right to receive and collect the Rents and any other sums payable thereunder, all of which are hereby assigned to Grantee;

VI. All rights under any easement or related agreements and all royalties and rights appertaining to the use and enjoyment of the Land, including, without limitation, alley, vault, drainage, mineral, ditch, reservoir, water, oil and gas rights, if any, together with any and all other rights, privileges and interests appurtenant thereto or used in connection with the Land or the Improvements, whether existing now or hereafter acquired;

VII. All construction contracts, subcontracts, architectural agreements, labor, material and payment bonds, guarantees and warranties, plans and specifications, and permits and approvals relating to the construction of the Improvements, whether now or hereafter existing;

VIII. All books, records and good will associated with the Land and the Improvements, all logos, trademarks and tradenames used in connection with the Land and Improvements, all management contracts now in effect or hereafter entered into, and all extensions, renewals and

replacements thereof, and all permits, licenses and approvals for the operation of the Improvements;

IX. Upon foreclosure under this Deed of Trust, all tax credits or abatement certificates under Federal, State or local law arising out of or related to the Mortgaged Property and all of the Grantor's title and interest in and to any instrument, document or agreement relating thereto, including, without limitation, any regulatory agreement relating to the leasing of individual units comprising the Mortgaged Property; and

X. All extensions, improvements, betterments, substitutions and replacements of, and all additions and appurtenances to, the Land, the Improvements, the Equipment and the Furnishings, hereafter acquired by or released to Grantor or constructed, assembled or placed on the Land, and all conversions of the security constituted thereby immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further mortgage, conveyance, assignment or other act by Grantor, shall become subject to the lien of this Deed of Trust as fully and completely, and with the same effect, as though now owned by Grantor and specifically described herein.

TO HAVE AND TO HOLD the Mortgaged Property, together with all rights, hereditaments and appurtenances in any wise appertaining or belonging thereto, unto Trustee, its substitutes or its successors and assigns, forever for the uses set forth herein, and Grantor hereby binds itself and its successors and assigns to warrant and forever defend the Mortgaged Property unto Trustee, its substitutes or successors and assigns, against the claim or claims of all Persons claiming or to claim the same or any part thereof.

ARTICLE I

CERTAIN DEFINITIONS

In addition to other definitions contained herein, the following terms shall have the meanings set forth below, unless the context of this Deed of Trust otherwise requires. All other capitalized terms used herein which are defined in either the Indenture or the Financing Agreement, and not defined herein, shall have the respective meanings ascribed thereto in the Indenture or Financing Agreement, unless otherwise expressly provided or unless the context otherwise requires.

(a) "Condemnation" means any taking of title, of use, or of any other property interest under the exercise of the power of eminent domain, by any governmental body or by any person acting under governmental authority.

(b) "Default Rate" shall mean a per annum rate of interest equal to the lower of (a) 12% per annum, or (b) the Maximum Amount.

(c) "Development" shall have the meaning ascribed to such term in the recitals to this Deed of Trust.

(d) "Due and Payable" shall mean (i) when used with reference to the Indebtedness, or when referring to any and all other sums secured by this Deed of Trust,

due and payable, whether at the monthly or other date of payment as specified in the Financing Agreement or other Financing Documents, and (ii) when used with reference to Impositions, the last day upon which any such charge may be paid without penalty or interest and without becoming a lien upon the Mortgaged Property.

(e) “Environmental Laws” shall mean and include each and every federal, state or local statute, regulation or ordinance or any judicial or administrative decree, policy, guidance or decision, whether now existing or hereafter enacted, promulgated or issued, governing or relating to the protection of the environment, natural resources and human health and safety, with respect to any Hazardous Substances (as hereinafter defined), Environmentally Sensitive Areas (as hereinafter defined), drinking water, groundwater, wetlands, landfills, open dumps, storage tanks, underground storage tanks, solid waste, waste water, storm water run-off, waste emissions, wells or radon.

(f) “Environmentally Sensitive Area” shall mean (i) a wetland or other “water of the United States” for purposes of the Clean Water Act or other similar area regulated under any State Environmental Law, (ii) a floodplain or other flood hazard area as defined pursuant to any applicable State Environmental Law, (iii) a portion of the coastal zone for purposes of the Federal Coastal Zone Management Act, or (iv) any other area, development of which is specifically restricted under applicable Environmental Laws by reason of its physical characteristics or prior use.

(g) “Event of Default” shall mean each of the events and circumstances described as such in Section 6.1 hereof.

(h) “Financing Documents” shall mean this Deed of Trust, the Financing Agreement, and the Regulatory Agreement.

(i) “Governmental Authority” means any federal, state, county, municipal or local government or any department, commission, board, legislature or office thereof, having or claiming jurisdiction over the Mortgaged Property.

(j) “Hazardous Substances” shall mean each and every element, compound, chemical mixture, contaminant, pollutant, material, waste or other substance which is defined, determined or identified as hazardous or toxic under any Environmental Law, including, without limitation, asbestos, asbestos-containing materials, poly-chlorinated biphenyls, urea foam formaldehyde insulation, radon and lead-based paint.

(k) “Impositions” shall mean all duties, taxes, water and sewer rents, rates and charges, assessments (including, but not limited to, all assessments for public improvement or benefit), charges for public utilities, excises, levies, licenses and permit fees and other charges, ordinary or extraordinary, whether foreseen or unforeseen, of any kind and nature, whatsoever, which prior to or during the term of this Deed of Trust will have been or may be laid, levied, assessed or imposed upon or become due and payable out of or in respect of, or become a lien on, the Mortgaged Property or any part thereof or appurtenances thereto, or which are levied or assessed against the rent and income received by Grantor from the Space Leases (as hereinafter defined) by virtue of any present or future law, order

or ordinance of the United States of America or of any state, county or local government or of any department, office of bureau thereof or of any other Governmental Authority.

(l) “Indebtedness” shall mean and include all payments, sums, charges, obligations and liabilities of Grantor due or to become due at any time under the Financing Agreement, and all other sums, charges, obligations and liabilities of Grantor due or to become due at any time to Grantee under this Deed of Trust, or any other Financing Document.

(m) “Land” shall mean that certain parcel of land more particularly described in Exhibit A annexed hereto and incorporated herein, including all and singular, the easements, rights, privileges, tenements, hereditaments and appurtenances (including air rights) thereunto belonging or in any way appertaining thereto, and the reversion and the remainder thereof; and all of the estate, right, title, interest, claim or demand of Grantor therein and in and to any land lying in the bed of any street, road or avenue, open or proposed, thereof, either at law or in equity, in possession or expectancy, now or hereafter acquired and in all strips and gores therein or adjoining thereto, the air space and right to use said air space thereinabove and all rights of ingress and egress by motor vehicles to parking facilities thereon or therein.

(n) “Maximum Amount” shall mean the maximum amount permitted to be charged under applicable usury laws or other applicable laws relating to the payment of interest from time to time in effect including, without limitation, Chapter 1204 of the Texas Government Code.

(o) “Immediate Mortgage Loan” shall have the meaning set forth in the Indenture.

(p) “Net Proceeds”, when used with respect to any Condemnation awards or insurance proceeds allocable to the Development, means the gross proceeds from Condemnation or insurance remaining after payment of all reasonable expenses (including attorneys’ fees) incurred in the collection of such gross proceeds.

(q) “Permitted Encumbrances” shall mean, collectively, the mortgage on the Development securing the Immediate Mortgage Loan (the “**First Mortgage**”), the mortgage on the Development securing the Short Term Loan, the Regulatory Agreement, those liens, easements, rights of way, covenants, restrictions, encumbrances and other matters affecting title to the Mortgaged Property set forth in Schedule B of the mortgagee policy of title insurance insuring this Deed of Trust (or commitment to issue such policy in existence as of the date of this Deed of Trust) and any other liens, easements, rights of way, covenants, restrictions, encumbrances and other matters affecting title to the Mortgaged Property approved in writing by the Grantee.

(r) “Person” shall mean any natural person, firm, partnership, association, corporation, trust, or public body.

(s) “Regulatory Agreement” shall mean the Regulatory and Land Use Restriction Agreement, dated as of the date hereof, by and among the Issuer, the Bond Trustee and the Borrower, as amended or supplemented from time to time.

(t) “Short Term Loan” shall mean the mortgage loan made by the Issuer pursuant to the Short Term Loan Agreement.

(u) “Short Term Loan Agreement” shall mean the Loan Agreement, dated as of the date hereof, by and among the Issuer, the Bond Trustee and the Borrower, as amended or supplemented from time to time.

(v) “Space Lease” shall mean any lease, sublease, license, concession agreement or any other form of agreement, however denominated, granting the right to use and occupy the Mortgaged Property, or any portion thereof, and all renewals, extensions, modifications, amendments and other agreements affecting the same.

(w) “Space Tenant” shall mean the tenant or other user or occupant of part or all of the Mortgaged Property under any Space Lease.

(x) “Spill” shall mean any release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, storing, escaping, leaching, dumping, or discarding, burying, abandoning, or disposing into the environment.

(y) “State” shall mean the state in which the Land is located.

(z) “Threat of Spill” shall mean a substantial likelihood of a Spill which requires action to prevent or mitigate damage to the environment which may result from such Spill.

ARTICLE II

PARTICULAR COVENANTS OF GRANTOR

Grantor covenants and agrees as follows:

SECTION 2.1. Payment of Indebtedness. Grantor shall duly and punctually pay to Issuer and/or to Bond Trustee, as applicable, as and when Due and Payable, the Indebtedness.

SECTION 2.2. Warranty of Title. Grantor warrants that (a) it is the lawful owner the Land and all of the Mortgaged Property; (b) the Mortgaged Property is free and clear of all deeds of trust, deeds to secure debt, mortgages, liens, charges and encumbrances whatsoever except for the Permitted Encumbrances; (c) except as provided in Section 4.1 hereof, Grantor has not heretofore assigned the Rents; (d) it will maintain and preserve the lien and priority of this Deed of Trust until the Indebtedness has been paid in full and all other obligations owing to Grantee by Grantor in connection with the Loan have been satisfied; (e) it has good right and lawful authority to mortgage and assign the Mortgaged Property as provided in and by this Deed of Trust; and (f) except for the Permitted Encumbrances, it will warrant and defend the same against any and all claims and demands whatsoever.

SECTION 2.3. No Defaults. Grantor represents and warrants that no Event of Default or event which, with the giving of notice or passage of time, would constitute an Event of Default exists under the provisions of this Deed of Trust or the other Financing Documents with respect to the Grantor or the Mortgaged Property or in the performance of any of the terms, covenants, conditions or warranties hereof or thereof on the part of Grantor to be performed or observed.

SECTION 2.4. To Pay Impositions. Grantor will pay or cause to be paid as and when due and payable all Impositions levied upon the Mortgaged Property or any part thereof and, within fifteen (15) days after the payment thereof, will deliver to Grantee receipts evidencing the payment or bonding of all such Impositions. Notwithstanding the foregoing, if by law, any Imposition may at the option of the taxpayer be paid in installments (whether or not interest shall accrue on the unpaid balance thereof), Grantor shall have the right, provided that no Event of Default shall then exist under this Deed of Trust or any other of the Financing Documents, to exercise such option and to cause to be paid or to pay the same (and any accrued interest on the unpaid balance of such Imposition) in installments, as they fall due, and before any fine, penalty, further interest or cost may be added thereto.

SECTION 2.5. To Maintain Priority of Lien. Grantor will maintain this Deed of Trust as a valid lien on the Mortgaged Property, and Grantor will not, directly or indirectly, create or suffer or permit to be created, or to stand against the Mortgaged Property or any portion thereof, or against the Rents therefrom and will promptly discharge, any lien or charge whatsoever other than the Permitted Encumbrances, whether prior to, upon a parity with, or junior to the lien of this Deed of Trust; provided, however, that nothing herein contained shall require Grantor to pay or cause to be paid any Imposition prior to the time the same shall become due and payable. Grantor will keep and maintain the Mortgaged Property, and every part thereof, free from all liens of Persons supplying labor and materials in connection with the construction, alteration, repair, improvement or replacement of the Improvements, the Equipment or the Furnishings. If any such liens shall be filed against the Mortgaged Property, or any part thereof, Grantor shall immediately release or discharge the same of record, by payment, bonding or otherwise, or otherwise provide security satisfactory to Grantee in Grantee's sole discretion, within fifteen (15) days after the filing thereof. In the event that Grantor fails to make payment of or bond over, such liens, Grantee may make payment thereof, and any amounts paid by Grantee as a result thereof, together with interest thereon at the Default Rate from the date of payment by Grantee, shall be immediately due and payable by Grantor to Grantee and until paid, shall be added to and become a part of the Indebtedness, and shall have the benefit of the lien hereby created as a part thereof prior to any right, title or interest in or claim upon the Mortgaged Property attaching or accruing subsequent to the lien of this Deed of Trust. Grantor shall deliver to Grantee, upon request, all receipts or other satisfactory evidence of the payment of taxes, assessments, charges, claims, liens or any other item which, if unpaid, may cause any such lien to be filed against the Mortgaged Property.

SECTION 2.6. To Pay Recording Fees, Taxes and Other Charges. Grantor will pay all filing, registration or recording fees, and all costs and expenses of Grantee, including without limitation, reasonable attorneys' fees actually incurred and disbursements, title insurance premiums, search fees and survey costs, incident to or in connection with the preparation, execution, delivery or acknowledgment of this Deed of Trust, any supplement hereto, any security instrument with respect to any collateral relating to the Loan and any instrument of further assurance, and all federal, state, county and municipal stamp taxes and other taxes, duties, imposts,

assessments and charges arising out of or in connection with the execution and delivery of the Bond Note, this Deed of Trust, any supplement hereto, any security instrument with respect to any collateral relating to the Loan, the other Financing Documents, or any instrument of further assurance.

SECTION 2.7. Maintenance of Mortgaged Property; Covenants Against Waste; Inspection by Grantee. Grantor will not commit or permit physical waste on the Mortgaged Property and will keep and maintain at its own expense the Improvements, the Equipment and the Furnishings in a condition and state of repair such that each of the same shall meet or surpass the requirements of any applicable Governmental Authority and customary standards in the general area set by buildings of similar type, age and function for attractiveness of appearance, cleanliness and general soundness of condition, but in any event consistent with multifamily housing projects of a similar type and purpose. Grantor shall do all such further maintenance and repair work as may be required under the Space Leases and applicable law. Grantor will neither do nor permit to be done anything to the Mortgaged Property that may impair the value thereof or which may violate any covenant, condition or restriction affecting the same, or any part thereof, or permit any change therein or in the condition or use thereof which could increase the danger of fire or other hazard arising out of the construction or operation thereof. The Improvements shall not be removed or demolished (except for tenant improvements), without the prior written consent of Grantee. The Equipment and Furnishings shall not be removed without the prior written consent of the Grantee, except where appropriate replacements free of superior title, liens or claims are immediately made having a value at least equal to the value of the items removed. Grantee and its authorized employees and agents, may enter and inspect the Mortgaged Property at any time upon advance notice during usual business hours, and Grantor shall, within fifteen (15) business days after demand by Grantee (or immediately upon demand in case of emergency), commence such repairs, replacements, renewals or additions, or perform such items of maintenance, to the Mortgaged Property as the Grantee may, in its sole reasonable discretion, require in order to cause the Mortgaged Property to comply with the above standards, shall diligently make the same and shall complete the same as promptly as practicable.

SECTION 2.8. After-Acquired Property. All right, title and interest of Grantor in and to all improvements, betterments, renewals, substitutes and replacements of, and all additions, accessions and appurtenances to, the Mortgaged Property hereafter acquired, constructed, assembled or placed by Grantor on the Land, and all conversions of the security constituted thereby, immediately upon such acquisition, construction, assembly, placement or conversion, as the case may be, and in each such case without any further mortgage, conveyance or assignment or other act of Grantor, shall become subject to the lien of this Deed of Trust as fully and completely, and with the same effect, as though now owned by Grantor and specifically described in the Granting Clauses hereof, but at any time and at all times Grantor, on demand, will execute, acknowledge and deliver to Grantee any and all such further assurances, mortgages, conveyances or assignments thereof as Grantee may require in its sole discretion for the purpose of expressly and specifically subjecting the same to the liens and security interests of this Deed of Trust.

SECTION 2.9. Further Assurances. Grantor shall, at its sole cost and without expense to Grantee, on demand, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignment, transfers and assurances as Grantee shall from time to time require in its sole discretion for better assuring, conveying, assigning,

transferring, confirming and perfecting unto Grantee the property and rights hereby conveyed, mortgaged or assigned or intended now or hereafter so to be, or which Grantor may be or may hereafter become bound to convey, mortgage or assign to Grantee, or for carrying out the intention or facilitating the performance of the terms of this Deed of Trust, or for filing, registering or recording this Deed of Trust; provided that in no event shall any such further act increase or expand the liability of the Grantor.

SECTION 2.10. Status of Grantor. Grantor shall not without the prior written consent of Grantee: (a) change its name; (b) change its state of organization through dissolution, merger, transfer of assets or otherwise; or (c) change its type of organization through conversion, reorganization or otherwise.

SECTION 2.11. Recorded Instruments. Grantor will promptly perform and observe, or cause to be performed and observed, all of the terms, covenants and conditions of all instruments of record affecting the Mortgaged Property. Grantor shall do or cause to be done all things required to preserve intact and unimpaired and to renew any and all rights-of-way, easements, grants, appurtenances, privileges, licenses, franchises and other interests and rights in favor of or constituting any portion of the Mortgaged Property. Other than Permitted Encumbrances, Grantor will not, without the prior written consent of the Grantee, initiate, join in or consent to any private restrictive covenant or other public or private restriction as to the use of the Mortgaged Property other than the Extended Use Agreement described in Section 8.6 hereof. Grantor shall, however, and shall cause all Space Tenants to, comply with all lawful restrictive covenants and zoning ordinances and other public or private restrictions affecting the Mortgaged Property and other laws and ordinances of any Governmental Authority affecting the Mortgaged Property.

SECTION 2.12. Environmental Provisions. Grantor hereby represents, warrants and covenants that:

2.12.1. (a) No condition, activity or conduct exists on or in connection with the Mortgaged Property which constitutes a violation of any Environmental Laws; (b) there has been no Spill or Threat of Spill of any Hazardous Substances on, upon, into or from the Mortgaged Property nor, to Grantor's knowledge, a Spill which, through soil or groundwater migration, could reasonably be expected to come to be located on the Mortgaged Property; (c) there are no existing or closed underground or aboveground storage tanks on the Mortgaged Property; (d) there are no existing or closed sanitary landfills, solid waste disposal sites, or hazardous waste treatment, storage or disposal facilities on or affecting the Land; (e) no notice has been issued to Grantor by any agency, authority, or unit of government that Grantor has been identified as a potentially responsible party under any Environmental Laws; (f) no portion of the Mortgaged Property constitutes an Environmentally Sensitive Area; (g) there exists no investigation, action, proceeding, or claim by any Governmental Authority or by any third party which could result in any liability, penalty, sanction, or judgment under any Environmental Laws with respect to any condition, use or operation of the Mortgaged Property; (h) there has been no claim by any party that any use, operation, or condition of the Mortgaged Property has caused any nuisance or any other liability or adverse condition on any other property; and (i) Grantor need not obtain any permit or approval for any part of the Development and need not notify any federal, state or local governmental authority having jurisdiction of the Development regarding any part of the Development pursuant to any Environmental Laws.

2.12.2. Grantor shall: (a) comply with and cause all activities at the Mortgaged Property to comply with all Environmental Laws; (b) not store or dispose of (except in compliance with all Environmental Laws pertaining thereto), nor Spill or allow the Spill of any Hazardous Substances on the Property; (c) neither directly nor indirectly transport or arrange for the transport of any Hazardous Substances (except in compliance with all Environmental Laws pertaining thereto); (d) neither install nor permit to be installed any temporary or permanent tanks for storage of any liquid or gas above or below ground except after obtaining written permission from the Grantee to do so and in compliance with Environmental Laws; and (e) comply with all terms and conditions of all permits, authorizations, approvals, waivers, judgments or decrees or notices from Governmental Authorities issued or sent pursuant to Environmental Laws.

2.12.3. Grantor, promptly upon the written request of Grantee from time to time (but no more frequently than once per calendar year) shall provide Grantee, at Grantor's sole cost and expense, with an environmental site assessment or environmental audit report, or an update of such an assessment or report, all in scope, form and content reasonably satisfactory to the Grantee.

2.12.4. In the event of any Spill or Threat of Spill affecting the Mortgaged Property, whether or not the same originates or emanates from the Mortgaged Property or any contiguous real estate, or if Grantor or the Mortgaged Property otherwise shall fail to comply with any of the requirements of Environmental Laws, Grantee may at its election, but without the obligation so to do, give such notices, cause such work to be performed at the Mortgaged Property and take any and all other actions as Grantee shall reasonably deem necessary or advisable in order to remedy said Spill or the conditions constituting a Threat of Spill or cure said failure of compliance and any amounts paid as a result thereof, together with interest thereon at the Default Rate from the date of payment by Grantee, shall be immediately due and payable by Grantor to Grantee and until paid shall be added to and become a part of the Indebtedness and shall have the benefit of the lien hereby created as a part thereof prior to any right, title or interest in or claim upon the Mortgaged Property attaching or accruing subsequent to the lien of this Deed of Trust.

2.12.5. Grantor covenants and agrees to conduct representative radon sampling in the Improvements on the Land to determine whether indoor radon levels are below the United States Environmental Protection Agency's recommended threshold of 4.0pCi/L. In the event that said radon sampling results reveal indoor radon levels in excess of 4.0pCi/L, Grantor covenants and agrees to implement radon mitigation techniques to reduce or prevent the build-up or migration of radon in the Improvements on the Land. In the event that radon mitigation is required to be implemented, Grantor further covenants and agrees to conduct radon sampling in the Improvements on the Land following such implementation to confirm that the radon mitigation techniques have succeeded in reducing or preventing the build-up of radon in the Improvements on the Land to below the United States Environmental Protection Agency's recommended threshold of 4.0pCi/L. In the event that such radon sampling results reveal that levels of radon in the Improvements on the Land are still in excess of the above-referenced United States Environmental Protection Agency threshold, Grantor covenants and agrees to undertake any additional measures necessary to reduce radon levels in the Improvements on the Land and bring the Mortgaged Property into compliance with applicable Environmental Laws. Notwithstanding the foregoing, if the Grantor satisfies the radon mitigation requirements contained in the First Mortgage loan documents (if any), then Grantor will be deemed to have satisfied the requirements set forth in this paragraph.

2.12.6. The Grantor shall comply with the Environmental Laws and regulations with respect to on-site wetlands, including, but not limited to obtaining, complying with and maintaining any wetland permits, wetland permit requirements, development restrictions, setback and/buffers, habitat protection and mitigation requirements.

2.12.7. The Grantor shall handle any subsurface contamination encountered at the Land during the course of rehabilitation in accordance with a site-specific Health and Safety Plan developed in accordance with Environmental Laws and other applicable federal, state and local laws, rules and regulations, and any such contamination shall be remediated and disposed of in accordance with Environmental Laws and other applicable federal, state and local laws, rules and regulations.

SECTION 2.13. Mold Coverage. In the event that Grantor is covered by a commercial general liability insurance policy which contains an exclusion for loss or damage caused by mold, dangerous fungi, bacterial or microbial matter, contamination or pathogenic organisms that reproduce through the release of spores or the splitting of cells (collectively, “**Mold**”) or a property insurance policy which contains an exclusion for loss or damage caused by Mold, in connection with another covered peril (e.g., Mold in connection with water damage caused by a storm or fire), Grantor shall demonstrate to the satisfaction of Grantee that such insurance without the aforementioned exclusions is not available at ordinary and customary insurance rates and either: (i) Grantor shall demonstrate to the satisfaction of Grantee that the potential risk for loss or damage caused by Mold, fungus, moisture, microbial contamination or pathogenic organisms at the Mortgaged Property is minimal because of precautionary measures or techniques to be utilized in the construction or rehabilitation of the Improvements, including without limitation, the use of vapor barriers or other liners to limit the growth and reproduction of Mold; or (ii) Grantor shall implement a moisture management and control program (the “**Moisture Management Program**”) for the Improvements at the Mortgaged Property to prevent the occurrence of Mold, at, on or under the Mortgaged Property, which Moisture Management Program shall include, at a minimum: (a) periodic inspections of the Improvements at the Mortgaged Property for Mold, (b) removing or cleaning up any Mold in a manner consistent with best industry practices and utilizing an experienced remediation contractor acceptable to and approved by Grantee, and (c) in the event that the Mold identified at the Improvements at the Mortgaged Property cannot be removed or cleaned from any impacted building materials (e.g., porous materials such as carpeting, certain types of ceiling materials, etc.) and/or equipment, removing all such impacted building materials and/or equipment from the Mortgaged Property, all in accordance with the procedures set forth in the United States Environmental Protection Agency’s (“**EPA**”) guide entitled “Mold Remediation in Schools and Commercial Buildings”, EPA No. 402-K-01-001, dated March 2001, and in a manner consistent with best industry practices and utilizing an experienced remediation contractor acceptable to and approved by Grantee. Grantor further covenants and agrees that, in connection with any mold remediation undertaken by or on behalf of Grantor hereunder, the source (e.g., leaking pipe, water damage, water infiltration, etc.) of any Mold at the Improvements at the Mortgaged Property shall be promptly identified and corrected to prevent the occurrence or re-occurrence of any Mold. Notwithstanding the foregoing, if the Grantor satisfies the mold mitigation requirements contained in the First Mortgage loan documents (if any), then Grantor will be deemed to have satisfied the requirements set forth in this paragraph.

ARTICLE III

CASUALTY AND CONDEMNATION

SECTION 3.1. Casualty.

3.1.1. If any of the Improvements, Equipment or Furnishings shall be damaged or destroyed, in whole or part, by fire or other casualty, Grantor shall give prompt notice thereof to Grantee. The Grantee are hereby authorized and empowered by Grantor, to settle, adjust or compromise in a commercially reasonable manner any and all claims for loss, damage or destruction under any policy of insurance.

3.1.2. Subject to the provisions of the First Mortgage loan documents (if any), any Net Proceeds received as payment for any loss under any insurance policies required to be maintained by Grantor in accordance with this Section shall be applied in accordance with the Financing Documents.

3.1.3. Subject to the provisions of the First Mortgage loan documents (if any), in the event of the happening of any casualty of any kind or nature, ordinary or extraordinary, foreseen or unforeseen (including any casualty for which insurance was not obtainable), resulting in damage to or destruction of the Mortgaged Property or any part thereof, if Grantee elects to apply any Net Proceeds received by it in connection with such casualty towards the restoration of the Mortgaged Property, Grantor shall promptly, whether or not the Net Proceeds, if any, shall be sufficient for the purpose, commence and diligently continue to restore, repair and rebuild the Mortgaged Property as nearly as possible to its value, condition and character immediately prior to such damage or destruction.

SECTION 3.2. Condemnation.

3.2.1. Grantor shall promptly notify Grantee if Grantor shall become aware of the threat or institution of any proceeding or negotiations for the taking of the Mortgaged Property, or any part thereof, whether for permanent or temporary use and occupancy in condemnation or by the exercise of the power of eminent domain or by agreement of interested parties in lieu of such condemnation (all the foregoing herein called a “**taking**”); and shall keep Grantee currently advised, in detail, as to the status of such proceedings or negotiations and will promptly give to Grantee copies of all notices, pleadings, judgments, determinations and other papers received or delivered by Grantor therein. Grantor will not, without the Grantee’s prior written consent, enter into any agreement for the taking of the Mortgaged Property, or any part thereof, with anyone authorized to acquire the same by eminent domain or in condemnation.

3.2.2. In the event of any such taking, the Net Proceeds payable in connection therewith shall be applied in accordance with the Financing Documents.

3.2.3. In the event of the happening of any permanent taking, provided that Grantee elects to apply any Net Proceeds received by it in connection with such taking towards the restoration of the Mortgaged Property, Grantor shall promptly, whether or not the Net Proceeds, if any, shall be sufficient for the purpose, commence and diligently continue to restore,

repair and rebuild the portion of the Mortgaged Property not subject to the taking as nearly as possible to its value, condition and character immediately prior to such taking.

ARTICLE IV

ASSIGNMENT OF SPACE LEASES AND RENT

SECTION 4.1. Assignment of Space Leases and Rents. Contemporaneously with the execution of this Deed of Trust, Grantor has assigned its interests in the Space Leases and Rents to the Lender in the First Mortgage to secure the payment of the Immediate Mortgage Loan. In the event of the payment of the Immediate Mortgage Loan and release of the First Mortgage without the release of this Deed of Trust, Grantor hereby grants, conveys, assigns, transfers and sets over to Grantee to be effective as of the date of the release of the First Mortgage, the Space Leases now or hereafter entered into by Grantor with respect to all or any part of the Mortgaged Property, and all renewals, extensions, subleases or assignments thereof and all other occupancy agreements (written or oral), by concession, license or otherwise, together with all of the Rents and proceeds arising therefrom and from the Mortgaged Property pursuant to and in accordance with the provisions of Chapter 64 of the Texas Property Code.

ARTICLE V

SECURITY AGREEMENT UNDER UNIFORM COMMERCIAL CODE

SECTION 5.1. Security Agreement. It is the intent of the parties hereto that this Deed of Trust shall constitute a Security Agreement within the meaning of the Uniform Commercial Code of the State (the "UCC") with respect to so much of the Mortgaged Property as is considered or as shall be determined to be of the type in which a security interest can be created under Article 9 of the UCC, together with all replacements thereof, substitutions therefor or additions thereto (the "Collateral"), and that a security interest shall attach thereto for the benefit of Grantee to secure the Indebtedness and all other sums and charges which may become due hereunder or under the Financing Documents. Grantor hereby authorizes Grantee to file financing and continuation statements and amendments thereto with respect to the Collateral without the signature of Grantor, if same is lawful; otherwise Grantor agrees to execute such financing and continuation statements and amendments thereto as Grantee may request. If there shall exist an Event of Default under this Deed of Trust, Grantee, pursuant to the appropriate provisions of the UCC, shall have the option of proceeding as to both real and personal property in accordance with its rights to both real and personal property, in which event the default provisions of the UCC shall not apply. The parties agree that, in the event Grantee shall elect to proceed with respect to the Collateral separately from the real property, unless a greater period shall then be mandated by the UCC, ten (10) days' notice of the sale of the Collateral shall be reasonable notice. The expenses of retaking, holding, preparing for sale, selling and the like incurred by Grantee shall be assessed against Grantor and shall include, but shall not be limited to, reasonable attorneys' fees, disbursements and other legal expenses incurred by Grantee. Grantor agrees that it will not remove or permit to be removed from the Mortgaged Property any of the Collateral without the prior written consent of Grantee, unless appropriate replacements free of superior title, liens or claims are immediately made having a value at least equal to the value of the items removed. All replacements, renewals and additions to the Collateral shall be and become immediately subject to the security interest of

this Deed of Trust and the provisions of this Article. Grantor warrants and represents that all Collateral now is, and that replacements thereof, substitutions therefor or additions thereto, unless Grantee otherwise consents in writing, shall be free and clear of liens, encumbrances or security interests of others created after the date hereof other than Permitted Encumbrances.

From the date of its recording, this Deed of Trust shall be effective as a financing statement filed as a fixture filing with respect to all goods constituting part of the Collateral which are or are to become fixtures related to the real estate described herein. For this purpose, the following information is set forth:

A. Name and Address of Debtor:

Yellowstone Boulevard LLC
c/o Vesta Corporation
175 Powder Forest Drive
Weatogue, CT 06089

With a copy to:

Locke Lord LLP
600 Congress Avenue, Suite 2200
Austin, TX 78701
Attention: Cynthia Bast

B. Name and Address of Secured Party:

U.S. Bank, National Association
13737 Noel Road, Suite 800
Dallas, TX 75240
Attention: Brian T. Jensen

Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701
Attn: Manager of Multifamily Bonds

C. This document covers goods which are or are to become fixtures.

D. State of Debtor's Organization and Organizational Identification No.:
State: Texas
I.D. No.: _____

E. This filing is made in connection with a public finance transaction as described in Sections 9.515(b) and 9.102(a)(68) of the UCC.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

SECTION 6.1. Events of Default Defined. The entire amount of the Indebtedness shall become due, at the option of Grantee, subject to any prepayment premium or penalty provided for in the Financing Agreement, if any, upon the happening of any of the following events (each, individually, an “**Event of Default**” and collectively, “**Events of Default**”):

6.1.1. if Grantor shall fail or neglect to comply with or otherwise perform, keep or observe any term, provision, condition, covenant, warranty or representation contained in this Deed of Trust that is required to be complied with or otherwise performed, kept or observed by Grantor beyond any notice, grace or cure period expressly provided in this Deed of Trust; or

6.1.2. if an “Event of Default” as defined in any of the Financing Documents shall have occurred.

[Grantee hereby agrees that any cure of any Event of Default hereunder made or tendered by the Investor Member shall be deemed to be a cure by the Grantor, and shall be accepted or rejected by the Grantee on the same basis as if made or tendered by the Grantor.]

SECTION 6.2. Remedies. Upon the occurrence of any Event of Default hereunder, Grantee may, without notice, presentment, demand or protest, notice of intent to accelerate, or notice of acceleration, all of which are hereby expressly waived by Grantor to the extent permitted by applicable law, take such action as Grantee deems advisable, to protect and enforce its rights in and to the Mortgaged Property, including, but without limiting the generality of the foregoing, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such manner as Grantee may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of Grantee hereunder, under the other Financing Documents, or at law or in equity:

6.2.1. declare the entire amount of the Indebtedness, together with all accrued and unpaid interest thereon, to be immediately due and payable, and upon such declaration such amounts shall become and be immediately due and payable, anything in this Deed of Trust or the other Financing Documents to the contrary notwithstanding;

6.2.2. after such proceedings as may be required by any applicable law or ordinance and subject to the provisions of Section 8.7 hereof regarding the subordination of this Deed of Trust to the First Mortgage, either in person, or by its agents or attorneys, or by a court-appointed receiver, enter into and upon all or any part of the Mortgaged Property and each and every part thereof and exclude Grantor, its agents and servants wholly therefrom; and having and holding the same, use, operate, manage and control the Mortgaged Property and conduct the business thereof, either personally or by its superintendents, managers, agents, servants, attorneys or the receiver; and upon every such entry, Grantee, at the expense of the Mortgaged Property, from time to time, either by purchase repairs or construction, may maintain and restore the Mortgaged Property and, likewise, may make all necessary or proper repairs, renewals and replacements and such alterations, betterments, additions and improvement thereto and thereon as

it may deem advisable; and in every such case Grantee shall have the right to manage and operate the Mortgaged Property and to carry on the business thereof and exercise all rights and powers of Grantor as Grantor's attorney-in-fact, or otherwise as it shall deem best; and Grantee shall be entitled to collect and receive all Rents and after deducting the expenses of conducting the business thereof and all maintenance, repairs, renewals, replacements, alterations, additions, betterments and improvements and amounts necessary to pay for Impositions, insurance and prior or other proper charges upon the Mortgaged Property or any part thereof, as well as just and reasonable compensation for the services of Grantee and for all attorneys, counsel, agents, clerks, servants and other employees or professionals engaged or employed by it, Grantee shall apply the moneys arising as aforesaid, first to the payment of the Indebtedness, whether or not then matured; next, to the payment of any other sums required to be paid by Grantor under this Deed of Trust; and the balance, if any, shall be turned over to Grantor or such other Person as may be lawfully entitled thereto; or

6.2.3. with or without entry, personally or by its agents or attorneys insofar as applicable:

(a) foreclose this Deed of Trust in accordance with the laws of the State and the provisions hereof, for the entire Indebtedness or for any portion of the Indebtedness or any other sums secured hereby which are then due and payable, subject to the continuing lien of this Deed of Trust for the balance of the Indebtedness not then due, and for such purposes Grantor grants to Trustee for the benefit of Grantee a continuing power of sale of the Mortgaged Property; or

(b) take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in this Deed of Trust or any other Financing Document, or in aid of the execution of any power herein granted, or for any foreclosure hereunder, or for the enforcement of any other appropriate legal or equitable remedy or otherwise as Grantee shall elect.

SECTION 6.3. Foreclosure; No Marshaling of Assets; One Tract; Appointment of Receiver.

6.3.1. Grantee may foreclose this Deed of Trust either by judicial action or by non-judicial foreclosure through the Trustee. In the case of a foreclosure sale, all of the Mortgaged Property may be sold in one parcel, notwithstanding that the proceeds of such sale exceed or may exceed the Indebtedness. Moreover, Grantee shall not be required to proceed hereunder before proceeding against any other security, shall not be required to proceed against other security before proceeding hereunder, and shall not be precluded from proceeding against any or all of any security in any order or at the same time. In the event that this Deed of Trust is foreclosed, Grantor hereby waives and releases any right to have the Mortgaged Property or any part thereof marshaled, and Grantor and Grantee have jointly agreed that the Mortgaged Property is one project and one tract for all purposes legal, economic and all other. Grantor for itself, its successors and assigns irrevocably waives any right it may have in the event of foreclosure to request that the Mortgaged Property be sold as separate tracts pursuant to any applicable law or statute.

6.3.2. Grantee, in any action to foreclose this Deed of Trust or otherwise upon the occurrence and during the continuance of an Event of Default, shall be entitled (and, to the extent permitted under the laws of the State, without notice, without regard to the adequacy of any security for the Indebtedness and without regard to the solvency of any Person liable for the payment thereof) to the appointment of a receiver of the Mortgaged Property and the Rents, if the assignment of Rents pursuant to Section 4.1 hereof is then effective.

6.3.3. Grantor agrees, to the full extent that it may lawfully do so, that in any foreclosure or other action brought by Grantee hereunder, it will not at any time insist upon or plead or in any way take advantage of any appraisal, valuation, stay, extension, redemption or moratorium law now or hereafter in force and effect so as to prevent, hinder or delay the enforcement of the provisions of this Deed of Trust or any right or remedies Grantee may have hereunder or by law.

6.3.4. If Grantor shall default hereunder and Grantee shall elect to accelerate the Indebtedness, Grantor, within five (5) days after demand, will pay over to Grantee, or any receiver appointed in connection with the foreclosure of this Deed of Trust, any and all amounts then held as security deposits under all Space Leases if the assignment of Space Leases pursuant to Section 4.1 hereof is then effective.

6.3.5. Upon the acceleration of the Indebtedness or upon an Event of Default under the Bond Note or Event of Default hereunder, and in addition to all other rights of Grantee provided herein or by law, Grantor shall, on demand of Grantee, surrender possession of the Mortgaged Property to Grantee; and Grantor hereby consents that Grantee may exercise any or all of the rights specified herein. Grantor hereby irrevocably appoints Grantee attorney-in-fact, which appointment shall be coupled with an interest, of Grantor for such purposes. In the event that Grantor is an occupant of the Mortgaged Property, it agrees to vacate and surrender the possession of that portion of the Mortgaged Property which it occupies to Grantee immediately upon the acceleration of the Indebtedness or any Event of Default hereunder; and if Grantor remains in possession, such possession shall be as tenant of Grantee, and Grantor shall pay monthly, in advance, to Grantee or to any receiver appointed to collect the Rents, the fair and reasonable rental value for the use and occupation of any portion of the Mortgaged Property occupied by Grantor, and upon the failure of Grantor to make any such payment, Grantor may be evicted by summary proceedings or otherwise. In case of the appointment of a receiver of the Rents, the covenants of this subsection may be enforced by such receiver.

6.3.6. GRANTOR HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY.

SECTION 6.4. Remedies Cumulative; No Waiver; Etc.

6.4.1. No remedy herein conferred upon or reserved to Grantee is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of Grantee to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or any acquiescence therein; and every power and remedy given by this Deed of Trust to Grantee may be exercised from time to time as often as may be deemed

expedient by Grantee. Nothing in this Deed of Trust or in any other Financing Document shall affect the obligation of Grantor to perform its obligations under the Financing Documents.

6.4.2. A waiver in one or more instances of any of the terms, covenants, conditions or provisions hereof, of any Financing Document shall apply to the particular instance or instances and at the particular time or times only, and no such waiver shall be deemed a continuing waiver, but all of the terms, covenants, conditions and other provisions of this Deed of Trust and of the other Financing Documents shall survive and continue to remain in full force and effect; and no waiver shall be effective unless in writing, dated and signed by Grantee.

6.4.3. Grantor hereby waives and renounces all homestead and similar exemption rights with respect to the Mortgaged Property provided for by the Constitution and the laws of the United States and the State as against the collection of the Indebtedness, or any part thereof, or the Financing Documents; and Grantor agrees that where, by the terms of this Deed of Trust or the other Financing Documents secured hereby, a day is named or a time fixed for the payment of any sum of money or the performance of any agreement, the day and time stated enters into the consideration and is of the essence of the whole agreement between Grantor and Grantee.

SECTION 6.5. No Merger. It is the intention of the parties hereto that if Grantee shall at any time hereafter acquire title to all or any portion of the Mortgaged Property, then and until the Indebtedness has been paid in full, the interest of Grantee hereunder and the lien of this Deed of Trust shall not merge or become merged in or with the estate and interest of Grantee as the holder and owner of title to all or any portion of the Mortgaged Property and that, until such payment, the estate of Grantee in the Mortgaged Property and the lien of this Deed of Trust and the interest of Grantee hereunder shall continue in full force and effect to the same extent as if Grantee had not acquired title to all or any portion of the Mortgaged Property. If, however, Grantee shall consent in writing to such merger or such merger shall nevertheless occur without its consent, then this Deed of Trust shall attach to and cover and be a lien upon the fee title or any other estate, title or interest in the premises demised under the leasehold estate acquired by the fee owner and the same shall be considered as granted, released, assigned, transferred, pledged, and set over to Grantee and the lien hereof spread to cover such estate with the same force and effect as though specifically herein granted, released, assigned, transferred, pledged, set over and spread.

ARTICLE VII

PROVISIONS OF GENERAL APPLICATION

SECTION 7.1. Modifications. No change, amendment, modification, cancellation or discharge hereof, or of any part hereof, shall be valid unless in writing, dated and signed by the party against whom such change, amendment, modification, cancellation or discharge is sought to be enforced.

SECTION 7.2. Notices. Except for notices of foreclosure that shall be sent as required by law, all notices, demands, requests, consents, approvals, certificates or other communications hereunder (hereinafter collectively called the “**Notices**”) shall be sufficiently given if given in accordance with the provisions of Section 8.3 of the Financing Agreement. **[A copy of any notice given to the Grantor hereunder shall also be sent concurrently to the Investor Member and**

the Investor Member shall have the right, but not the obligation, to cure any default on behalf of the Grantor on the same terms provided to the Grantor in this Deed of Trust.]

SECTION 7.3. Grantee's Rights to Perform Grantor's Covenants. If Grantor shall fail to pay or cause payment to be made to Grantee in accordance with the terms of this Deed of Trust, or to perform or observe any other term, covenant, condition or obligation required to be performed or observed by Grantor under this Deed of Trust or any other Financing Document, without limiting any other provision of this Deed of Trust, and without waiving or releasing Grantor from any obligation or default hereunder, without notice to Grantor, Grantee (or any receiver of the Mortgaged Property) shall have the right, but not the obligation, to make any such payment, or to perform any other act or take any appropriate action, including, without limitation, entry on the Mortgaged Property and performance of work thereat, as it, in its sole discretion, may deem necessary to cause such other term, covenant, condition or obligation to be performed or observed on behalf of Grantor or to protect the security of this Deed of Trust. All monies expended by Grantee in exercising its rights under this Section (including, but not limited to, legal expenses and disbursements), together with interest thereon at the Default Rate from the date of each such expenditure, shall be paid by Grantor to Grantee forthwith upon demand by Grantee, secured by this Deed of Trust and added to and deemed part of the Indebtedness with the benefit of the lien hereby created as a part thereof prior to any right, title or interest in or claim upon the Mortgaged Property attaching or accruing subsequent to the lien of this Deed of Trust.

If Grantor fails to maintain any insurance which is required by any of the Financing Documents, Grantee may obtain the same, but must secure the insurance only in its own name and may insure only its interest in the Mortgaged Property, and in connection with Grantee securing any such insurance, the following notice is given and delivered pursuant to §307.052 of the Texas Finance Code:

NOTICE:

(A) GRANTOR IS REQUIRED TO: (i) KEEP THE PROPERTY INSURED AGAINST DAMAGE IN THE AMOUNT EQUAL TO GRANTOR'S INDEBTEDNESS TO GRANTEE; (ii) PURCHASE THE INSURANCE FROM AN INSURER THAT IS AUTHORIZED TO DO BUSINESS IN THE STATE OF TEXAS OR AN ELIGIBLE SURPLUS LINES INSURER; AND (iii) NAME THE GRANTEE AS THE PERSON TO BE PAID UNDER THE POLICY IN THE EVENT OF LOSS, SUBJECT TO THE FIRST MORTGAGE;

(B) GRANTOR MUST, IF REQUIRED BY GRANTEE, DELIVER TO GRANTEE A COPY OF THE POLICY AND PROOF OF THE PAYMENT OF THE PREMIUMS; AND

(C) IF GRANTOR FAILS TO MEET ANY REQUIREMENT LISTED IN CLAUSE (A) OR (B) ABOVE, GRANTEE MAY OBTAIN COLLATERAL PROTECTION INSURANCE ON BEHALF OF GRANTOR AT GRANTOR'S EXPENSE.

SECTION 7.4. Additional Sums Payable by Grantor. All sums which, by the terms of this Deed of Trust or the other Financing Documents secured hereby, or by the instruments executed and delivered by Grantor to Grantee as additional security for this Deed of Trust and the other Financing Documents, are payable by Grantor to Grantee shall, together with the interest thereon provided for herein or in the other Financing Documents, be secured by this Deed of Trust and added to and deemed part of the Indebtedness and shall have the benefit of the lien hereby created as a part thereof prior to any right, title or interest in or claim upon the Mortgaged Property attaching or accruing subsequent to the lien of this Deed of Trust, whether or not the provision which obligates Grantor to make any such payment to Grantee specifically so states.

SECTION 7.5. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit, enlarge or describe the scope or intent of this Deed of Trust or the construction of any provision hereof.

SECTION 7.6. Successors and Assigns. The covenants and agreements contained in this Deed of Trust shall run with the land and bind Grantor, the heirs, executors, administrators, principals, legal representatives, successors and assigns of Grantor and each Person constituting Grantor and all subsequent owners, encumbrancers and Space Tenants of the Mortgaged Property, or any part thereof, and shall inure to the benefit of Grantee, its successors and assigns and all subsequent beneficial owners of this Deed of Trust.

SECTION 7.7. Gender and Number. Wherever the context of this Deed of Trust so requires, the neuter gender includes the masculine or feminine gender and the singular number includes the plural.

SECTION 7.8. Severability. In case any one or more of the provisions contained in this instrument shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions hereof, but this Deed of Trust shall be construed as if such invalid, illegal or unenforceable provision had never been included.

SECTION 7.9. Subrogation. Should the proceeds of the Loan be used directly or indirectly to pay off, discharge, or satisfy, in whole or in part, any prior lien or encumbrance upon the Mortgaged Property or any part thereof, then Grantee shall be subrogated to such other lien or encumbrance and to any additional security held by the holder thereof and shall have the benefit of the priority of all of the same.

SECTION 7.10. Incorporation of the Financing Documents. This Deed of Trust has been executed and delivered to secure the Indebtedness pursuant to the Financing Documents, the provisions of which, including, but not limited to, any usury saving provisions in the Financing Agreement, as the same may be amended, modified or supplemented from time to time, are incorporated herein by reference with the same force and effect as if herein fully set forth.

SECTION 7.11. Controlling Law. This Deed of Trust shall be governed by, and construed and enforced in accordance with, the laws of the State of Texas.

ARTICLE VIII

SPECIAL PROVISIONS

SECTION 8.1. Foreclosure—Power of Sale. Grantee may request Trustee to proceed with foreclosure under the power of sale which is hereby conferred, such foreclosure to be accomplished in accordance with the following provisions:

8.1.1. Trustee is hereby authorized and empowered, and it shall be Trustee's special duty, upon such request of Grantee, to sell the Mortgaged Property, or any part thereof, at public auction to the highest bidder for cash, with or without having taken possession of same. Any such sale (including notice thereof) shall comply with the applicable requirements, at the time of the sale, of Chapter 51 of the Texas Property Code, as amended, or, if and to the extent the statutes within said Chapter 51 are not then in force, with the applicable requirements, at the time of the sale, of the successor statute or statutes, if any, governing sales of Texas real property under powers of sale conferred by deeds of trust. If there is no statute in force at the time of the sale governing sales of Texas real property under powers of sale conferred by deeds of trust, such sale shall comply with applicable law, at the time of the sale, governing sales of Texas real property under powers of sale conferred by deeds of trust.

8.1.2. Subject to any applicable requirements at the time of sale governing sales of Texas real property under the powers of sale conferred by deeds of trust, at any time during the bidding, the Trustee may require a bidding party (A) to disclose its full name, state and city of residence, occupation, and specific business office location, and the name and address of the principal the bidding party is representing (if applicable), and (B) to demonstrate reasonable evidence of the bidding party's financial ability (or, if applicable, the financial ability of the principal of such bidding party), as a condition to the bidding party submitting bids at the foreclosure sale. If any such bidding party (the "**Questioned Bidder**") declines to comply with the Trustee's requirement in this regard, or if such Questioned Bidder does respond but the Trustee deems the information or the evidence of the financial ability of the Questioned Bidder (or, if applicable, the principal of such bidding party) to be inadequate, then the Trustee may continue the bidding with reservation; and in such event (1) the Trustee shall be authorized to caution the Questioned Bidder concerning the legal obligations to be incurred in submitting bids, and (2) if the Questioned Bidder is not the highest bidder at the sale, or if having been the highest bidder the Questioned Bidder fails to deliver the cash purchase price payment promptly to the Trustee, all bids by the Questioned Bidder shall be null and void. The Trustee may determine that a credit bid is in the best interest of Grantor and Grantee, and elect to sell the Mortgaged Property for credit or for a combination of cash and credit; provided, however, (i) the Trustee shall have no obligation to accept any bid except an all cash bid and (ii) the Trustee shall be required to accept the highest bid. In the event the Trustee requires a cash bid and cash is not delivered within a reasonable time after conclusion of the bidding process, as specified by the Trustee, but in no event later than 3:45 p.m. local time on the day of sale, then said contingent sale shall be null and void, the bidding process may be recommenced provided that it is recommenced within the time frame set forth in the Notice of Sale given pursuant to Section 51.002 of the Texas Property Code, and any subsequent bids or sale shall be made as if no prior bids were made or accepted.

8.1.3. In addition to the rights and powers of sale granted under the preceding provisions of this subsection, if an Event of Default shall have occurred hereunder, Grantee may at once or at any time thereafter while an Event of Default is continuing, without declaring the entire Indebtedness to be due and payable, orally or in writing direct Trustee to enforce this trust and to sell the Mortgaged Property subject to such unmatured Indebtedness and to the rights, powers, liens, security interests, and assignments securing or providing recourse for payment of such unmatured Indebtedness, in the same manner, all as provided in the preceding provisions of this subsection. Sales made without acceleration of the unmatured balance of the Indebtedness may be made hereunder whenever an Event of Default shall have occurred and be continuing hereunder, without exhausting the power of sale granted hereby, and without affecting in any way the power of sale granted under this subsection, the unmatured balance of the Indebtedness or the rights, powers, liens, security interests, and assignments securing or providing recourse for payment of the Indebtedness.

8.1.4. Sale of a part of the Mortgaged Property shall not exhaust the power of sale, but sales may be made from time to time until the Indebtedness is paid in full. It is intended by each of the foregoing provisions of this subsection that Trustee may, after any request or direction by Grantee, sell not only the Land and the Improvements, but also the Equipment and Furnishings and other interests constituting a part of the Mortgaged Property or any part thereof, along with the Land and the Improvements or any part thereof, as a unit and as a part of a single sale, or may sell at any time or from time to time any part or parts of the Mortgaged Property separately from the remainder of the Mortgaged Property. It shall not be necessary to have present or to exhibit at any sale any of the Mortgaged Property.

8.1.5. After any sale under this subsection, Trustee shall make good and sufficient deeds, assignments, and other conveyances to the purchaser or purchasers thereunder in the name of Grantor, conveying the Mortgaged Property or any part thereof so sold to the purchaser or purchasers with general warranty of title by Grantor. It is agreed that in any deeds, assignments or other conveyances given by Trustee, any and all statements of fact or other recitals therein made as to the identity of Grantee, the occurrence or existence of any Event of Default, the notice of intention to accelerate, or acceleration of, the maturity of the Indebtedness, the request to sell, notice of sale, time, place, terms and manner of sale, and receipt, distribution, and application of the money realized therefrom, the due and proper appointment of a substitute Trustee, and without being limited by the foregoing, any other act or thing having been duly done by or on behalf of Grantee or by or on behalf of Trustee, shall be taken by all courts of law and equity as prima facie evidence that such statements or recitals state true, correct, and complete facts and are without further question to be so accepted, and Grantor does hereby ratify and confirm any and all acts that Trustee may lawfully do in the premises by virtue hereof.

8.1.6. The following shall be the basis for the finder of fact's determination of the fair market value of the Mortgaged Property as of the date of the foreclosure sale in proceedings governed by Sections 51.003, 51.004 and 51.005 of the Texas Property Code (as amended from time to time): (i) the Mortgaged Property shall be valued in an "as is" condition as of the date of the foreclosure sale, without any assumption or expectation that the Mortgaged Property will be repaired or improved in any manner before a resale of the Mortgaged Property after foreclosure; (ii) the valuation shall be based upon an assumption that the foreclosure purchaser desires a resale of the Mortgaged Property for cash promptly (but no later than twelve (12) months) following the

foreclosure sale; (iii) all reasonable closing costs customarily borne by the seller in commercial real estate transactions should be deducted from the gross fair market value of the Mortgaged Property, including, without limitation, brokerage commissions, title insurance, a survey of the Mortgaged Property, tax prorations, attorneys' fees, and marketing costs; (iv) the gross fair market value of the Mortgaged Property shall be further discounted to account for any estimated holding costs associated with maintaining the Mortgaged Property pending sale, including, without limitation, utilities expenses, property management fees, taxes and assessments (to the extent not accounted for in (ii) and/or (iii) above), and other maintenance, operational and ownership expenses; and (v) any expert opinion testimony given or considered in connection with a determination of the fair market value of the Mortgaged Property must be given by persons having at least five (5) years' experience in appraising property similar to the Mortgaged Property and who have conducted and prepared a complete written appraisal of the Mortgaged Property taking into consideration the factors set forth above.

SECTION 8.2. Non-Recourse. The monetary obligations of the Grantor under this Deed of Trust shall be non-recourse to the Grantor to the extent provided in Section 5.11 of the Financing Agreement.

SECTION 8.3. Concerning the Trustee.

8.3.1. Trustee shall not be required to take any action toward the execution and enforcement of the trust hereby created or to institute, appear in, or defend any action, suit, or other proceeding in connection therewith where, in Trustee's opinion, such action would be likely to involve Trustee in expense or liability, unless requested so to do by a written instrument signed by Grantee and unless Trustee is tendered security and indemnity satisfactory to Trustee against any and all cost, expense, and liability arising therefrom and if such request is made and such security and indemnity is tendered, the Trustee shall act in accordance with Grantee's request. Trustee shall not be responsible for the execution, acknowledgment, or validity of the Financing Documents, or for the proper authorization thereof, or for the sufficiency of the lien and security interest purported to be created hereby, and Trustee makes no representation in respect thereof or in respect of the rights, remedies, and recourses of Grantee.

8.3.2. With the approval of Grantee, Trustee shall have the right to take any and all of the following actions: (i) to select, employ, and advise with counsel (who may be, but need not be, counsel for Grantee) upon any matters arising hereunder, including the preparation, execution, and interpretation of the Financing Documents, and shall be fully protected in relying as to legal matters on the advice of counsel, (ii) to execute any of the trusts and powers hereof and to perform any duty hereunder either directly or through his agents or attorneys, (iii) to select and employ, in and about the execution of his duties hereunder, suitable accountants, engineers and other experts, agents and attorneys in fact, either corporate or individual, not regularly in the employ of Trustee, and Trustee shall not be answerable for any act, default, negligence, or misconduct of any such accountant, engineer or other expert, agent or attorney in fact, if selected with reasonable care and approved by the Grantee, or for any error of judgment or act done by Trustee in good faith and in accordance with the terms hereof, or be otherwise responsible or accountable under any circumstances whatsoever, except for Trustee's gross negligence or bad faith or failure to act in accordance with the terms hereof, and (iv) any and all other lawful action as Grantee may instruct Trustee to take to protect or enforce Grantee's rights hereunder. Trustee

shall not be personally liable in case of entry by Trustee, or anyone entering by virtue of the powers herein granted to Trustee, upon the Mortgaged Property for debts contracted for or liability or damages incurred in the management or operation of the Mortgaged Property. Trustee shall have the right to rely on any instrument, document, or signature authorizing or supporting any action taken or proposed to be taken by Trustee hereunder, believed by Trustee in good faith to be genuine. Trustee shall be entitled to reimbursement for actual, out-of-pocket expenses reasonably incurred by Trustee in the performance of Trustee's duties hereunder and to reasonable compensation for such of Trustee's services hereunder as shall be rendered. Grantor will, from time to time, pay the compensation due to Trustee hereunder and reimburse Trustee for, and save Trustee harmless against, any and all liability and expenses which may be incurred by Trustee in the performance of Trustee's duties.

8.3.3. All moneys received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by applicable law) and Trustee shall be under no liability for interest on any moneys received by Trustee hereunder.

8.3.4. Trustee may resign by the giving of notice of such resignation in writing or verbally to Grantee. If Trustee shall die, resign, or become disqualified from acting in the execution of this trust, or if, for any reason, Grantee shall prefer to appoint a substitute Trustee or multiple substitute Trustees, or successive substitute Trustees or successive multiple substitute Trustees, to act instead of the aforementioned Trustee, Grantee shall have full power to appoint a substitute Trustee (or, if preferred, multiple substitute Trustees) in succession who shall succeed (and if multiple substitute Trustees are appointed, each of such multiple substitute Trustees shall succeed) to all the estates, rights, powers, and duties of the aforementioned Trustee. Such appointment may be executed by any authorized agent of Grantee, and if such Grantee be a corporation and such appointment be executed in its behalf by any officer of such corporation, such appointment shall be conclusively presumed to be executed with authority and shall be valid and sufficient without proof of any action by the board of directors or any superior officer of the corporation. Grantor hereby ratifies and confirms any and all acts which the aforementioned Trustee, or Trustee's successor or successors in this trust, shall do lawfully by virtue hereof. If multiple substitute Trustees are appointed, each of such multiple substitute Trustees shall be empowered and authorized to act alone without the necessity of the joinder of the other multiple substitute Trustees, whenever any action or undertaking of such substitute Trustees is requested or required under or pursuant to this Deed of Trust or applicable law.

8.3.5. Should any deed, conveyance, or instrument of any nature be required from Grantor by any Trustee or substitute Trustee to more fully and certainly vest in and confirm to the Trustee or substitute Trustee such estates, rights, powers, and duties, then, upon request by the Trustee or substitute Trustee, any and all such deeds, conveyances and instruments shall be made, executed, acknowledged, and delivered and shall be caused to be recorded and/or filed by Grantor.

8.3.6. Any substitute Trustee appointed pursuant to any of the provisions hereof shall, without any further act, deed, or conveyance, become vested with all the estates, properties, rights, powers, and trusts of its or his predecessor in the rights hereunder with like effect as if originally named as Trustee herein; but nevertheless, upon the written request of Grantee or of the

substitute Trustee, the Trustee ceasing to act shall execute and deliver any instrument transferring to such substitute Trustee, upon the trusts herein expressed, all the estates, properties, rights, powers, and trusts of the Trustee so ceasing to act, and shall duly assign, transfer and deliver any of the property and moneys held by such Trustee to the substitute Trustee so appointed in the Trustee's place.

8.3.7. By accepting or approving anything required to be observed, performed, or fulfilled or to be given to Trustee or Grantee pursuant to the Financing Documents, including without limitation, any officer's certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal, or insurance policy, neither Trustee nor Grantee shall be deemed to have warranted, consented to, or affirmed the sufficiency, legality, effectiveness, or legal effect of the same, or of any term, provision, or condition thereof, and such acceptance or approval thereof shall not be or constitute any warranty or affirmation with respect thereto by Trustee or Grantee.

SECTION 8.4. Indemnity. GRANTOR SHALL INDEMNIFY, DEFEND, PROTECT AND HOLD HARMLESS GRANTEE AND TRUSTEE, THEIR RESPECTIVE PARENTS, SUBSIDIARIES, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, AND ASSIGNS FROM AND AGAINST AND DOES HEREBY RELEASE GRANTEE AND TRUSTEE FROM ANY AND ALL LIABILITY, DAMAGE, LOSS, COST, OR EXPENSE (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES AND EXPENSES), ACTION, PROCEEDING, CLAIM OR DISPUTE INCURRED OR SUFFERED BY THE FOREGOING PARTIES SO INDEMNIFIED WHETHER OR NOT AS THE RESULT OF THE NEGLIGENCE OR GROSS NEGLIGENCE (BUT NOT THE WILLFUL MISCONDUCT, FRAUD OR BAD FAITH) OF ANY PARTY SO INDEMNIFIED, WHETHER VOLUNTARILY OR INVOLUNTARILY INCURRED OR SUFFERED, IN RESPECT OF THE FOLLOWING:

(i) ANY LITIGATION CONCERNING THIS DEED OF TRUST, THE OTHER FINANCING DOCUMENTS OR THE MORTGAGED PROPERTY, OR ANY INTEREST OF GRANTOR OR GRANTEE THEREIN, OR THE RIGHT OF OCCUPANCY THEREOF BY GRANTOR OR GRANTEE, WHETHER OR NOT ANY SUCH LITIGATION IS PROSECUTED TO A FINAL, NON APPEALABLE JUDGMENT;

(ii) ANY DISPUTE, INCLUDING DISPUTES AS TO THE DISBURSEMENT OF PROCEEDS OF THE BOND NOTE NOT YET DISBURSED, AMONG OR BETWEEN ANY OF THE CONSTITUENT PARTIES OR OTHER PARTNERS OR VENTURERS OF GRANTOR IF GRANTOR IS A GENERAL OR LIMITED PARTNERSHIP, OR AMONG OR BETWEEN ANY EMPLOYEES, OFFICERS, DIRECTORS, SHAREHOLDERS, MEMBERS OR MANAGERS OF GRANTOR IF GRANTOR IS A CORPORATION OR LIMITED LIABILITY COMPANY, OR AMONG OR BETWEEN ANY MEMBERS, TRUSTEES OR OTHER RESPONSIBLE PARTIES IF GRANTOR IS AN ASSOCIATION, TRUST OR OTHER ENTITY;

(iii) ANY ACTION TAKEN OR NOT TAKEN BY GRANTEE OR TRUSTEE WHICH IS ALLOWED OR PERMITTED UNDER THIS DEED OF TRUST OR ANY OF THE OTHER FINANCING DOCUMENTS RELATING TO GRANTOR, THE MORTGAGED PROPERTY, ANY CONSTITUENT PARTIES OR OTHERWISE IN CONNECTION WITH THE FINANCING DOCUMENTS, INCLUDING WITHOUT LIMITATION, THE PROTECTION OR ENFORCEMENT OF ANY LIEN, SECURITY INTEREST OR OTHER RIGHT, REMEDY OR RECOURSE CREATED OR AFFORDED BY THIS DEED OF TRUST OR THE OTHER FINANCING DOCUMENTS;

(iv) ANY ACTION BROUGHT BY GRANTEE OR TRUSTEE AGAINST GRANTOR UNDER THIS DEED OF TRUST OR THE OTHER FINANCING DOCUMENTS, WHETHER OR NOT SUCH ACTION IS PROSECUTED TO A FINAL, NON APPEALABLE JUDGMENT; AND

(v) ANY AND ALL LOSS, DAMAGE, COSTS, EXPENSE, ACTION, CAUSES OF ACTION, OR LIABILITY (INCLUDING REASONABLE ATTORNEYS' FEES AND COSTS) DIRECTLY OR INDIRECTLY ARISING FROM OR ATTRIBUTABLE TO THE USE, GENERATION, MANUFACTURE, PRODUCTION, STORAGE, RELEASE, THREATENED RELEASE, DISCHARGE, DISPOSAL, OR PRESENCE OF A HAZARDOUS SUBSTANCE ON, IN, UNDER OR ABOUT THE MORTGAGED PROPERTY, WHETHER KNOWN OR UNKNOWN AT THE TIME OF THE EXECUTION HEREOF, INCLUDING WITHOUT LIMITATION (A) ALL FORESEEABLE CONSEQUENTIAL DAMAGES OF ANY SUCH USE, GENERATION, MANUFACTURE, PRODUCTION, STORAGE, RELEASE, THREATENED RELEASE, DISCHARGE, DISPOSAL, OR PRESENCE, AND (B) THE COSTS OF ANY REQUIRED OR NECESSARY ENVIRONMENTAL INVESTIGATION OR MONITORING, ANY REPAIR, CLEANUP, OR DETOXIFICATION OF THE MORTGAGED PROPERTY, AND THE PREPARATION AND IMPLEMENTATION OF ANY CLOSURE, REMEDIAL, OR OTHER REQUIRED PLANS.

GRANTEE AND/OR TRUSTEE MAY EMPLOY AN ATTORNEY OR ATTORNEYS TO PROTECT OR ENFORCE ITS RIGHTS, REMEDIES AND RECOURSES UNDER THIS DEED OF TRUST AND THE OTHER FINANCING DOCUMENTS, AND TO ADVISE AND DEFEND GRANTEE AND/OR TRUSTEE WITH RESPECT TO ANY SUCH ACTIONS AND OTHER MATTERS. GRANTOR SHALL REIMBURSE GRANTEE AND/OR TRUSTEE FOR THEIR RESPECTIVE REASONABLE ATTORNEYS' FEES AND EXPENSES (INCLUDING EXPENSES AND COSTS FOR EXPERTS) IMMEDIATELY UPON RECEIPT OF A WRITTEN DEMAND THEREFOR, WHETHER ON A MONTHLY OR OTHER TIME INTERVAL, AND WHETHER OR NOT AN ACTION IS ACTUALLY COMMENCED OR CONCLUDED. ALL OTHER REIMBURSEMENT AND INDEMNITY OBLIGATIONS HEREUNDER SHALL BECOME DUE AND PAYABLE WHEN ACTUALLY INCURRED BY GRANTEE AND/OR TRUSTEE. ANY PAYMENTS NOT MADE WITHIN TEN (10) DAYS AFTER WRITTEN DEMAND THEREFOR SHALL BEAR INTEREST AT THE

DEFAULT RATE FROM THE DATE OF SUCH DEMAND UNTIL FULLY PAID. THE PROVISIONS OF THIS SECTION 8.4 SHALL SURVIVE REPAYMENT OF THE INDEBTEDNESS AND PERFORMANCE OF THE OBLIGATIONS, THE RELEASE OF THE LIEN OF THIS DEED OF TRUST, ANY FORECLOSURE (OR ACTION IN LIEU OF FORECLOSURE), THE TRANSFER BY GRANTOR OF ANY OR ALL OF ITS RIGHT, TITLE AND INTEREST IN OR TO THE PROPERTY AND THE EXERCISE BY GRANTEE OF ANY AND ALL REMEDIES SET FORTH HEREIN OR IN THE OTHER FINANCING DOCUMENTS.

SECTION 8.5. Purpose of Loan. This Deed of Trust is given pursuant to the Financing Documents and secures Grantor's obligations to pay the Indebtedness as described herein and as advanced under the Financing Documents, to pay the costs of acquiring, rehabilitating, improving and equipping the Development, among other purposes set forth in the Financing Documents.

SECTION 8.6. Extended Low-Income Housing Commitment. The Grantor and Grantee agree that the lien of this Deed of Trust shall be subordinate to any extended low-income housing commitment (as such term is defined in Section 42(h)(6)(B) of the Internal Revenue Code) (the "**Extended Use Agreement**") recorded against the Mortgaged Property; provided that such Extended Use Agreement, by its terms, must terminate upon foreclosure under this Deed of Trust or upon a transfer of the Mortgaged Property by instrument in lieu of foreclosure or comparable conversion of the Loan, in accordance with Section 42(h)(6)(E) of the Internal Revenue Code. The Grantor acknowledges and agrees that any default, Event of Default, or breach (however such terms may be defined) under the Extended Use Agreement shall be an Event of Default under this Deed of Trust and that any costs, damages or other amounts, including reasonable attorneys' fees, incurred by the Grantee as a result of an Event of Default by the Grantor and any amounts paid to cure any default under the Extended Use Agreement, shall be an obligation of the Grantor and become a part of the Indebtedness secured by this Deed of Trust.

SECTION 8.7. Subordination. Except as provided in that certain Priority and Subordination Agreement (the "**Subordination Agreement**") dated as of the date hereof among the Lender, Grantor, Grantee, Trustee, and the other parties thereto, the liens and security interests hereby granted and conveyed by Grantor to Grantee against the Mortgaged Property are subordinate to the First Mortgage and shall remain subordinate to the First Mortgage regardless of the frequency or manner of renewal, extension, change or alteration of the First Mortgage or the Immediate Mortgage Loan secured by the First Mortgage. By its acceptance of this Deed of Trust, the Grantee agrees to the subordination of this Deed of Trust to the First Mortgage and to the foregoing provisions and to the provisions of the Subordination Agreement.

SECTION 8.8. Entire Agreement. THIS INSTRUMENT, AND THE OTHER FINANCING DOCUMENTS CONTAIN THE FINAL, ENTIRE AGREEMENT BETWEEN THE PARTIES HERETO RELATING TO THE SUBJECT MATTER HEREOF AND THEREOF AND ALL PRIOR AGREEMENTS, WHETHER WRITTEN OR ORAL, RELATIVE HERETO AND THERETO WHICH ARE NOT CONTAINED HEREIN OR THEREIN ARE SUPERSEDED AND TERMINATED HEREBY, AND THIS INSTRUMENT, AND THE OTHER FINANCING DOCUMENTS MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS

OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMOUNT THE PARTIES HERETO.

[Signature Page Follows]

EXHIBIT A
LEGAL DESCRIPTION

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

SUBORDINATE SHORT TERM FOURTH
MULTIFAMILY DEED OF TRUST,
SECURITY AGREEMENT AND FIXTURE FILING

from

YELLOWSTONE BOULEVARD LLC,
Grantor,

to

BRIAN T. JENSEN,
Trustee,

for the benefit of
U.S. BANK, NATIONAL ASSOCIATION

and

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,
together, Grantee

Dated as of January 1, 2019

Relating to:

[\$2,880,000]
Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(Park Yellowstone) Series 2019

THIS SECURITY INSTRUMENT IS TO BE FILED AND INDEXED IN THE REAL ESTATE RECORDS AND IS ALSO TO BE INDEXED IN THE INDEX OF FINANCING STATEMENTS UNDER THE NAMES OF GRANTOR AS "DEBTOR" AND GRANTEE AS "SECURED PARTY." THIS INSTRUMENT SHALL ALSO BE EFFECTIVE FROM THE DATE OF ITS RECORDING AS A FINANCING STATEMENT FILED AS A FIXTURE FILING WITH RESPECT TO ALL GOODS CONSTITUTING PART OF THE PROPERTY WHICH ARE OR ARE TO BECOME FIXTURES

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**SUBORDINATE SHORT TERM FOURTH
MULTIFAMILY DEED OF TRUST,
SECURITY AGREEMENT AND FIXTURE FILING**

This SUBORDINATE SHORT TERM FOURTH MULTIFAMILY DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING, dated as of January 1, 2019 (as the same may be amended, modified or supplemented from time to time, this “**Deed of Trust**”), by Yellowstone Boulevard LLC, a Texas limited liability company (together with its successors and assigns, “**Grantor**” or “**Borrower**”), having its principal office at c/o Vesta Corporation, 175 Powder Forest Drive, Weatogue, CT 06089, to Brian T. Jensen and his successors and assigns (the “**Trustee**”), for the benefit of U.S. BANK, NATIONAL ASSOCIATION, as trustee (together with any successor trustee under the Indenture described below and their respective successors and assigns, the “**Bond Trustee**”), a national banking association organized and existing under the laws of the United States of America, having offices at 13737 Noel Road, Suite 800, Dallas, TX 75240, and TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (the “**Issuer**” and, together with the Bond Trustee, the “**Grantee**”), a public and official agency of the State of Texas having offices at 221 East 11th Street, Austin, TX 78701.

W I T N E S S E T H:

WHEREAS, the Issuer is authorized by the provisions of Chapter 2306, Texas Government Code, as amended (the “**Act**”), to issue one or more series of its revenue bonds and loan the proceeds thereof to finance residential rental housing facilities for individuals and families of low, very low and extremely low income and families of moderate income; and

WHEREAS, by proceedings adopted pursuant to and in accordance with the provisions of the Act, the Issuer has authorized the issuance of its Multifamily Housing Revenue Bonds (Park Yellowstone) Series 2019, in the original aggregate principal amount of \$[2,880,000] (the “**Bonds**”) pursuant to a Trust Indenture between the Issuer and the Bond Trustee dated as of the date hereof (as the same may be modified, amended or supplemented from time to time, the “**Indenture**”); and

WHEREAS, Grantor proposes to borrow an amount equal to the aggregate principal amount of the Bonds (the “**Bond Loan Amount**”) from the Issuer pursuant to that certain Loan Agreement dated as of January 1, 2019 by and among the Issuer, as lender, the Bond Trustee, the and Grantor (as the same may be amended, modified or supplemented from time to time, the “**Loan Agreement**”); and

WHEREAS, Grantor has executed and delivered to the Issuer that certain promissory note dated the Closing Date (as the same may be amended, modified or supplemented from time to time, the “**Bond Note**”), which evidences the portion of the Bond Loan Amount corresponding to the aggregate principal amount of the Bonds (the “**Bond Loan**”) being \$[2,880,000] being made to the Grantor pursuant to the Loan Agreement; and

WHEREAS, the proceeds of the Bond Loan will be utilized by Grantor to pay the costs of acquiring, rehabilitating and equipping a multifamily rental housing development known as Park Yellowstone (the “**Development**”); and

WHEREAS, the Bond Note provides that the Bond Loan matures on the final maturity date of the Bonds, being _____ 1, 20__ (the “**Maturity Date**”), upon which date all of the outstanding and unpaid principal and interest under the Bond Note will be due and payable; and

WHEREAS, simultaneously with the issuance of the Bonds, the Issuer has determined to issue and sell its \$[12,500,000] Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN) (the “**Long Term Bonds**”) issued under and pursuant to an Indenture of Trust dated as of the date hereof (the “**Long Term Indenture**”) by and between the Issuer and the Bond Trustee and to use the proceeds thereof to make one or more separate loans to the Borrower to provide additional funds necessary for the acquiring, rehabilitating and equipping the Development; and

WHEREAS, the Issuer requires that this Deed of Trust be executed and delivered as a condition to making the Bond Loan and as security for the Grantor’s obligations under the Loan Agreement.

GRANTING CLAUSES

NOW, THEREFORE, in consideration of the sum of TEN DOLLARS (\$10.00) and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, in order to secure the payment of the Indebtedness (as hereinafter defined), and any other sums payable under the Financing Documents (as hereinafter defined); and to secure the performance and observance of all other provisions of the Financing Documents, Grantor hereby grants, bargains, sells, warrants, conveys, assigns, sets over and confirms to Trustee, in trust for the benefit of Grantee, with power of sale, and grants to Grantee a security interest and lien in, all of the following (all of which is hereinafter collectively referred to as the “**Mortgaged Property**”):

I. The fee simple interest of Grantor in those certain tract(s) or parcel(s) of land (the “**Land**”), being situated in Harris County, Texas, being more fully described as set forth in Exhibit A attached hereto and hereby referred to and incorporated herein for all purposes, together with all right, title and interest of the Grantor, including any after-acquired right, title or reversion, in and to the beds of the ways, streets, avenues and alleys adjoining the Land subject to the Permitted Encumbrances, and all Improvements;

II. The fee simple interest of Grantor in all (i) buildings and other improvements and additions thereto now erected or hereafter constructed or placed upon the Land or any part thereof (the “**Improvements**”); (ii) the name or names, if any, as may now or hereafter be used for each Improvement or otherwise in connection with the Land, and the books and records and good will associated therewith, and all licenses, permits, and approvals in connection with the construction and operation of the Improvements; and (iii) refrigerators, dishwashers, air conditioners, microwave ovens, washers, dryers, exercise equipment, lawn care equipment, pool equipment and furniture, devices, apparatus, interior improvements, appurtenances, heating, electrical, mechanical, lighting, plumbing, ventilating, air conditioning, refrigerating, incinerating and elevator equipment and systems, stoves, ranges, vacuum cleaning systems, call systems, sprinkler systems and other fire prevention and extinguishing apparatus and materials, motors, machinery, pipes, appliances, fittings, fixtures, equipment and building materials of every kind and nature whatsoever now or hereafter attached to or placed in or upon the Land or the Improvements, or

any part thereof, or used or procured for use in connection with the operation of the Land or the Improvements or any business conducted thereon (except for fixtures and personal property that are at any time the property of Space Tenants, as hereinafter defined), all of the foregoing items set forth in this clause (iii), except as aforesaid, hereinafter collectively called the “**Equipment**”;

III. All screens, awnings, shades, blinds, curtains, draperies, carpets, rugs, furniture, furnishings, decorations, chattels and other personal property now or hereafter in, on or at said Land (except for trade fixtures, furniture and furnishings that are at any time the property of Space Tenants), all of the foregoing, except as aforesaid, hereinafter collectively called the “**Furnishings**”;

IV. All unearned premiums, accrued, accruing or to accrue under insurance policies now or hereafter obtained, or caused to be obtained, by Grantor and all proceeds of the conversion, voluntary or involuntary, of the Mortgaged Property or any part thereof into cash or liquidated claims, including, without limitation, proceeds of casualty insurance, title insurance or any other insurance maintained on the Land, the Improvements, the Equipment or the Furnishings or any part of any thereof (collectively, “**Proceeds**”) and all awards and other compensation (collectively “**Awards**”) heretofore and hereafter made to the present and all subsequent owners of the Land, the Improvements, the Equipment or the Furnishings or any part of any thereof by any governmental or other lawful authorities for the taking by eminent domain, condemnation or otherwise, of all or any part thereof or any easement or other right therein, including Awards for any change of grade of streets, all of which Proceeds and Awards are hereby assigned to Grantee;

V. If applicable pursuant to Section 4.1 hereof, all of the rents, issues, income, receipts, revenues, benefits and profits of the Mortgaged Property (collectively, the “**Rents**”), including all leases, subleases, occupancy agreements, licenses, franchises and appurtenances now or hereafter entered into covering any part of the Mortgaged Property, including all interest of Grantor as landlord in and to any of the same, including, without limitation, the interest of Grantor in and to all cash, promissory notes and securities deposited thereunder and the right to receive and collect the Rents and any other sums payable thereunder, all of which are hereby assigned to Grantee;

VI. All rights under any easement or related agreements and all royalties and rights appertaining to the use and enjoyment of the Land, including, without limitation, alley, vault, drainage, mineral, ditch, reservoir, water, oil and gas rights, if any, together with any and all other rights, privileges and interests appurtenant thereto or used in connection with the Land or the Improvements, whether existing now or hereafter acquired;

VII. All construction contracts, subcontracts, architectural agreements, labor, material and payment bonds, guarantees and warranties, plans and specifications, and permits and approvals relating to the construction of the Improvements, whether now or hereafter existing;

VIII. All books, records and good will associated with the Land and the Improvements, all logos, trademarks and tradenames used in connection with the Land and Improvements, all management contracts now in effect or hereafter entered into, and all extensions, renewals and replacements thereof, and all permits, licenses and approvals for the operation of the Improvements;

IX. Upon foreclosure under this Deed of Trust, all tax credits or abatement certificates under Federal, State or local law arising out of or related to the Mortgaged Property and all of the Grantor's title and interest in and to any instrument, document or agreement relating thereto, including, without limitation, any regulatory agreement relating to the leasing of individual units comprising the Mortgaged Property; and

X. All extensions, improvements, betterments, substitutions and replacements of, and all additions and appurtenances to, the Land, the Improvements, the Equipment and the Furnishings, hereafter acquired by or released to Grantor or constructed, assembled or placed on the Land, and all conversions of the security constituted thereby immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further mortgage, conveyance, assignment or other act by Grantor, shall become subject to the lien of this Deed of Trust as fully and completely, and with the same effect, as though now owned by Grantor and specifically described herein.

TO HAVE AND TO HOLD the Mortgaged Property, together with all rights, hereditaments and appurtenances in any wise appertaining or belonging thereto, unto Trustee, its substitutes or its successors and assigns, forever for the uses set forth herein, and Grantor hereby binds itself and its successors and assigns to warrant and forever defend the Mortgaged Property unto Trustee, its substitutes or successors and assigns, against the claim or claims of all Persons claiming or to claim the same or any part thereof.

ARTICLE I

CERTAIN DEFINITIONS

In addition to other definitions contained herein, the following terms shall have the meanings set forth below, unless the context of this Deed of Trust otherwise requires. All other capitalized terms used herein which are defined in either the Indenture or the Loan Agreement, and not defined herein, shall have the respective meanings ascribed thereto in the Indenture or Loan Agreement, unless otherwise expressly provided or unless the context otherwise requires.

(a) "Condemnation" means any taking of title, of use, or of any other property interest under the exercise of the power of eminent domain, by any governmental body or by any person acting under governmental authority.

(b) "Default Rate" shall mean a per annum rate of interest equal to the lower of (a) 12% per annum, or (b) the Maximum Amount.

(c) "Development" shall have the meaning ascribed to such term in the recitals to this Deed of Trust.

(d) "Due and Payable" shall mean (i) when used with reference to the Indebtedness, or when referring to any and all other sums secured by this Deed of Trust, due and payable, whether at the monthly or other date of payment as specified in the Loan Agreement or other Financing Documents, and (ii) when used with reference to Impositions, the last day upon which any such charge may be paid without penalty or interest and without becoming a lien upon the Mortgaged Property.

(e) “Environmental Laws” shall mean and include each and every federal, state or local statute, regulation or ordinance or any judicial or administrative decree, policy, guidance or decision, whether now existing or hereafter enacted, promulgated or issued, governing or relating to the protection of the environment, natural resources and human health and safety, with respect to any Hazardous Substances (as hereinafter defined), Environmentally Sensitive Areas (as hereinafter defined), drinking water, groundwater, wetlands, landfills, open dumps, storage tanks, underground storage tanks, solid waste, waste water, storm water run-off, waste emissions, wells or radon.

(f) “Environmentally Sensitive Area” shall mean (i) a wetland or other “water of the United States” for purposes of the Clean Water Act or other similar area regulated under any State Environmental Law, (ii) a floodplain or other flood hazard area as defined pursuant to any applicable State Environmental Law, (iii) a portion of the coastal zone for purposes of the Federal Coastal Zone Management Act, or (iv) any other area, development of which is specifically restricted under applicable Environmental Laws by reason of its physical characteristics or prior use.

(g) “Event of Default” shall mean each of the events and circumstances described as such in Section 6.1 hereof.

(h) “Financing Documents” shall mean this Deed of Trust, the Loan Agreement, and the Regulatory Agreement.

(i) “Governmental Authority” means any federal, state, county, municipal or local government or any department, commission, board, legislature or office thereof, having or claiming jurisdiction over the Mortgaged Property.

(j) “Hazardous Substances” shall mean each and every element, compound, chemical mixture, contaminant, pollutant, material, waste or other substance which is defined, determined or identified as hazardous or toxic under any Environmental Law, including, without limitation, asbestos, asbestos-containing materials, poly-chlorinated biphenyls, urea foam formaldehyde insulation, radon and lead-based paint.

(k) “Impositions” shall mean all duties, taxes, water and sewer rents, rates and charges, assessments (including, but not limited to, all assessments for public improvement or benefit), charges for public utilities, excises, levies, licenses and permit fees and other charges, ordinary or extraordinary, whether foreseen or unforeseen, of any kind and nature, whatsoever, which prior to or during the term of this Deed of Trust will have been or may be laid, levied, assessed or imposed upon or become due and payable out of or in respect of, or become a lien on, the Mortgaged Property or any part thereof or appurtenances thereto, or which are levied or assessed against the rent and income received by Grantor from the Space Leases (as hereinafter defined) by virtue of any present or future law, order or ordinance of the United States of America or of any state, county or local government or of any department, office of bureau thereof or of any other Governmental Authority.

(l) “Indebtedness” shall mean and include all payments, sums, charges, obligations and liabilities of Grantor due or to become due at any time under the Loan

Agreement, and all other sums, charges, obligations and liabilities of Grantor due or to become due at any time to Grantee under this Deed of Trust, or any other Financing Document.

(m) “Land” shall mean that certain parcel of land more particularly described in Exhibit A annexed hereto and incorporated herein, including all and singular, the easements, rights, privileges, tenements, hereditaments and appurtenances (including air rights) thereunto belonging or in any way appertaining thereto, and the reversion and the remainder thereof; and all of the estate, right, title, interest, claim or demand of Grantor therein and in and to any land lying in the bed of any street, road or avenue, open or proposed, thereof, either at law or in equity, in possession or expectancy, now or hereafter acquired and in all strips and gores therein or adjoining thereto, the air space and right to use said air space thereinabove and all rights of ingress and egress by motor vehicles to parking facilities thereon or therein.

(n) “Maximum Amount” shall mean the maximum amount permitted to be charged under applicable usury laws or other applicable laws relating to the payment of interest from time to time in effect including, without limitation, Chapter 1204 of the Texas Government Code.

(o) “Mortgage Loan” shall have the meaning set forth in the Long Term Indenture.

(p) “Net Proceeds”, when used with respect to any Condemnation awards or insurance proceeds allocable to the Development, means the gross proceeds from Condemnation or insurance remaining after payment of all reasonable expenses (including attorneys’ fees) incurred in the collection of such gross proceeds.

(q) “Permitted Encumbrances” shall mean, collectively, the mortgage on the Development securing the Mortgage Loan (the “**First Mortgage**”), the Regulatory Agreement, those liens, easements, rights of way, covenants, restrictions, encumbrances and other matters affecting title to the Mortgaged Property set forth in Schedule B of the mortgagee policy of title insurance insuring this Deed of Trust (or commitment to issue such policy in existence as of the date of this Deed of Trust) and any other liens, easements, rights of way, covenants, restrictions, encumbrances and other matters affecting title to the Mortgaged Property approved in writing by the Grantee.

(r) “Person” shall mean any natural person, firm, partnership, association, corporation, trust, or public body.

(s) “Regulatory Agreement” shall mean the Regulatory and Land Use Restriction Agreement, dated as of the date hereof, by and among the Issuer, the Bond Trustee and the Borrower, as amended or supplemented from time to time.

(t) “Space Lease” shall mean any lease, sublease, license, concession agreement or any other form of agreement, however denominated, granting the right to use and occupy the Mortgaged Property, or any portion thereof, and all renewals, extensions, modifications, amendments and other agreements affecting the same.

(u) “Space Tenant” shall mean the tenant or other user or occupant of part or all of the Mortgaged Property under any Space Lease.

(v) “Spill” shall mean any release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, storing, escaping, leaching, dumping, or discarding, burying, abandoning, or disposing into the environment.

(w) “State” shall mean the state in which the Land is located.

(x) “Threat of Spill” shall mean a substantial likelihood of a Spill which requires action to prevent or mitigate damage to the environment which may result from such Spill.

ARTICLE II

PARTICULAR COVENANTS OF GRANTOR

Grantor covenants and agrees as follows:

SECTION 2.1. Payment of Indebtedness. Grantor shall duly and punctually pay to Issuer and/or to Bond Trustee, as applicable, as and when Due and Payable, the Indebtedness.

SECTION 2.2. Warranty of Title. Grantor warrants that (a) it is the lawful owner the Land and all of the Mortgaged Property; (b) the Mortgaged Property is free and clear of all deeds of trust, deeds to secure debt, mortgages, liens, charges and encumbrances whatsoever except for the Permitted Encumbrances; (c) except as provided in Section 4.1 hereof, Grantor has not heretofore assigned the Rents; (d) it will maintain and preserve the lien and priority of this Deed of Trust until the Indebtedness has been paid in full and all other obligations owing to Grantee by Grantor in connection with the Loan have been satisfied; (e) it has good right and lawful authority to mortgage and assign the Mortgaged Property as provided in and by this Deed of Trust; and (f) except for the Permitted Encumbrances, it will warrant and defend the same against any and all claims and demands whatsoever.

SECTION 2.3. No Defaults. Grantor represents and warrants that no Event of Default or event which, with the giving of notice or passage of time, would constitute an Event of Default exists under the provisions of this Deed of Trust or the other Financing Documents with respect to the Grantor or the Mortgaged Property or in the performance of any of the terms, covenants, conditions or warranties hereof or thereof on the part of Grantor to be performed or observed.

SECTION 2.4. To Pay Impositions. Grantor will pay or cause to be paid as and when due and payable all Impositions levied upon the Mortgaged Property or any part thereof and, within fifteen (15) days after the payment thereof, will deliver to Grantee receipts evidencing the payment or bonding of all such Impositions. Notwithstanding the foregoing, if by law, any Imposition may at the option of the taxpayer be paid in installments (whether or not interest shall accrue on the unpaid balance thereof), Grantor shall have the right, provided that no Event of Default shall then exist under this Deed of Trust or any other of the Financing Documents, to exercise such option and to cause to be paid or to pay the same (and any accrued interest on the unpaid balance of such

Imposition) in installments, as they fall due, and before any fine, penalty, further interest or cost may be added thereto.

SECTION 2.5. To Maintain Priority of Lien. Grantor will maintain this Deed of Trust as a valid lien on the Mortgaged Property, and Grantor will not, directly or indirectly, create or suffer or permit to be created, or to stand against the Mortgaged Property or any portion thereof, or against the Rents therefrom and will promptly discharge, any lien or charge whatsoever other than the Permitted Encumbrances, whether prior to, upon a parity with, or junior to the lien of this Deed of Trust; provided, however, that nothing herein contained shall require Grantor to pay or cause to be paid any Imposition prior to the time the same shall become due and payable. Grantor will keep and maintain the Mortgaged Property, and every part thereof, free from all liens of Persons supplying labor and materials in connection with the construction, alteration, repair, improvement or replacement of the Improvements, the Equipment or the Furnishings. If any such liens shall be filed against the Mortgaged Property, or any part thereof, Grantor shall immediately release or discharge the same of record, by payment, bonding or otherwise, or otherwise provide security satisfactory to Grantee in Grantee's sole discretion, within fifteen (15) days after the filing thereof. In the event that Grantor fails to make payment of or bond over, such liens, Grantee may make payment thereof, and any amounts paid by Grantee as a result thereof, together with interest thereon at the Default Rate from the date of payment by Grantee, shall be immediately due and payable by Grantor to Grantee and until paid, shall be added to and become a part of the Indebtedness, and shall have the benefit of the lien hereby created as a part thereof prior to any right, title or interest in or claim upon the Mortgaged Property attaching or accruing subsequent to the lien of this Deed of Trust. Grantor shall deliver to Grantee, upon request, all receipts or other satisfactory evidence of the payment of taxes, assessments, charges, claims, liens or any other item which, if unpaid, may cause any such lien to be filed against the Mortgaged Property.

SECTION 2.6. To Pay Recording Fees, Taxes and Other Charges. Grantor will pay all filing, registration or recording fees, and all costs and expenses of Grantee, including without limitation, reasonable attorneys' fees actually incurred and disbursements, title insurance premiums, search fees and survey costs, incident to or in connection with the preparation, execution, delivery or acknowledgment of this Deed of Trust, any supplement hereto, any security instrument with respect to any collateral relating to the Loan and any instrument of further assurance, and all federal, state, county and municipal stamp taxes and other taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Bond Note, this Deed of Trust, any supplement hereto, any security instrument with respect to any collateral relating to the Loan, the other Financing Documents, or any instrument of further assurance.

SECTION 2.7. Maintenance of Mortgaged Property; Covenants Against Waste; Inspection by Grantee. Grantor will not commit or permit physical waste on the Mortgaged Property and will keep and maintain at its own expense the Improvements, the Equipment and the Furnishings in a condition and state of repair such that each of the same shall meet or surpass the requirements of any applicable Governmental Authority and customary standards in the general area set by buildings of similar type, age and function for attractiveness of appearance, cleanliness and general soundness of condition, but in any event consistent with multifamily housing projects of a similar type and purpose. Grantor shall do all such further maintenance and repair work as may be required under the Space Leases and applicable law. Grantor will neither do nor permit to

be done anything to the Mortgaged Property that may impair the value thereof or which may violate any covenant, condition or restriction affecting the same, or any part thereof, or permit any change therein or in the condition or use thereof which could increase the danger of fire or other hazard arising out of the construction or operation thereof. The Improvements shall not be removed or demolished (except for tenant improvements), without the prior written consent of Grantee. The Equipment and Furnishings shall not be removed without the prior written consent of the Grantee, except where appropriate replacements free of superior title, liens or claims are immediately made having a value at least equal to the value of the items removed. Grantee and its authorized employees and agents, may enter and inspect the Mortgaged Property at any time upon advance notice during usual business hours, and Grantor shall, within fifteen (15) business days after demand by Grantee (or immediately upon demand in case of emergency), commence such repairs, replacements, renewals or additions, or perform such items of maintenance, to the Mortgaged Property as the Grantee may, in its sole reasonable discretion, require in order to cause the Mortgaged Property to comply with the above standards, shall diligently make the same and shall complete the same as promptly as practicable.

SECTION 2.8. After-Acquired Property. All right, title and interest of Grantor in and to all improvements, betterments, renewals, substitutes and replacements of, and all additions, accessions and appurtenances to, the Mortgaged Property hereafter acquired, constructed, assembled or placed by Grantor on the Land, and all conversions of the security constituted thereby, immediately upon such acquisition, construction, assembly, placement or conversion, as the case may be, and in each such case without any further mortgage, conveyance or assignment or other act of Grantor, shall become subject to the lien of this Deed of Trust as fully and completely, and with the same effect, as though now owned by Grantor and specifically described in the Granting Clauses hereof, but at any time and at all times Grantor, on demand, will execute, acknowledge and deliver to Grantee any and all such further assurances, mortgages, conveyances or assignments thereof as Grantee may require in its sole discretion for the purpose of expressly and specifically subjecting the same to the liens and security interests of this Deed of Trust.

SECTION 2.9. Further Assurances. Grantor shall, at its sole cost and without expense to Grantee, on demand, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignment, transfers and assurances as Grantee shall from time to time require in its sole discretion for better assuring, conveying, assigning, transferring, confirming and perfecting unto Grantee the property and rights hereby conveyed, mortgaged or assigned or intended now or hereafter so to be, or which Grantor may be or may hereafter become bound to convey, mortgage or assign to Grantee, or for carrying out the intention or facilitating the performance of the terms of this Deed of Trust, or for filing, registering or recording this Deed of Trust; provided that in no event shall any such further act increase or expand the liability of the Grantor.

SECTION 2.10. Status of Grantor. Grantor shall not without the prior written consent of Grantee: (a) change its name; (b) change its state of organization through dissolution, merger, transfer of assets or otherwise; or (c) change its type of organization through conversion, reorganization or otherwise.

SECTION 2.11. Recorded Instruments. Grantor will promptly perform and observe, or cause to be performed and observed, all of the terms, covenants and conditions of all instruments

of record affecting the Mortgaged Property. Grantor shall do or cause to be done all things required to preserve intact and unimpaired and to renew any and all rights-of-way, easements, grants, appurtenances, privileges, licenses, franchises and other interests and rights in favor of or constituting any portion of the Mortgaged Property. Other than Permitted Encumbrances, Grantor will not, without the prior written consent of the Grantee, initiate, join in or consent to any private restrictive covenant or other public or private restriction as to the use of the Mortgaged Property other than the Extended Use Agreement described in Section 8.6 hereof. Grantor shall, however, and shall cause all Space Tenants to, comply with all lawful restrictive covenants and zoning ordinances and other public or private restrictions affecting the Mortgaged Property and other laws and ordinances of any Governmental Authority affecting the Mortgaged Property.

SECTION 2.12. Environmental Provisions. Grantor hereby represents, warrants and covenants that:

2.12.1. (a) No condition, activity or conduct exists on or in connection with the Mortgaged Property which constitutes a violation of any Environmental Laws; (b) there has been no Spill or Threat of Spill of any Hazardous Substances on, upon, into or from the Mortgaged Property nor, to Grantor's knowledge, a Spill which, through soil or groundwater migration, could reasonably be expected to come to be located on the Mortgaged Property; (c) there are no existing or closed underground or aboveground storage tanks on the Mortgaged Property; (d) there are no existing or closed sanitary landfills, solid waste disposal sites, or hazardous waste treatment, storage or disposal facilities on or affecting the Land; (e) no notice has been issued to Grantor by any agency, authority, or unit of government that Grantor has been identified as a potentially responsible party under any Environmental Laws; (f) no portion of the Mortgaged Property constitutes an Environmentally Sensitive Area; (g) there exists no investigation, action, proceeding, or claim by any Governmental Authority or by any third party which could result in any liability, penalty, sanction, or judgment under any Environmental Laws with respect to any condition, use or operation of the Mortgaged Property; (h) there has been no claim by any party that any use, operation, or condition of the Mortgaged Property has caused any nuisance or any other liability or adverse condition on any other property; and (i) Grantor need not obtain any permit or approval for any part of the Development and need not notify any federal, state or local governmental authority having jurisdiction of the Development regarding any part of the Development pursuant to any Environmental Laws.

2.12.2. Grantor shall: (a) comply with and cause all activities at the Mortgaged Property to comply with all Environmental Laws; (b) not store or dispose of (except in compliance with all Environmental Laws pertaining thereto), nor Spill or allow the Spill of any Hazardous Substances on the Property; (c) neither directly nor indirectly transport or arrange for the transport of any Hazardous Substances (except in compliance with all Environmental Laws pertaining thereto); (d) neither install nor permit to be installed any temporary or permanent tanks for storage of any liquid or gas above or below ground except after obtaining written permission from the Grantee to do so and in compliance with Environmental Laws; and (e) comply with all terms and conditions of all permits, authorizations, approvals, waivers, judgments or decrees or notices from Governmental Authorities issued or sent pursuant to Environmental Laws.

2.12.3. Grantor, promptly upon the written request of Grantee from time to time (but no more frequently than once per calendar year) shall provide Grantee, at Grantor's sole cost

and expense, with an environmental site assessment or environmental audit report, or an update of such an assessment or report, all in scope, form and content reasonably satisfactory to the Grantee.

2.12.4. In the event of any Spill or Threat of Spill affecting the Mortgaged Property, whether or not the same originates or emanates from the Mortgaged Property or any contiguous real estate, or if Grantor or the Mortgaged Property otherwise shall fail to comply with any of the requirements of Environmental Laws, Grantee may at its election, but without the obligation so to do, give such notices, cause such work to be performed at the Mortgaged Property and take any and all other actions as Grantee shall reasonably deem necessary or advisable in order to remedy said Spill or the conditions constituting a Threat of Spill or cure said failure of compliance and any amounts paid as a result thereof, together with interest thereon at the Default Rate from the date of payment by Grantee, shall be immediately due and payable by Grantor to Grantee and until paid shall be added to and become a part of the Indebtedness and shall have the benefit of the lien hereby created as a part thereof prior to any right, title or interest in or claim upon the Mortgaged Property attaching or accruing subsequent to the lien of this Deed of Trust.

2.12.5. Grantor covenants and agrees to conduct representative radon sampling in the Improvements on the Land to determine whether indoor radon levels are below the United States Environmental Protection Agency's recommended threshold of 4.0pCi/L. In the event that said radon sampling results reveal indoor radon levels in excess of 4.0pCi/L, Grantor covenants and agrees to implement radon mitigation techniques to reduce or prevent the build-up or migration of radon in the Improvements on the Land. In the event that radon mitigation is required to be implemented, Grantor further covenants and agrees to conduct radon sampling in the Improvements on the Land following such implementation to confirm that the radon mitigation techniques have succeeded in reducing or preventing the build-up of radon in the Improvements on the Land to below the United States Environmental Protection Agency's recommended threshold of 4.0pCi/L. In the event that such radon sampling results reveal that levels of radon in the Improvements on the Land are still in excess of the above-referenced United States Environmental Protection Agency threshold, Grantor covenants and agrees to undertake any additional measures necessary to reduce radon levels in the Improvements on the Land and bring the Mortgaged Property into compliance with applicable Environmental Laws. Notwithstanding the foregoing, if the Grantor satisfies the radon mitigation requirements contained in the First Mortgage loan documents (if any), then Grantor will be deemed to have satisfied the requirements set forth in this paragraph.

2.12.6. The Grantor shall comply with the Environmental Laws and regulations with respect to on-site wetlands, including, but not limited to obtaining, complying with and maintaining any wetland permits, wetland permit requirements, development restrictions, setback and/buffers, habitat protection and mitigation requirements.

2.12.7. The Grantor shall handle any subsurface contamination encountered at the Land during the course of rehabilitation in accordance with a site-specific Health and Safety Plan developed in accordance with Environmental Laws and other applicable federal, state and local laws, rules and regulations, and any such contamination shall be remediated and disposed of in accordance with Environmental Laws and other applicable federal, state and local laws, rules and regulations.

SECTION 2.13. Mold Coverage. In the event that Grantor is covered by a commercial general liability insurance policy which contains an exclusion for loss or damage caused by mold, dangerous fungi, bacterial or microbial matter, contamination or pathogenic organisms that reproduce through the release of spores or the splitting of cells (collectively, “**Mold**”) or a property insurance policy which contains an exclusion for loss or damage caused by Mold, in connection with another covered peril (e.g., Mold in connection with water damage caused by a storm or fire), Grantor shall demonstrate to the satisfaction of Grantee that such insurance without the aforementioned exclusions is not available at ordinary and customary insurance rates and either: (i) Grantor shall demonstrate to the satisfaction of Grantee that the potential risk for loss or damage caused by Mold, fungus, moisture, microbial contamination or pathogenic organisms at the Mortgaged Property is minimal because of precautionary measures or techniques to be utilized in the construction or rehabilitation of the Improvements, including without limitation, the use of vapor barriers or other liners to limit the growth and reproduction of Mold; or (ii) Grantor shall implement a moisture management and control program (the “**Moisture Management Program**”) for the Improvements at the Mortgaged Property to prevent the occurrence of Mold, at, on or under the Mortgaged Property, which Moisture Management Program shall include, at a minimum: (a) periodic inspections of the Improvements at the Mortgaged Property for Mold, (b) removing or cleaning up any Mold in a manner consistent with best industry practices and utilizing an experienced remediation contractor acceptable to and approved by Grantee, and (c) in the event that the Mold identified at the Improvements at the Mortgaged Property cannot be removed or cleaned from any impacted building materials (e.g., porous materials such as carpeting, certain types of ceiling materials, etc.) and/or equipment, removing all such impacted building materials and/or equipment from the Mortgaged Property, all in accordance with the procedures set forth in the United States Environmental Protection Agency’s (“**EPA**”) guide entitled “Mold Remediation in Schools and Commercial Buildings”, EPA No. 402-K-01-001, dated March 2001, and in a manner consistent with best industry practices and utilizing an experienced remediation contractor acceptable to and approved by Grantee. Grantor further covenants and agrees that, in connection with any mold remediation undertaken by or on behalf of Grantor hereunder, the source (e.g., leaking pipe, water damage, water infiltration, etc.) of any Mold at the Improvements at the Mortgaged Property shall be promptly identified and corrected to prevent the occurrence or re-occurrence of any Mold. Notwithstanding the foregoing, if the Grantor satisfies the mold mitigation requirements contained in the First Mortgage loan documents (if any), then Grantor will be deemed to have satisfied the requirements set forth in this paragraph.

ARTICLE III

CASUALTY AND CONDEMNATION

SECTION 3.1. Casualty.

3.1.1. If any of the Improvements, Equipment or Furnishings shall be damaged or destroyed, in whole or part, by fire or other casualty, Grantor shall give prompt notice thereof to Grantee. The Grantee are hereby authorized and empowered by Grantor, to settle, adjust or compromise in a commercially reasonable manner any and all claims for loss, damage or destruction under any policy of insurance.

3.1.2. Subject to the provisions of the First Mortgage loan documents (if any), any Net Proceeds received as payment for any loss under any insurance policies required to be maintained by Grantor in accordance with this Section shall be applied in accordance with the Financing Documents.

3.1.3. Subject to the provisions of the First Mortgage loan documents (if any), in the event of the happening of any casualty of any kind or nature, ordinary or extraordinary, foreseen or unforeseen (including any casualty for which insurance was not obtainable), resulting in damage to or destruction of the Mortgaged Property or any part thereof, if Grantee elects to apply any Net Proceeds received by it in connection with such casualty towards the restoration of the Mortgaged Property, Grantor shall promptly, whether or not the Net Proceeds, if any, shall be sufficient for the purpose, commence and diligently continue to restore, repair and rebuild the Mortgaged Property as nearly as possible to its value, condition and character immediately prior to such damage or destruction.

SECTION 3.2. Condemnation.

3.2.1. Grantor shall promptly notify Grantee if Grantor shall become aware of the threat or institution of any proceeding or negotiations for the taking of the Mortgaged Property, or any part thereof, whether for permanent or temporary use and occupancy in condemnation or by the exercise of the power of eminent domain or by agreement of interested parties in lieu of such condemnation (all the foregoing herein called a “**taking**”); and shall keep Grantee currently advised, in detail, as to the status of such proceedings or negotiations and will promptly give to Grantee copies of all notices, pleadings, judgments, determinations and other papers received or delivered by Grantor therein. Grantor will not, without the Grantee’s prior written consent, enter into any agreement for the taking of the Mortgaged Property, or any part thereof, with anyone authorized to acquire the same by eminent domain or in condemnation.

3.2.2. In the event of any such taking, the Net Proceeds payable in connection therewith shall be applied in accordance with the Financing Documents.

3.2.3. In the event of the happening of any permanent taking, provided that Grantee elects to apply any Net Proceeds received by it in connection with such taking towards the restoration of the Mortgaged Property, Grantor shall promptly, whether or not the Net Proceeds, if any, shall be sufficient for the purpose, commence and diligently continue to restore, repair and rebuild the portion of the Mortgaged Property not subject to the taking as nearly as possible to its value, condition and character immediately prior to such taking.

ARTICLE IV

ASSIGNMENT OF SPACE LEASES AND RENT

SECTION 4.1. Assignment of Space Leases and Rents. Contemporaneously with the execution of this Deed of Trust, Grantor has assigned its interests in the Space Leases and Rents to the Lender (as defined herein) in the First Mortgage to secure the payment of the Mortgage Loan. In the event of the payment of the Mortgage Loan and release of the First Mortgage without the release of this Deed of Trust, Grantor hereby grants, conveys, assigns, transfers and sets over

to Grantee to be effective as of the date of the release of the First Mortgage, the Space Leases now or hereafter entered into by Grantor with respect to all or any part of the Mortgaged Property, and all renewals, extensions, subleases or assignments thereof and all other occupancy agreements (written or oral), by concession, license or otherwise, together with all of the Rents and proceeds arising therefrom and from the Mortgaged Property pursuant to and in accordance with the provisions of Chapter 64 of the Texas Property Code.

ARTICLE V

SECURITY AGREEMENT UNDER UNIFORM COMMERCIAL CODE

SECTION 5.1. Security Agreement. It is the intent of the parties hereto that this Deed of Trust shall constitute a Security Agreement within the meaning of the Uniform Commercial Code of the State (the "UCC") with respect to so much of the Mortgaged Property as is considered or as shall be determined to be of the type in which a security interest can be created under Article 9 of the UCC, together with all replacements thereof, substitutions therefor or additions thereto (the "Collateral"), and that a security interest shall attach thereto for the benefit of Grantee to secure the Indebtedness and all other sums and charges which may become due hereunder or under the Financing Documents. Grantor hereby authorizes Grantee to file financing and continuation statements and amendments thereto with respect to the Collateral without the signature of Grantor, if same is lawful; otherwise Grantor agrees to execute such financing and continuation statements and amendments thereto as Grantee may request. If there shall exist an Event of Default under this Deed of Trust, Grantee, pursuant to the appropriate provisions of the UCC, shall have the option of proceeding as to both real and personal property in accordance with its rights to both real and personal property, in which event the default provisions of the UCC shall not apply. The parties agree that, in the event Grantee shall elect to proceed with respect to the Collateral separately from the real property, unless a greater period shall then be mandated by the UCC, ten (10) days' notice of the sale of the Collateral shall be reasonable notice. The expenses of retaking, holding, preparing for sale, selling and the like incurred by Grantee shall be assessed against Grantor and shall include, but shall not be limited to, reasonable attorneys' fees, disbursements and other legal expenses incurred by Grantee. Grantor agrees that it will not remove or permit to be removed from the Mortgaged Property any of the Collateral without the prior written consent of Grantee, unless appropriate replacements free of superior title, liens or claims are immediately made having a value at least equal to the value of the items removed. All replacements, renewals and additions to the Collateral shall be and become immediately subject to the security interest of this Deed of Trust and the provisions of this Article. Grantor warrants and represents that all Collateral now is, and that replacements thereof, substitutions therefor or additions thereto, unless Grantee otherwise consents in writing, shall be free and clear of liens, encumbrances or security interests of others created after the date hereof other than Permitted Encumbrances.

From the date of its recording, this Deed of Trust shall be effective as a financing statement filed as a fixture filing with respect to all goods constituting part of the Collateral which are or are to become fixtures related to the real estate described herein. For this purpose, the following information is set forth:

A. Name and Address of Debtor:

Yellowstone Boulevard LLC
c/o Vesta Corporation
175 Powder Forest Drive
Weatogue, CT 06089

With a copy to:

Locke Lord LLP
600 Congress Avenue, Suite 2200
Austin, TX 78701
Attention: Cynthia Bast

B. Name and Address of Secured Party:

U.S. Bank, National Association
13737 Noel Road, Suite 800
Dallas, TX 75240
Attention: Brian T. Jensen

Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701
Attn: Manager of Multifamily Bonds

C. This document covers goods which are or are to become fixtures.

D. State of Debtor's Organization and Organizational Identification No.:
State: Texas
I.D. No.: _____

E. This filing is made in connection with a public finance transaction as described in Sections 9.515(b) and 9.102(a)(68) of the UCC.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

SECTION 6.1. Events of Default Defined. The entire amount of the Indebtedness shall become due, at the option of Grantee, subject to any prepayment premium or penalty provided for in the Loan Agreement, if any, upon the happening of any of the following events (each, individually, an "**Event of Default**" and collectively, "**Events of Default**"):

6.1.1. if Grantor shall fail or neglect to comply with or otherwise perform, keep or observe any term, provision, condition, covenant, warranty or representation contained in this Deed of Trust that is required to be complied with or otherwise performed, kept or observed by Grantor beyond any notice, grace or cure period expressly provided in this Deed of Trust; or

6.1.2. if an “Event of Default” as defined in any of the Financing Documents shall have occurred.

[Grantee hereby agrees that any cure of any Event of Default hereunder made or tendered by the Investor Member shall be deemed to be a cure by the Grantor, and shall be accepted or rejected by the Grantee on the same basis as if made or tendered by the Grantor.]

SECTION 6.2. Remedies. Upon the occurrence of any Event of Default hereunder, Grantee may, without notice, presentment, demand or protest, notice of intent to accelerate, or notice of acceleration, all of which are hereby expressly waived by Grantor to the extent permitted by applicable law, take such action as Grantee deems advisable, to protect and enforce its rights in and to the Mortgaged Property, including, but without limiting the generality of the foregoing, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such manner as Grantee may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of Grantee hereunder, under the other Financing Documents, or at law or in equity:

6.2.1. declare the entire amount of the Indebtedness, together with all accrued and unpaid interest thereon, to be immediately due and payable, and upon such declaration such amounts shall become and be immediately due and payable, anything in this Deed of Trust or the other Financing Documents to the contrary notwithstanding;

6.2.2. after such proceedings as may be required by any applicable law or ordinance and subject to the provisions of Section 8.7 hereof regarding the subordination of this Deed of Trust to the First Mortgage, either in person, or by its agents or attorneys, or by a court-appointed receiver, enter into and upon all or any part of the Mortgaged Property and each and every part thereof and exclude Grantor, its agents and servants wholly therefrom; and having and holding the same, use, operate, manage and control the Mortgaged Property and conduct the business thereof, either personally or by its superintendents, managers, agents, servants, attorneys or the receiver; and upon every such entry, Grantee, at the expense of the Mortgaged Property, from time to time, either by purchase repairs or construction, may maintain and restore the Mortgaged Property and, likewise, may make all necessary or proper repairs, renewals and replacements and such alterations, betterments, additions and improvement thereto and thereon as it may deem advisable; and in every such case Grantee shall have the right to manage and operate the Mortgaged Property and to carry on the business thereof and exercise all rights and powers of Grantor as Grantor’s attorney-in-fact, or otherwise as it shall deem best; and Grantee shall be entitled to collect and receive all Rents and after deducting the expenses of conducting the business thereof and all maintenance, repairs, renewals, replacements, alterations, additions, betterments and improvements and amounts necessary to pay for Impositions, insurance and prior or other proper charges upon the Mortgaged Property or any part thereof, as well as just and reasonable compensation for the services of Grantee and for all attorneys, counsel, agents, clerks, servants and other employees or professionals engaged or employed by it, Grantee shall apply the moneys arising as aforesaid, first to the payment of the Indebtedness, whether or not then matured; next, to the payment of any other sums required to be paid by Grantor under this Deed of Trust; and the balance, if any, shall be turned over to Grantor or such other Person as may be lawfully entitled thereto; or

6.2.3. with or without entry, personally or by its agents or attorneys insofar as applicable:

(a) foreclose this Deed of Trust in accordance with the laws of the State and the provisions hereof, for the entire Indebtedness or for any portion of the Indebtedness or any other sums secured hereby which are then due and payable, subject to the continuing lien of this Deed of Trust for the balance of the Indebtedness not then due, and for such purposes Grantor grants to Trustee for the benefit of Grantee a continuing power of sale of the Mortgaged Property; or

(b) take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in this Deed of Trust or any other Financing Document, or in aid of the execution of any power herein granted, or for any foreclosure hereunder, or for the enforcement of any other appropriate legal or equitable remedy or otherwise as Grantee shall elect.

SECTION 6.3. Foreclosure; No Marshaling of Assets; One Tract; Appointment of Receiver.

6.3.1. Grantee may foreclose this Deed of Trust either by judicial action or by non-judicial foreclosure through the Trustee. In the case of a foreclosure sale, all of the Mortgaged Property may be sold in one parcel, notwithstanding that the proceeds of such sale exceed or may exceed the Indebtedness. Moreover, Grantee shall not be required to proceed hereunder before proceeding against any other security, shall not be required to proceed against other security before proceeding hereunder, and shall not be precluded from proceeding against any or all of any security in any order or at the same time. In the event that this Deed of Trust is foreclosed, Grantor hereby waives and releases any right to have the Mortgaged Property or any part thereof marshaled, and Grantor and Grantee have jointly agreed that the Mortgaged Property is one project and one tract for all purposes legal, economic and all other. Grantor for itself, its successors and assigns irrevocably waives any right it may have in the event of foreclosure to request that the Mortgaged Property be sold as separate tracts pursuant to any applicable law or statute.

6.3.2. Grantee, in any action to foreclose this Deed of Trust or otherwise upon the occurrence and during the continuance of an Event of Default, shall be entitled (and, to the extent permitted under the laws of the State, without notice, without regard to the adequacy of any security for the Indebtedness and without regard to the solvency of any Person liable for the payment thereof) to the appointment of a receiver of the Mortgaged Property and the Rents, if the assignment of Rents pursuant to Section 4.1 hereof is then effective.

6.3.3. Grantor agrees, to the full extent that it may lawfully do so, that in any foreclosure or other action brought by Grantee hereunder, it will not at any time insist upon or plead or in any way take advantage of any appraisal, valuation, stay, extension, redemption or moratorium law now or hereafter in force and effect so as to prevent, hinder or delay the enforcement of the provisions of this Deed of Trust or any right or remedies Grantee may have hereunder or by law.

6.3.4. If Grantor shall default hereunder and Grantee shall elect to accelerate the Indebtedness, Grantor, within five (5) days after demand, will pay over to Grantee, or any receiver appointed in connection with the foreclosure of this Deed of Trust, any and all amounts then held as security deposits under all Space Leases if the assignment of Space Leases pursuant to Section 4.1 hereof is then effective.

6.3.5. Upon the acceleration of the Indebtedness or upon an Event of Default under the Bond Note or Event of Default hereunder, and in addition to all other rights of Grantee provided herein or by law, Grantor shall, on demand of Grantee, surrender possession of the Mortgaged Property to Grantee; and Grantor hereby consents that Grantee may exercise any or all of the rights specified herein. Grantor hereby irrevocably appoints Grantee attorney-in-fact, which appointment shall be coupled with an interest, of Grantor for such purposes. In the event that Grantor is an occupant of the Mortgaged Property, it agrees to vacate and surrender the possession of that portion of the Mortgaged Property which it occupies to Grantee immediately upon the acceleration of the Indebtedness or any Event of Default hereunder; and if Grantor remains in possession, such possession shall be as tenant of Grantee, and Grantor shall pay monthly, in advance, to Grantee or to any receiver appointed to collect the Rents, the fair and reasonable rental value for the use and occupation of any portion of the Mortgaged Property occupied by Grantor, and upon the failure of Grantor to make any such payment, Grantor may be evicted by summary proceedings or otherwise. In case of the appointment of a receiver of the Rents, the covenants of this subsection may be enforced by such receiver.

6.3.6. GRANTOR HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY.

SECTION 6.4. Remedies Cumulative; No Waiver; Etc.

6.4.1. No remedy herein conferred upon or reserved to Grantee is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of Grantee to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or any acquiescence therein; and every power and remedy given by this Deed of Trust to Grantee may be exercised from time to time as often as may be deemed expedient by Grantee. Nothing in this Deed of Trust or in any other Financing Document shall affect the obligation of Grantor to perform its obligations under the Financing Documents.

6.4.2. A waiver in one or more instances of any of the terms, covenants, conditions or provisions hereof, of any Financing Document shall apply to the particular instance or instances and at the particular time or times only, and no such waiver shall be deemed a continuing waiver, but all of the terms, covenants, conditions and other provisions of this Deed of Trust and of the other Financing Documents shall survive and continue to remain in full force and effect; and no waiver shall be effective unless in writing, dated and signed by Grantee.

6.4.3. Grantor hereby waives and renounces all homestead and similar exemption rights with respect to the Mortgaged Property provided for by the Constitution and the laws of the United States and the State as against the collection of the Indebtedness, or any part thereof, or the Financing Documents; and Grantor agrees that where, by the terms of this Deed of

Trust or the other Financing Documents secured hereby, a day is named or a time fixed for the payment of any sum of money or the performance of any agreement, the day and time stated enters into the consideration and is of the essence of the whole agreement between Grantor and Grantee.

SECTION 6.5. No Merger. It is the intention of the parties hereto that if Grantee shall at any time hereafter acquire title to all or any portion of the Mortgaged Property, then and until the Indebtedness has been paid in full, the interest of Grantee hereunder and the lien of this Deed of Trust shall not merge or become merged in or with the estate and interest of Grantee as the holder and owner of title to all or any portion of the Mortgaged Property and that, until such payment, the estate of Grantee in the Mortgaged Property and the lien of this Deed of Trust and the interest of Grantee hereunder shall continue in full force and effect to the same extent as if Grantee had not acquired title to all or any portion of the Mortgaged Property. If, however, Grantee shall consent in writing to such merger or such merger shall nevertheless occur without its consent, then this Deed of Trust shall attach to and cover and be a lien upon the fee title or any other estate, title or interest in the premises demised under the leasehold estate acquired by the fee owner and the same shall be considered as granted, released, assigned, transferred, pledged, and set over to Grantee and the lien hereof spread to cover such estate with the same force and effect as though specifically herein granted, released, assigned, transferred, pledged, set over and spread.

ARTICLE VII

PROVISIONS OF GENERAL APPLICATION

SECTION 7.1. Modifications. No change, amendment, modification, cancellation or discharge hereof, or of any part hereof, shall be valid unless in writing, dated and signed by the party against whom such change, amendment, modification, cancellation or discharge is sought to be enforced.

SECTION 7.2. Notices. Except for notices of foreclosure that shall be sent as required by law, all notices, demands, requests, consents, approvals, certificates or other communications hereunder (hereinafter collectively called the “**Notices**”) shall be sufficiently given if given in accordance with the provisions of Section 8.3 of the Loan Agreement. **[A copy of any notice given to the Grantor hereunder shall also be sent concurrently to the Investor Member and the Investor Member shall have the right, but not the obligation, to cure any default on behalf of the Grantor on the same terms provided to the Grantor in this Deed of Trust.]**

SECTION 7.3. Grantee’s Rights to Perform Grantor’s Covenants. If Grantor shall fail to pay or cause payment to be made to Grantee in accordance with the terms of this Deed of Trust, or to perform or observe any other term, covenant, condition or obligation required to be performed or observed by Grantor under this Deed of Trust or any other Financing Document, without limiting any other provision of this Deed of Trust, and without waiving or releasing Grantor from any obligation or default hereunder, without notice to Grantor, Grantee (or any receiver of the Mortgaged Property) shall have the right, but not the obligation, to make any such payment, or to perform any other act or take any appropriate action, including, without limitation, entry on the Mortgaged Property and performance of work thereat, as it, in its sole discretion, may deem necessary to cause such other term, covenant, condition or obligation to be performed or observed on behalf of Grantor or to protect the security of this Deed of Trust. All monies expended by

Grantee in exercising its rights under this Section (including, but not limited to, legal expenses and disbursements), together with interest thereon at the Default Rate from the date of each such expenditure, shall be paid by Grantor to Grantee forthwith upon demand by Grantee, secured by this Deed of Trust and added to and deemed part of the Indebtedness with the benefit of the lien hereby created as a part thereof prior to any right, title or interest in or claim upon the Mortgaged Property attaching or accruing subsequent to the lien of this Deed of Trust.

If Grantor fails to maintain any insurance which is required by any of the Financing Documents, Grantee may obtain the same, but must secure the insurance only in its own name and may insure only its interest in the Mortgaged Property, and in connection with Grantee securing any such insurance, the following notice is given and delivered pursuant to §307.052 of the Texas Finance Code:

NOTICE:

(A) GRANTOR IS REQUIRED TO: (i) KEEP THE PROPERTY INSURED AGAINST DAMAGE IN THE AMOUNT EQUAL TO GRANTOR'S INDEBTEDNESS TO GRANTEE; (ii) PURCHASE THE INSURANCE FROM AN INSURER THAT IS AUTHORIZED TO DO BUSINESS IN THE STATE OF TEXAS OR AN ELIGIBLE SURPLUS LINES INSURER; AND (iii) NAME THE GRANTEE AS THE PERSON TO BE PAID UNDER THE POLICY IN THE EVENT OF LOSS, SUBJECT TO THE FIRST MORTGAGE;

(B) GRANTOR MUST, IF REQUIRED BY GRANTEE, DELIVER TO GRANTEE A COPY OF THE POLICY AND PROOF OF THE PAYMENT OF THE PREMIUMS; AND

(C) IF GRANTOR FAILS TO MEET ANY REQUIREMENT LISTED IN CLAUSE (A) OR (B) ABOVE, GRANTEE MAY OBTAIN COLLATERAL PROTECTION INSURANCE ON BEHALF OF GRANTOR AT GRANTOR'S EXPENSE.

SECTION 7.4. Additional Sums Payable by Grantor. All sums which, by the terms of this Deed of Trust or the other Financing Documents secured hereby, or by the instruments executed and delivered by Grantor to Grantee as additional security for this Deed of Trust and the other Financing Documents, are payable by Grantor to Grantee shall, together with the interest thereon provided for herein or in the other Financing Documents, be secured by this Deed of Trust and added to and deemed part of the Indebtedness and shall have the benefit of the lien hereby created as a part thereof prior to any right, title or interest in or claim upon the Mortgaged Property attaching or accruing subsequent to the lien of this Deed of Trust, whether or not the provision which obligates Grantor to make any such payment to Grantee specifically so states.

SECTION 7.5. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit, enlarge or describe the scope or intent of this Deed of Trust or the construction of any provision hereof.

SECTION 7.6. Successors and Assigns. The covenants and agreements contained in this Deed of Trust shall run with the land and bind Grantor, the heirs, executors, administrators,

principals, legal representatives, successors and assigns of Grantor and each Person constituting Grantor and all subsequent owners, encumbrancers and Space Tenants of the Mortgaged Property, or any part thereof, and shall inure to the benefit of Grantee, its successors and assigns and all subsequent beneficial owners of this Deed of Trust.

SECTION 7.7. Gender and Number. Wherever the context of this Deed of Trust so requires, the neuter gender includes the masculine or feminine gender and the singular number includes the plural.

SECTION 7.8. Severability. In case any one or more of the provisions contained in this instrument shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions hereof, but this Deed of Trust shall be construed as if such invalid, illegal or unenforceable provision had never been included.

SECTION 7.9. Subrogation. Should the proceeds of the Loan be used directly or indirectly to pay off, discharge, or satisfy, in whole or in part, any prior lien or encumbrance upon the Mortgaged Property or any part thereof, then Grantee shall be subrogated to such other lien or encumbrance and to any additional security held by the holder thereof and shall have the benefit of the priority of all of the same.

SECTION 7.10. Incorporation of the Financing Documents. This Deed of Trust has been executed and delivered to secure the Indebtedness pursuant to the Financing Documents, the provisions of which, including, but not limited to, any usury saving provisions in the Loan Agreement, as the same may be amended, modified or supplemented from time to time, are incorporated herein by reference with the same force and effect as if herein fully set forth.

SECTION 7.11. Controlling Law. This Deed of Trust shall be governed by, and construed and enforced in accordance with, the laws of the State of Texas.

ARTICLE VIII

SPECIAL PROVISIONS

SECTION 8.1. Foreclosure—Power of Sale. Grantee may request Trustee to proceed with foreclosure under the power of sale which is hereby conferred, such foreclosure to be accomplished in accordance with the following provisions:

8.1.1. Trustee is hereby authorized and empowered, and it shall be Trustee's special duty, upon such request of Grantee, to sell the Mortgaged Property, or any part thereof, at public auction to the highest bidder for cash, with or without having taken possession of same. Any such sale (including notice thereof) shall comply with the applicable requirements, at the time of the sale, of Chapter 51 of the Texas Property Code, as amended, or, if and to the extent the statutes within said Chapter 51 are not then in force, with the applicable requirements, at the time of the sale, of the successor statute or statutes, if any, governing sales of Texas real property under powers of sale conferred by deeds of trust. If there is no statute in force at the time of the sale governing sales of Texas real property under powers of sale conferred by deeds of trust, such sale

shall comply with applicable law, at the time of the sale, governing sales of Texas real property under powers of sale conferred by deeds of trust.

8.1.2. Subject to any applicable requirements at the time of sale governing sales of Texas real property under the powers of sale conferred by deeds of trust, at any time during the bidding, the Trustee may require a bidding party (A) to disclose its full name, state and city of residence, occupation, and specific business office location, and the name and address of the principal the bidding party is representing (if applicable), and (B) to demonstrate reasonable evidence of the bidding party's financial ability (or, if applicable, the financial ability of the principal of such bidding party), as a condition to the bidding party submitting bids at the foreclosure sale. If any such bidding party (the "**Questioned Bidder**") declines to comply with the Trustee's requirement in this regard, or if such Questioned Bidder does respond but the Trustee deems the information or the evidence of the financial ability of the Questioned Bidder (or, if applicable, the principal of such bidding party) to be inadequate, then the Trustee may continue the bidding with reservation; and in such event (1) the Trustee shall be authorized to caution the Questioned Bidder concerning the legal obligations to be incurred in submitting bids, and (2) if the Questioned Bidder is not the highest bidder at the sale, or if having been the highest bidder the Questioned Bidder fails to deliver the cash purchase price payment promptly to the Trustee, all bids by the Questioned Bidder shall be null and void. The Trustee may determine that a credit bid is in the best interest of Grantor and Grantee, and elect to sell the Mortgaged Property for credit or for a combination of cash and credit; provided, however, (i) the Trustee shall have no obligation to accept any bid except an all cash bid and (ii) the Trustee shall be required to accept the highest bid. In the event the Trustee requires a cash bid and cash is not delivered within a reasonable time after conclusion of the bidding process, as specified by the Trustee, but in no event later than 3:45 p.m. local time on the day of sale, then said contingent sale shall be null and void, the bidding process may be recommenced provided that it is recommenced within the time frame set forth in the Notice of Sale given pursuant to Section 51.002 of the Texas Property Code, and any subsequent bids or sale shall be made as if no prior bids were made or accepted.

8.1.3. In addition to the rights and powers of sale granted under the preceding provisions of this subsection, if an Event of Default shall have occurred hereunder, Grantee may at once or at any time thereafter while an Event of Default is continuing, without declaring the entire Indebtedness to be due and payable, orally or in writing direct Trustee to enforce this trust and to sell the Mortgaged Property subject to such unmaturing Indebtedness and to the rights, powers, liens, security interests, and assignments securing or providing recourse for payment of such unmaturing Indebtedness, in the same manner, all as provided in the preceding provisions of this subsection. Sales made without acceleration of the unmaturing balance of the Indebtedness may be made hereunder whenever an Event of Default shall have occurred and be continuing hereunder, without exhausting the power of sale granted hereby, and without affecting in any way the power of sale granted under this subsection, the unmaturing balance of the Indebtedness or the rights, powers, liens, security interests, and assignments securing or providing recourse for payment of the Indebtedness.

8.1.4. Sale of a part of the Mortgaged Property shall not exhaust the power of sale, but sales may be made from time to time until the Indebtedness is paid in full. It is intended by each of the foregoing provisions of this subsection that Trustee may, after any request or direction by Grantee, sell not only the Land and the Improvements, but also the Equipment and

Furnishings and other interests constituting a part of the Mortgaged Property or any part thereof, along with the Land and the Improvements or any part thereof, as a unit and as a part of a single sale, or may sell at any time or from time to time any part or parts of the Mortgaged Property separately from the remainder of the Mortgaged Property. It shall not be necessary to have present or to exhibit at any sale any of the Mortgaged Property.

8.1.5. After any sale under this subsection, Trustee shall make good and sufficient deeds, assignments, and other conveyances to the purchaser or purchasers thereunder in the name of Grantor, conveying the Mortgaged Property or any part thereof so sold to the purchaser or purchasers with general warranty of title by Grantor. It is agreed that in any deeds, assignments or other conveyances given by Trustee, any and all statements of fact or other recitals therein made as to the identity of Grantee, the occurrence or existence of any Event of Default, the notice of intention to accelerate, or acceleration of, the maturity of the Indebtedness, the request to sell, notice of sale, time, place, terms and manner of sale, and receipt, distribution, and application of the money realized therefrom, the due and proper appointment of a substitute Trustee, and without being limited by the foregoing, any other act or thing having been duly done by or on behalf of Grantee or by or on behalf of Trustee, shall be taken by all courts of law and equity as prima facie evidence that such statements or recitals state true, correct, and complete facts and are without further question to be so accepted, and Grantor does hereby ratify and confirm any and all acts that Trustee may lawfully do in the premises by virtue hereof.

8.1.6. The following shall be the basis for the finder of fact's determination of the fair market value of the Mortgaged Property as of the date of the foreclosure sale in proceedings governed by Sections 51.003, 51.004 and 51.005 of the Texas Property Code (as amended from time to time): (i) the Mortgaged Property shall be valued in an "as is" condition as of the date of the foreclosure sale, without any assumption or expectation that the Mortgaged Property will be repaired or improved in any manner before a resale of the Mortgaged Property after foreclosure; (ii) the valuation shall be based upon an assumption that the foreclosure purchaser desires a resale of the Mortgaged Property for cash promptly (but no later than twelve (12) months) following the foreclosure sale; (iii) all reasonable closing costs customarily borne by the seller in commercial real estate transactions should be deducted from the gross fair market value of the Mortgaged Property, including, without limitation, brokerage commissions, title insurance, a survey of the Mortgaged Property, tax prorations, attorneys' fees, and marketing costs; (iv) the gross fair market value of the Mortgaged Property shall be further discounted to account for any estimated holding costs associated with maintaining the Mortgaged Property pending sale, including, without limitation, utilities expenses, property management fees, taxes and assessments (to the extent not accounted for in (ii) and/or (iii) above), and other maintenance, operational and ownership expenses; and (v) any expert opinion testimony given or considered in connection with a determination of the fair market value of the Mortgaged Property must be given by persons having at least five (5) years' experience in appraising property similar to the Mortgaged Property and who have conducted and prepared a complete written appraisal of the Mortgaged Property taking into consideration the factors set forth above.

SECTION 8.2. Non-Recourse. The monetary obligations of the Grantor under this Deed of Trust shall be non-recourse to the Grantor to the extent provided in Section 5.11 of the Loan Agreement.

SECTION 8.3. Concerning the Trustee.

8.3.1. Trustee shall not be required to take any action toward the execution and enforcement of the trust hereby created or to institute, appear in, or defend any action, suit, or other proceeding in connection therewith where, in Trustee's opinion, such action would be likely to involve Trustee in expense or liability, unless requested so to do by a written instrument signed by Grantee and unless Trustee is tendered security and indemnity satisfactory to Trustee against any and all cost, expense, and liability arising therefrom and if such request is made and such security and indemnity is tendered, the Trustee shall act in accordance with Grantee's request. Trustee shall not be responsible for the execution, acknowledgment, or validity of the Financing Documents, or for the proper authorization thereof, or for the sufficiency of the lien and security interest purported to be created hereby, and Trustee makes no representation in respect thereof or in respect of the rights, remedies, and recourses of Grantee.

8.3.2. With the approval of Grantee, Trustee shall have the right to take any and all of the following actions: (i) to select, employ, and advise with counsel (who may be, but need not be, counsel for Grantee) upon any matters arising hereunder, including the preparation, execution, and interpretation of the Financing Documents, and shall be fully protected in relying as to legal matters on the advice of counsel, (ii) to execute any of the trusts and powers hereof and to perform any duty hereunder either directly or through his agents or attorneys, (iii) to select and employ, in and about the execution of his duties hereunder, suitable accountants, engineers and other experts, agents and attorneys in fact, either corporate or individual, not regularly in the employ of Trustee, and Trustee shall not be answerable for any act, default, negligence, or misconduct of any such accountant, engineer or other expert, agent or attorney in fact, if selected with reasonable care and approved by the Grantee, or for any error of judgment or act done by Trustee in good faith and in accordance with the terms hereof, or be otherwise responsible or accountable under any circumstances whatsoever, except for Trustee's gross negligence or bad faith or failure to act in accordance with the terms hereof, and (iv) any and all other lawful action as Grantee may instruct Trustee to take to protect or enforce Grantee's rights hereunder. Trustee shall not be personally liable in case of entry by Trustee, or anyone entering by virtue of the powers herein granted to Trustee, upon the Mortgaged Property for debts contracted for or liability or damages incurred in the management or operation of the Mortgaged Property. Trustee shall have the right to rely on any instrument, document, or signature authorizing or supporting any action taken or proposed to be taken by Trustee hereunder, believed by Trustee in good faith to be genuine. Trustee shall be entitled to reimbursement for actual, out-of-pocket expenses reasonably incurred by Trustee in the performance of Trustee's duties hereunder and to reasonable compensation for such of Trustee's services hereunder as shall be rendered. Grantor will, from time to time, pay the compensation due to Trustee hereunder and reimburse Trustee for, and save Trustee harmless against, any and all liability and expenses which may be incurred by Trustee in the performance of Trustee's duties.

8.3.3. All moneys received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by applicable law) and Trustee shall be under no liability for interest on any moneys received by Trustee hereunder.

8.3.4. Trustee may resign by the giving of notice of such resignation in writing or verbally to Grantee. If Trustee shall die, resign, or become disqualified from acting in the execution of this trust, or if, for any reason, Grantee shall prefer to appoint a substitute Trustee or multiple substitute Trustees, or successive substitute Trustees or successive multiple substitute Trustees, to act instead of the aforementioned Trustee, Grantee shall have full power to appoint a substitute Trustee (or, if preferred, multiple substitute Trustees) in succession who shall succeed (and if multiple substitute Trustees are appointed, each of such multiple substitute Trustees shall succeed) to all the estates, rights, powers, and duties of the aforementioned Trustee. Such appointment may be executed by any authorized agent of Grantee, and if such Grantee be a corporation and such appointment be executed in its behalf by any officer of such corporation, such appointment shall be conclusively presumed to be executed with authority and shall be valid and sufficient without proof of any action by the board of directors or any superior officer of the corporation. Grantor hereby ratifies and confirms any and all acts which the aforementioned Trustee, or Trustee's successor or successors in this trust, shall do lawfully by virtue hereof. If multiple substitute Trustees are appointed, each of such multiple substitute Trustees shall be empowered and authorized to act alone without the necessity of the joinder of the other multiple substitute Trustees, whenever any action or undertaking of such substitute Trustees is requested or required under or pursuant to this Deed of Trust or applicable law.

8.3.5. Should any deed, conveyance, or instrument of any nature be required from Grantor by any Trustee or substitute Trustee to more fully and certainly vest in and confirm to the Trustee or substitute Trustee such estates, rights, powers, and duties, then, upon request by the Trustee or substitute Trustee, any and all such deeds, conveyances and instruments shall be made, executed, acknowledged, and delivered and shall be caused to be recorded and/or filed by Grantor.

8.3.6. Any substitute Trustee appointed pursuant to any of the provisions hereof shall, without any further act, deed, or conveyance, become vested with all the estates, properties, rights, powers, and trusts of its or his predecessor in the rights hereunder with like effect as if originally named as Trustee herein; but nevertheless, upon the written request of Grantee or of the substitute Trustee, the Trustee ceasing to act shall execute and deliver any instrument transferring to such substitute Trustee, upon the trusts herein expressed, all the estates, properties, rights, powers, and trusts of the Trustee so ceasing to act, and shall duly assign, transfer and deliver any of the property and moneys held by such Trustee to the substitute Trustee so appointed in the Trustee's place.

8.3.7. By accepting or approving anything required to be observed, performed, or fulfilled or to be given to Trustee or Grantee pursuant to the Financing Documents, including without limitation, any officer's certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal, or insurance policy, neither Trustee nor Grantee shall be deemed to have warranted, consented to, or affirmed the sufficiency, legality, effectiveness, or legal effect of the same, or of any term, provision, or condition thereof, and such acceptance or approval thereof shall not be or constitute any warranty or affirmation with respect thereto by Trustee or Grantee.

SECTION 8.4. Indemnity. GRANTOR SHALL INDEMNIFY, DEFEND, PROTECT AND HOLD HARMLESS GRANTEE AND TRUSTEE, THEIR RESPECTIVE

PARENTS, SUBSIDIARIES, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, AND ASSIGNS FROM AND AGAINST AND DOES HEREBY RELEASE GRANTEE AND TRUSTEE FROM ANY AND ALL LIABILITY, DAMAGE, LOSS, COST, OR EXPENSE (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES AND EXPENSES), ACTION, PROCEEDING, CLAIM OR DISPUTE INCURRED OR SUFFERED BY THE FOREGOING PARTIES SO INDEMNIFIED WHETHER OR NOT AS THE RESULT OF THE NEGLIGENCE OR GROSS NEGLIGENCE (BUT NOT THE WILLFUL MISCONDUCT, FRAUD OR BAD FAITH) OF ANY PARTY SO INDEMNIFIED, WHETHER VOLUNTARILY OR INVOLUNTARILY INCURRED OR SUFFERED, IN RESPECT OF THE FOLLOWING:

(i) ANY LITIGATION CONCERNING THIS DEED OF TRUST, THE OTHER FINANCING DOCUMENTS OR THE MORTGAGED PROPERTY, OR ANY INTEREST OF GRANTOR OR GRANTEE THEREIN, OR THE RIGHT OF OCCUPANCY THEREOF BY GRANTOR OR GRANTEE, WHETHER OR NOT ANY SUCH LITIGATION IS PROSECUTED TO A FINAL, NON APPEALABLE JUDGMENT;

(ii) ANY DISPUTE, INCLUDING DISPUTES AS TO THE DISBURSEMENT OF PROCEEDS OF THE BOND NOTE NOT YET DISBURSED, AMONG OR BETWEEN ANY OF THE CONSTITUENT PARTIES OR OTHER PARTNERS OR VENTURERS OF GRANTOR IF GRANTOR IS A GENERAL OR LIMITED PARTNERSHIP, OR AMONG OR BETWEEN ANY EMPLOYEES, OFFICERS, DIRECTORS, SHAREHOLDERS, MEMBERS OR MANAGERS OF GRANTOR IF GRANTOR IS A CORPORATION OR LIMITED LIABILITY COMPANY, OR AMONG OR BETWEEN ANY MEMBERS, TRUSTEES OR OTHER RESPONSIBLE PARTIES IF GRANTOR IS AN ASSOCIATION, TRUST OR OTHER ENTITY;

(iii) ANY ACTION TAKEN OR NOT TAKEN BY GRANTEE OR TRUSTEE WHICH IS ALLOWED OR PERMITTED UNDER THIS DEED OF TRUST OR ANY OF THE OTHER FINANCING DOCUMENTS RELATING TO GRANTOR, THE MORTGAGED PROPERTY, ANY CONSTITUENT PARTIES OR OTHERWISE IN CONNECTION WITH THE FINANCING DOCUMENTS, INCLUDING WITHOUT LIMITATION, THE PROTECTION OR ENFORCEMENT OF ANY LIEN, SECURITY INTEREST OR OTHER RIGHT, REMEDY OR RECOURSE CREATED OR AFFORDED BY THIS DEED OF TRUST OR THE OTHER FINANCING DOCUMENTS;

(iv) ANY ACTION BROUGHT BY GRANTEE OR TRUSTEE AGAINST GRANTOR UNDER THIS DEED OF TRUST OR THE OTHER FINANCING DOCUMENTS, WHETHER OR NOT SUCH ACTION IS PROSECUTED TO A FINAL, NON APPEALABLE JUDGMENT; AND

(v) ANY AND ALL LOSS, DAMAGE, COSTS, EXPENSE, ACTION, CAUSES OF ACTION, OR LIABILITY (INCLUDING REASONABLE ATTORNEYS'

FEES AND COSTS) DIRECTLY OR INDIRECTLY ARISING FROM OR ATTRIBUTABLE TO THE USE, GENERATION, MANUFACTURE, PRODUCTION, STORAGE, RELEASE, THREATENED RELEASE, DISCHARGE, DISPOSAL, OR PRESENCE OF A HAZARDOUS SUBSTANCE ON, IN, UNDER OR ABOUT THE MORTGAGED PROPERTY, WHETHER KNOWN OR UNKNOWN AT THE TIME OF THE EXECUTION HEREOF, INCLUDING WITHOUT LIMITATION (A) ALL FORESEEABLE CONSEQUENTIAL DAMAGES OF ANY SUCH USE, GENERATION, MANUFACTURE, PRODUCTION, STORAGE, RELEASE, THREATENED RELEASE, DISCHARGE, DISPOSAL, OR PRESENCE, AND (B) THE COSTS OF ANY REQUIRED OR NECESSARY ENVIRONMENTAL INVESTIGATION OR MONITORING, ANY REPAIR, CLEANUP, OR DETOXIFICATION OF THE MORTGAGED PROPERTY, AND THE PREPARATION AND IMPLEMENTATION OF ANY CLOSURE, REMEDIAL, OR OTHER REQUIRED PLANS.

GRANTEE AND/OR TRUSTEE MAY EMPLOY AN ATTORNEY OR ATTORNEYS TO PROTECT OR ENFORCE ITS RIGHTS, REMEDIES AND RECOURSES UNDER THIS DEED OF TRUST AND THE OTHER FINANCING DOCUMENTS, AND TO ADVISE AND DEFEND GRANTEE AND/OR TRUSTEE WITH RESPECT TO ANY SUCH ACTIONS AND OTHER MATTERS. GRANTOR SHALL REIMBURSE GRANTEE AND/OR TRUSTEE FOR THEIR RESPECTIVE REASONABLE ATTORNEYS' FEES AND EXPENSES (INCLUDING EXPENSES AND COSTS FOR EXPERTS) IMMEDIATELY UPON RECEIPT OF A WRITTEN DEMAND THEREFOR, WHETHER ON A MONTHLY OR OTHER TIME INTERVAL, AND WHETHER OR NOT AN ACTION IS ACTUALLY COMMENCED OR CONCLUDED. ALL OTHER REIMBURSEMENT AND INDEMNITY OBLIGATIONS HEREUNDER SHALL BECOME DUE AND PAYABLE WHEN ACTUALLY INCURRED BY GRANTEE AND/OR TRUSTEE. ANY PAYMENTS NOT MADE WITHIN TEN (10) DAYS AFTER WRITTEN DEMAND THEREFOR SHALL BEAR INTEREST AT THE DEFAULT RATE FROM THE DATE OF SUCH DEMAND UNTIL FULLY PAID. THE PROVISIONS OF THIS SECTION 8.4 SHALL SURVIVE REPAYMENT OF THE INDEBTEDNESS AND PERFORMANCE OF THE OBLIGATIONS, THE RELEASE OF THE LIEN OF THIS DEED OF TRUST, ANY FORECLOSURE (OR ACTION IN LIEU OF FORECLOSURE), THE TRANSFER BY GRANTOR OF ANY OR ALL OF ITS RIGHT, TITLE AND INTEREST IN OR TO THE PROPERTY AND THE EXERCISE BY GRANTEE OF ANY AND ALL REMEDIES SET FORTH HEREIN OR IN THE OTHER FINANCING DOCUMENTS.

SECTION 8.5. Purpose of Loan. This Deed of Trust is given pursuant to the Financing Documents and secures Grantor's obligations to pay the Indebtedness as described herein and as advanced under the Financing Documents, to pay the costs of acquiring, rehabilitating, improving and equipping the Development, among other purposes set forth in the Financing Documents.

SECTION 8.6. Extended Low-Income Housing Commitment. The Grantor and Grantee agree that the lien of this Deed of Trust shall be subordinate to any extended low-income housing

commitment (as such term is defined in Section 42(h)(6)(B) of the Internal Revenue Code) (the “**Extended Use Agreement**”) recorded against the Mortgaged Property; provided that such Extended Use Agreement, by its terms, must terminate upon foreclosure under this Deed of Trust or upon a transfer of the Mortgaged Property by instrument in lieu of foreclosure or comparable conversion of the Loan, in accordance with Section 42(h)(6)(E) of the Internal Revenue Code. The Grantor acknowledges and agrees that any default, Event of Default, or breach (however such terms may be defined) under the Extended Use Agreement shall be an Event of Default under this Deed of Trust and that any costs, damages or other amounts, including reasonable attorneys’ fees, incurred by the Grantee as a result of an Event of Default by the Grantor and any amounts paid to cure any default under the Extended Use Agreement, shall be an obligation of the Grantor and become a part of the Indebtedness secured by this Deed of Trust.

SECTION 8.7. Subordination. The liens and security interests hereby granted and conveyed by Grantor to Grantee against the Mortgaged Property are subordinate to the First Mortgage and shall remain subordinate to the First Mortgage regardless of the frequency or manner of renewal, extension, change or alteration of the First Mortgage or the Mortgage Loan secured by the First Mortgage. By its acceptance of this Deed of Trust, the Grantee agrees to the subordination of this Deed of Trust to the First Mortgage and to the foregoing provisions and to the provisions of that certain Priority and Subordination Agreement dated as of the date hereof among KeyBank Real Estate Capital, as first mortgage lender (the “**Lender**”), Grantor, Grantee, Trustee, and the other parties thereto.

SECTION 8.8. Entire Agreement. THIS INSTRUMENT, AND THE OTHER FINANCING DOCUMENTS CONTAIN THE FINAL, ENTIRE AGREEMENT BETWEEN THE PARTIES HERETO RELATING TO THE SUBJECT MATTER HEREOF AND THEREOF AND ALL PRIOR AGREEMENTS, WHETHER WRITTEN OR ORAL, RELATIVE HERETO AND THERETO WHICH ARE NOT CONTAINED HEREIN OR THEREIN ARE SUPERSEDED AND TERMINATED HEREBY, AND THIS INSTRUMENT, AND THE OTHER FINANCING DOCUMENTS MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMOUNT THE PARTIES HERETO.

[Signature Page Follows]

EXHIBIT A
LEGAL DESCRIPTION

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY __, 2019

NEW ISSUE - BOOK ENTRY ONLY

EXPECTED RATING: S&P "AA+"
See "RATING" herein

In the opinion of Bracewell LLP ("Bond Counsel"), assuming compliance with certain covenants and based on certain representations and as determined separately for each Bond issue, under existing law (i) interest on each Bond issue is excludable from gross income for federal income tax purposes, except with respect to interest on any Bond of such Bond issue for any period during which it is held by a "substantial user" of the related Project or a "related person" of such a "substantial user" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended and (ii) interest on each Bond issue is not an item of tax preference includable in alternative minimum taxable income for purposes of determining a taxpayer's alternative minimum tax liability. See "TAX MATTERS" herein for a discussion of Bond Counsel's opinions.

\$12,500,000*
Texas Department of Housing and Community Affairs
Multifamily Tax-Exempt Bonds
(M-TEMS)
(Park Yellowstone)
Series 2019 (FN)

Dated: January 1, 2019*
Initial Interest Rate: ___%*
Initial Offering Price: 100%

Maturity Date*: January 1, 2036
CUSIP: _____

The Texas Department of Housing and Community Affairs Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN) (the "Bonds") will be issued under and pursuant to an Indenture of Trust, dated as of January 1, 2019 (the "Indenture"), between the Texas Department of Housing and Community Affairs (the "Issuer") and U.S. Bank National Association, as trustee (the "Trustee").

The Bonds are issuable only as fully registered bonds without coupons and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the Bonds. Individual purchases will be made in book-entry form only, in the denominations of \$1,000 and integral multiples of \$1.00 in excess thereof. Purchasers will not receive bonds representing their interest in Bonds purchased.

The Bonds are issued to provide funding to Yellowstone Boulevard, LLC, a Texas limited liability company (the "Borrower") to enable the Borrower to pay a portion of the cost of acquiring, rehabilitating and equipping a low- and moderate income multifamily rental housing facility. Pursuant to the Indenture and the Financing Agreement, dated as of January 1, 2019 (the "Financing Agreement"), by and among the Issuer, the Trustee, and the Borrower, the Borrower will cause, over time, Eligible Funds to be delivered to the Trustee for deposit into the Collateral Fund established under the Indenture, in order to make the Bond proceeds available to the Borrower to pay costs of the Project. It is anticipated that, prior to the delivery of the MBS (as defined below), the principal of and interest on the Bonds will be paid from amounts on deposit in the Revenue Fund, the Bond Proceeds Fund and the Collateral Fund along with the investment earnings thereon. See "SECURITY FOR AND SOURCES OF PAYMENT OF BONDS" herein.

The Borrower has received a Lender Commitment, dated as of _____, 2019* (the "Lender Commitment") from KeyBank Real Estate Capital (the "Lender"), which has agreed to originate one or more mortgage loans as further described below and herein upon and subject to satisfaction of certain conditions set forth in the Lender Commitment. On the Closing Date (as defined herein), the Lender will originate a mortgage loan in the principal amount of \$10,100,000* (the "Immediate Mortgage Loan"), shortly after which by the Federal National Mortgage Association ("Fannie Mae") anticipates that it will deliver, or cause to be delivered, to the Trustee, on or before the Immediate MBS Delivery Date Deadline (as defined herein) a mortgage pass-through certificate (the "Immediate MBS") guaranteed as to timely payment of principal and interest by Fannie Mae, and the Trustee will use Eligible Funds on deposit under the Indenture to purchase the Immediate MBS, if and when issued, and such Immediate MBS will then secure, in part, the payment of the principal of and interest on the Bonds.

In addition, if the Project achieves certain milestones, and subject to the satisfaction of certain conditions set forth in the Lender Commitment, the Lender will originate an additional mortgage loan in an amount not to exceed \$2,400,000* (the "Forward Mortgage Loan" and collectively with the Immediate Mortgage Loan, the "Mortgage Loan"). In the event the Forward Mortgage Loan is originated, Fannie Mae anticipates that it will deliver, or cause to be delivered, to the Trustee on or before the Forward MBS Delivery Date Deadline (as defined herein) a second mortgage pass-through certificate (the "Forward MBS" and collectively with the Immediate MBS, the "MBS") guaranteed as to timely payment of principal and interest by Fannie Mae, and the Trustee will use Eligible Funds on deposit under the Indenture to purchase the Forward MBS, if and when issued, and such Forward MBS will serve as additional security for payment of the principal of and interest on the Bonds.

If either MBS is not delivered on or before the respective MBS Delivery Date Deadline (as defined herein) or is delivered in a principal amount less than the maximum amount of such MBS, then the Trustee will use Eligible Funds on deposit under the Indenture to redeem all or a portion of the Bonds as set forth herein. The Bonds are also subject to mandatory redemption in whole or in part as further described herein. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Redemption" herein.

Additional terms of the Bonds, the Mortgage Loan and the MBS are set forth in the Indenture and described in the Term Sheet attached hereto as Appendix H.

Simultaneously with the issuance of the Bonds, the Issuer is issuing its Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Park Yellowstone), Series 2019 B in the principal amount of \$2,880,000* (the "Short-Term Bonds"), the proceeds of which will be used to make a loan to the Borrower to finance a portion of the acquisition, rehabilitation and equipping of the Project. The Short-Term Bonds are not being offered pursuant to this Official Statement. Closing on the Bonds is contingent on the closing of the Short-Term Bonds.

Prior to the MBS Delivery Date, principal, if due, and interest on the Bonds will be payable monthly on the 26th day of the month, or the next succeeding Business Day if such 26th day is not a Business Day, commencing February 26, 2019*, until and including the 26th day of the month in which the MBS Delivery Date (as defined herein) occurs. Commencing on the first month after the month in which the MBS Delivery Date occurs, principal, if due, and interest will be payable on the first Business Day following receipt of a payment representing principal, if due, and interest under the MBS. Principal and interest on the Bonds are payable by the Trustee to DTC, which will be responsible for remitting such principal and interest to its Participants, which will be responsible for remitting such principal and interest to the Beneficial Owners of the Bonds, as described under "APPENDIX G – BOOK-ENTRY SYSTEM" herein.

THE BONDS, TOGETHER WITH INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY, ARE NOT GENERAL OBLIGATIONS OF THE ISSUER, BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER SECURED BY THE TRUST ESTATE, ARE AND WILL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE (EXCEPT TO THE EXTENT PAID OUT OF MONEYS ATTRIBUTABLE TO PROCEEDS OF THE BONDS OR THE INCOME FROM THE TEMPORARY INVESTMENT THEREOF), AND ARE AND WILL ALWAYS BE A VALID CLAIM OF THE OWNER THEREOF ONLY AGAINST THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE, WHICH REVENUES AND INCOME MAY BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL INSTALLMENTS OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THIS INDENTURE AND IN THE FINANCING AGREEMENT. THE BONDS AND THE OBLIGATION TO PAY INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, DO NOT NOW AND WILL NEVER CONSTITUTE A DEBT OR AN OBLIGATION OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF WILL BE LIABLE THEREFOR. THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR

*Preliminary; subject to change.

This Preliminary Official Statement and certain of the information contained herein is in a form deemed final for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for the omission of certain information permitted to be omitted under Rule 15c2-12(b)(1)). The information herein is subject to revision, completion or amendment in a final Official Statement. The Bonds may not be sold, nor may an offer to buy be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

A LIABILITY OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH, CREDIT, OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT OR ANY OTHER FEDERAL GOVERNMENTAL AGENCY AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES.

The Bonds are offered for delivery when, as and if issued and received by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) and subject to the delivery of the approving legal opinion of Bracewell LLP, Austin, Texas, counsel to the Issuer, and to certain other conditions. Certain legal matters will be passed upon for the Underwriter by its counsel, Tiber Hudson LLC, Washington, D.C.; for the Issuer by its counsel, Mahomes Bolden PC, Dallas, Texas; and for the Borrower by its counsel, Locke Lorde LLP, Austin, Texas. Certain financial advisory services will be provided to the Issuer by George K. Baum & Company. It is expected that the Bonds will be available in book-entry form through the facilities of DTC in New York, New York on or about January __, 2019.

Dated: January __, 2019

STIFEL

No dealer, broker, salesman or other person has been authorized by the Issuer or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

The information set forth herein has been obtained from the Issuer, the Borrower and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Borrower or the Issuer or any other parties described herein since the date as of which such information is presented.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Bonds offered hereby at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Fannie Mae has not reviewed or undertaken to determine the accuracy of any of the information contained in this Official Statement, other than providing a link to the Fannie Mae DUS Disclose Information Center in Appendix A and the Additional Disclosure Addendum in Schedule I of Appendix A, and makes no representation or warranty, express or implied, as to any of the other matters contained in this Official Statement, including, but not limited to (i) the accuracy or completeness of such information, (ii) the suitability of the Bonds for any investor, (iii) the feasibility or performance of any project, (iv) the structure, provisions or terms of the Bonds and any cash flows related thereto, or (v) compliance with any securities, tax or other laws or regulations including but not limited to the validity of the Bonds and the tax-exempt status of the Bonds. Fannie Mae's role with respect to the Bonds is limited to issuing and discharging its obligations under the MBS Security if and when delivered.

No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission (the "Commission") or with any state securities agency. The Bonds have not been approved or disapproved by the Commission or any state securities agency, nor has the Commission or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of the holders of the Bonds. The Issuer is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions.

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OFFICIAL STATEMENT

relating to

\$12,500,000*

**Texas Department of Housing and Community Affairs
Multifamily Tax-Exempt Bonds
(M-TEMS) (Park Yellowstone)
Series 2019 (FN)**

INTRODUCTION

This Official Statement (which includes the cover page and appendices hereto) provides certain information in connection with the issuance and sale of the \$12,500,000* Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN) (the “**Bonds**”) issued the Texas Department of Housing and Community Affairs (the “**Issuer**”). The Bonds will be issued pursuant to the provisions of Chapter 2306, Texas Government Code, as amended (the “**Act**”), and that certain resolution of the Issuer adopted on December 6, 2018 (the “**Resolution**”) and secured by an Indenture of Trust, dated as of January 1, 2019 (the “**Indenture**”), between the Issuer and U.S. Bank National Association, as trustee (the “**Trustee**”). Pursuant to the Indenture and the Financing Agreement, dated as of January 1, 2019 (the “**Financing Agreement**”), among the Issuer, the Trustee, and Yellowstone Boulevard, LLC, a Texas limited liability company (the “**Borrower**”), the Issuer is issuing the Bonds to provide financing for a certain low- and moderate-income multifamily rental housing facility known as Park Yellowstone (the “**Project**”) in the City of Houston, Texas (the “**State**”), as further described in the Term Sheet attached as APPENDIX H to this Official Statement (the “**Term Sheet**”), by using the proceeds thereof to provide financing for the Project and to facilitate the delivery of the MBS (as defined below) guaranteed by Fannie Mae.

The Issuer, the Borrower and Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”) have entered into a Bond Purchase Agreement (the “**Bond Purchase Agreement**”), pursuant to which the Issuer will agree to sell the Bonds to the Underwriter. The transaction entered into under the Bond Purchase Agreement will provide for the issuance and sale to the Underwriter of the Bonds in a specified principal amount, with a specified interest rate, on a specified date and at a specified price. The delivery of the Bonds is subject to the satisfaction of a number of conditions set forth in the Bond Purchase Agreement.

On the Closing Date, the Bonds will be cash-collateralized with the proceeds of the Bonds equal to the principal amount thereof delivered to the Trustee and deposited into the Bond Proceeds Fund established under the Indenture. Pursuant to the Indenture and Financing Agreement, the Borrower, from time to time, will cause Eligible Funds to be delivered to the Trustee for deposit into the Collateral Fund established under the Indenture, which will allow the Trustee to disburse a like amount of Bond proceeds from the Bond Proceeds Fund to the Borrower for Project Costs, pursuant to the terms of the Indenture. Prior to the MBS Delivery Date, the principal of, premium, if any, and interest on the Bonds will be paid from amounts on deposit in the Revenue Fund, the Collateral Fund and the Bond Proceeds Fund, along with the investment earnings thereon. See “SECURITY FOR AND SOURCES OF PAYMENT OF BONDS” herein.

The Borrower has received a Lender Commitment, dated as of _____, 2019 (the “**Lender Commitment**”) from KeyBank Real Estate Capital (the “**Lender**”), which has agreed to originate one or more mortgage loans as further described below and herein upon and subject to satisfaction of certain conditions set forth in the Lender Commitment. On the Closing Date, the Lender will originate a mortgage loan (the “**Immediate Mortgage Loan**”) to the Borrower, secured by a mortgage together constituting a first lien on the Project. See “THE MORTGAGE LOAN” herein.

In the event the Immediate Mortgage Loan is originated, the Trustee will use Eligible Funds on deposit under the Indenture, including in the Bond Proceeds Fund and the Collateral Fund, to purchase a single mortgage pass-through certificate (the “**Immediate MBS**”) guaranteed as to principal and interest by Fannie Mae, if and when issued, and such Immediate MBS, along with amounts on deposit in the Revenue Fund, the Collateral Fund and the Bond

* Preliminary; subject to change.

Proceeds Fund, along with investment earnings thereon, will then secure the payment of the principal of and interest on the Bonds. See “APPENDIX A – FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM” herein.

If the Project achieves certain milestones, and subject to the satisfaction of certain conditions set forth in the Lender Commitment, the Lender will originate an additional mortgage loan (the “**Forward Mortgage Loan**,” and together with the Immediate Mortgage Loan, the “**Mortgage Loan**”). In the event the Forward Mortgage Loan is originated, the Trustee will use Eligible Funds on deposit under the Indenture including the Bond Proceeds Fund and the Collateral Fund to purchase a second single mortgage pass-through certificate (the “**Forward MBS**,” and together with the Immediate MBS, the “**MBS**”) guaranteed as to principal and interest by Fannie Mae, if and when issued, and such Forward MBS will serve as additional security for the payment of the principal of and interest on the Bonds.

The closing of the Mortgage Loan and delivery of the MBS are subject to the satisfaction of certain requirements and preconditions and does not extend to the benefit of any other third party, including the beneficial owners of the Bonds, the Issuer or the Trustee. No representations or assurances can be provided as to whether or not such conditions can or will be satisfied.

If either MBS is not delivered on or before the respective MBS Delivery Date Deadline (as defined herein) or is delivered in a principal amount less than the maximum amount of such MBS, then the Trustee will use Eligible Funds on deposit under the Indenture to redeem the Bonds as set forth in the Indenture. The Bonds are also subject to mandatory redemption in whole or in part as further described herein. See “DESCRIPTION OF THE BONDS — Mandatory Redemption of Bonds.”

All capitalized terms used in this Official Statement that are defined in the Indenture shall have the respective meanings set forth in the Indenture. See “APPENDIX B — DEFINITIONS OF CERTAIN TERMS.”

Following each MBS Delivery Date (as defined herein), the principal amount of the Bonds Outstanding will equal the then-current principal amount of the MBS, which will equal the product of the original aggregate principal amount of the Mortgage Loan and the then-applicable factor posted by Fannie Mae as the Mortgage Loan amortizes or is otherwise prepaid (the “**Related Factor**”). Related Factors with respect to MBSs are currently published by Fannie Mae <https://mbsdisclosure.fanniemae.com/PoolTalk2/index.html>.

The interest rate on the Bonds is set forth in the Term Sheet (the “**Pass-Through Rate**”). Prior to the MBS Delivery Date, interest on the Bonds will be payable monthly on the 26th day of the month, or the next succeeding Business Day if such 26th day is not a Business Day, commencing February 26, 2019,* until and including the 26th day of the month in which the MBS Delivery Date occurs. Commencing in the first month after the month in which the MBS Delivery Date occurs, interest on the Bonds is payable on the Business Day following receipt of an interest payment under the MBS and principal on the Bonds is payable on the Business Day following receipt of a principal payment or repayment under the MBS. On and after the Immediate MBS Delivery Date, payments on the MBS will be remitted to the Trustee. The payment of interest on each Payment Date shall relate to the interest accrued during the preceding calendar month.

The Bonds are limited obligations of the Issuer, payable solely from and secured by the pledge pursuant to the Indenture as set forth under “SECURITY FOR AND SOURCES OF PAYMENT OF BONDS” herein.

THE BONDS, TOGETHER WITH INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY, ARE NOT GENERAL OBLIGATIONS OF THE ISSUER, BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER SECURED BY THE TRUST ESTATE, ARE AND WILL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE (EXCEPT TO THE EXTENT PAID OUT OF MONEYS ATTRIBUTABLE TO PROCEEDS OF THE BONDS OR THE INCOME FROM THE TEMPORARY INVESTMENT THEREOF), AND ARE AND WILL ALWAYS BE A VALID CLAIM OF THE OWNER THEREOF ONLY AGAINST THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE, WHICH REVENUES AND INCOME MAY BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL INSTALLMENTS OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THIS INDENTURE AND IN THE FINANCING AGREEMENT. THE BONDS AND THE OBLIGATION TO PAY INTEREST THEREON AND

* Preliminary; subject to change.

REDEMPTION PREMIUM, IF ANY, DO NOT NOW AND WILL NEVER CONSTITUTE A DEBT OR AN OBLIGATION OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF WILL BE LIABLE THEREFOR. THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH, CREDIT, OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT OR ANY OTHER FEDERAL GOVERNMENTAL AGENCY AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES.

The Bonds are not general obligations, debt or bonded indebtedness of the Issuer or of the State or any political subdivision thereof (other than of the Issuer, but only to the limited extent set forth in this Indenture) and the Holders of the Bonds do not have the right to have excises or taxes levied by the Issuer or by the State or any political subdivision thereof for the payment of the principal of and any premium and interest on the Bonds. Neither the Issuer nor the State nor any political subdivision of the State will be obligated to pay the principal of and the interest on the Bonds or other costs incident thereto except from the Trust Estate pledged under the Indenture.

Descriptions, certain definitions and final terms of the Bonds, the Borrower, the Project, the Mortgage Loan and the MBS, are included in the Term Sheet. The information included in Term Sheet assumes that the Mortgage Loan is originated in an amount equal to the maximum amount available under the Lender Commitment and that all the conditions set forth in the Lender Commitment have been satisfied and have not been waived or modified. All summaries or descriptions herein of documents and agreements are qualified in their entirety by reference to such documents and agreements and all summaries herein of the Bonds are qualified in their entirety by reference to the Indenture and the provisions with respect thereto included in the aforesaid documents and agreements. Copies of the Indenture and the Financing Agreement are available for inspection at the office of the Trustee. The Borrower will provide certain information on an ongoing basis to the Municipal Securities Rulemaking Board (the “MSRB”). For a description of the Borrower’s undertaking with respect to ongoing disclosure, see “CONTINUING DISCLOSURE” herein.

THE ISSUER

The following information has been provided by the Issuer for use herein. While the information is believed to be reliable, none of the Trustee, the Borrower, the Underwriter, the Lender, Fannie Mae nor any of their respective counsel, members, officers or employees makes any representations as to the accuracy or sufficiency of such information.

The Issuer, a public and official governmental agency of the State and a body corporate and politic, was created pursuant to the Act, effective September 1, 1991. The Issuer is the successor agency to the Texas Housing Agency (the “Agency”) and the Texas Department of Community Affairs, both of which were abolished by the Act and their functions and obligations transferred to the Issuer. One of the purposes of the Issuer is to provide assistance to individuals and families of low and very low income and families of moderate income and persons with special needs to obtain decent, safe and sanitary housing. Pursuant to the Act, the Issuer may issue bonds, notes or other obligations to finance or refinance residential housing and to refund bonds previously issued by the Agency, the Issuer or certain other quasi-governmental issuers. The Act specifically provides that the revenue bonds of the Agency become revenue bonds of the Issuer.

The Issuer is subject to the Texas Sunset Act (Chapter 325, Texas Government Code, as amended, hereinafter referred to as the “Sunset Act”), and its continued existence is subject to a periodic review process that resulted in passage of legislation in the 2013 Texas legislative session which continues the Issuer in existence until September 1, 2025, at which time it will again be subject to review. The Sunset Act, however, recognizes the continuing obligation of the State to provide for the payment of bonded indebtedness incurred by a State agency abolished under the provisions thereof and provides that the Governor will designate an appropriate State agency to continue to carry out all covenants with respect to any bonds outstanding, including the payment of any bonds from the sources provided in the proceedings authorizing such bonds.

In the Act, the State also pledges and agrees with the holders of any bonds issued under the Act (such as the Bonds) that the State will not limit or alter the rights vested in the Issuer to fulfill the terms of any agreements made with the holders thereof that would in any way impair the rights and remedies of such holders until such bonds, together with the interest thereon, interest on any unpaid installments of interest and all costs and expenses incurred in connection with any action or proceeding by or on behalf of such holders are fully met and discharged.

Organization and Membership

Governing Board. The Issuer is governed by a governing board (the “**Board**”) consisting of seven public members appointed by the Governor, with the advice and consent of the State Senate. Board members hold office for six-year staggered terms. Each member serves until his or her successor is appointed and qualified. Each member is eligible for reappointment. Members serve without compensation but are entitled to reimbursement for actual expenses incurred in performing their duties of office. The Act requires the Governor to make appointments so that the places on the Board are occupied by persons who have a demonstrated interest in issues related to housing and support services and who broadly reflect the geographic, economic, cultural and social diversity of the State, including ethnic minorities, persons with disabilities, and women.

The Governor designates a member of the Board to serve as the presiding officer (the “**Chair**”) of the Board at the pleasure of the Governor. The Chair presides at all meetings and performs such other duties as may be prescribed from time to time by the Board and by the Act. In addition, the members of the Board elect one of its members as assistant presiding officer (the “**Vice Chair**”) to perform the duties of the Chair when the Chair is not present or is incapable of performing such duties. The Board also elects a Secretary and a Treasurer (which offices may be held by one individual, neither of which is required to be a Board member) to perform the duties prescribed by the Board.

One seat on the Board is currently vacant. The current members of the Board, their occupations and their terms of office are as follows:

J.B. GOODWIN, Chair and Board Member. CEO of JB Goodwin Realtors, Austin, Texas. His term expires on January 31, 2021.

LESLIE BINGHAM ESCAREÑO, Vice Chair and Board Member. Chief Executive Officer of Valley Baptist Medical Center-Brownsville, Brownsville, Texas. Her term expires January 31, 2019.

PAUL A. BRADEN, Board Member. Head of Public Finance and Partner with Norton Rose Fulbright, Dallas, Texas. His term expires January 31, 2023.

ASUSENA RESÉNDIZ of Dallas/Fort Worth, Texas. Member of U.S. Global Leadership Coalition Texas Advisory Council. Her term expires January 31, 2019.

SHARON THOMASON, Board Member. President of Lubbock Land Company, Lubbock, Texas. Her term expires January 31, 2021.

LEO VASQUEZ, Board Member. Executive Vice President of Cadeco Industries and related companies, Houston, Texas. His term expires January 31, 2023.

All of the Board members have been appointed by the Governor and confirmed by the State Senate. Texas law requires that confirmations of any such appointment be considered at the next legislative session, whether regular or special. Pursuant to Article XVI, Section 17, of the Texas Constitution, any Board member whose term has expired continues to serve until his or her successor has been appointed.

Administrative Personnel. The Act provides that the Issuer is to be administered by an Executive Director to be employed by the Board with the approval of the Governor. The Executive Director serves at the pleasure of the Board but may also be removed by a newly elected Governor who did not approve the Executive Director’s appointment by action taken within 90 days after such Governor takes office. The Executive Director is responsible for administering the Issuer and its personnel. The Executive Director may employ other employees necessary for the

discharge of the duties of the Issuer, subject to the annual budget and the provisions of any resolution authorizing the issuance of the Issuer's bonds.

Currently, the Issuer has 280 employees. The following is a biographical summary of certain of the Issuer's senior staff members who have responsibility with respect to multi-family housing bond matters:

TIMOTHY IRVINE, Executive Director. Mr. Irvine joined the Issuer in January 2009, as Chief of Staff. On September 16, 2011, the Issuer selected Mr. Irvine to serve as Executive Director. He has responsibility for the oversight of all of the Issuer's activities. His previous experience includes serving as general counsel for several large financial institutions, general counsel of the Texas Savings and Mortgage Lending Department, Executive Director of the Issuer's Manufactured Housing Division, Administrator at the Texas Real Estate Commission, and Commissioner of the Texas Appraiser Licensing and Certification Board. He obtained his B.A. from Claremont McKenna College, and M.A. from Claremont Graduate University, and a J.D. from Willamette University. He has also practiced as a partner in a major law firm.

MONICA GALUSKI, Director of Bond Finance and Chief Investment Officer. Ms. Galuski has over 20 years of experience in municipal finance, including 14 years as a single-family housing banker. She oversees the Department's Single Family and Multifamily Mortgage Revenue Bond Programs, including bond issuance, debt and portfolio management, and bond compliance and disclosure. Ms. Galuski received a Bachelor of Science in Financial Management from Arizona State University.

JAMES "BEAU" ECCLES, General Counsel. J. Beau Eccles joined the Issuer in June 2015 as its General Counsel and is responsible for coordination of all internal and external legal counsel for the Issuer. Before joining the Issuer, Mr. Eccles served as an Assistant Texas Attorney General for thirteen years, including five years as Deputy Chief, then two years as Chief, of the General Litigation Division. Mr. Eccles is a graduate of the Texas Tech School of Law and received his B.A. from the University of Texas at Austin.

The offices of the Issuer are located at 221 East 11th Street, Austin, Texas 78701-2410, and the telephone number for the Issuer is 512/475-3800 or toll-free 800/525-0657.

THE BONDS, TOGETHER WITH INTEREST THEREON, ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES, RECEIPTS AND SECURITY PLEDGED THEREFOR UNDER THE INDENTURES. NONE OF THE UNITED STATES OF AMERICA, THE STATE, THE ISSUER, OR ANY OTHER POLITICAL SUBDIVISION OR BODY CORPORATE AND POLITIC OF THE STATE OR ANY AGENCY OF THE UNITED STATES OF AMERICA OR ANY ISSUER THEREOF, WILL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER OF THE ISSUER, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS WILL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF THE UNITED STATES OF AMERICA, THE STATE, THE ISSUER, OR ANY OTHER POLITICAL SUBDIVISION OR BODY CORPORATE AND POLITIC OF THE STATE, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE BONDS ARE NOT AN OBLIGATION, DEBT OR LIABILITY OF THE STATE, AND DO NOT CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH, CREDIT, OR TAXING POWER OF THE STATE.

Other Indebtedness of the Issuer

Single Family Mortgage Revenue Bonds. Since 1979, the year of creation of the Agency, through July 31, 2018, there have been issued by the Agency or the Issuer thirty-six series of Residential Mortgage Revenue Bonds, two series of GNMA Collateralized Home Mortgage Revenue Bonds, fifty-eight series of Single Family Mortgage Revenue Bonds, four series of Junior Lien Single Family Mortgage Revenue Bonds, eleven series of Collateralized Home Mortgage Revenue Bonds, and ten series of Single Family Mortgage Revenue Bonds (Collateralized Home Mortgage Revenue Bonds). As of July 31, 2018, the aggregate outstanding principal amount of bonded indebtedness of the Issuer for single-family purposes was \$462,930,948.

Multifamily Housing Revenue Bonds. The Issuer and the Agency, through July 31, 2018, have issued two hundred twenty-seven series of multifamily housing revenue bonds which have been issued pursuant to separate trust indentures and are secured by individual trust estates which are separate and distinct from each other. As of July 31, 2018, the aggregate outstanding principal amount of multifamily housing revenue bonds was \$938,189,389.

DESCRIPTION OF THE BONDS

General

The Bonds will be issued in the denominations of \$1,000 and integral multiples of \$1.00 in excess thereof. The Bonds are issuable only as fully registered bonds without coupons and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only. Purchasers will not receive bonds representing their interest in the Bonds purchased. See “APPENDIX G — BOOK-ENTRY SYSTEM.”

The Bonds will be dated and have a final maturity date and a final payment date on the respective dates identified in the Term Sheet. The Bonds will bear interest from their dated date at the Pass-Through Rate set forth in the Term Sheet.

Interest on the Bonds will be payable monthly on the 26th day of the month, or the next succeeding Business Day if such 26th day is not a Business Day, commencing February 26, 2019*, to the Bondholders of record at the close of business on the last day of the calendar month prior to the calendar month in which such payment occurs (the “Record Date”), until and including the 26th day of the month in which the MBS Delivery Date occurs. Interest on the Bonds shall be computed for the actual number of days which have elapsed, on the basis of a 360-day year. The payment of interest on each Payment Date shall relate to the interest accrued during the preceding calendar month.

Prior to the MBS Delivery Date, all payments of interest with respect to the Bonds will be paid to the Bondholders by the Trustee from funds held in the Revenue Fund under the Indenture.

Commencing on the first month after the month in which the MBS Delivery Date occurs, on the first Business Day following receipt of a payment representing interest under the MBS, the Trustee will pay to the Bondholders of record as of the applicable Record Date the amount so received as a payment of interest on the Bonds. All payments of interest with respect to the Bonds will be paid to the Bondholders in proportion to the principal amount of each Bond owned by each such owner as set forth on the records of the Trustee as of the Record Date.

Following the MBS Delivery Date, on the first Business Day following receipt of principal payments or repayments under an MBS, the Trustee will pay to the Bondholders of record as of the applicable Record Date the amount so received as a payment of principal on the Bonds. All payments of principal with respect to the Bonds will be paid to the Bondholders in proportion to the principal amount of each Bond owned by each such owner as set forth on the records of the Trustee at the close of business on the Record Date.

So long as Cede & Co. or another nominee designated by DTC is the registered owner of the Bonds, principal and interest on the Bonds are payable by the Trustee to DTC, which will be responsible for remitting such principal and interest to its Participants, which will be responsible for remitting such principal and interest to the Beneficial Owners of the Bonds. See “APPENDIX G — BOOK-ENTRY SYSTEM.”

Transfer of Bonds

While DTC is securities depository for book-entry Bonds, the transfer of beneficial ownership of Bonds shall take place as described in “APPENDIX G — BOOK-ENTRY SYSTEM.” If DTC were to terminate its status as securities depository for the Bonds and, as a result, Bonds were no longer book-entry securities, no transfer of a Bond will be made unless made upon the records of the Issuer kept for that purpose at the corporate trust office of the Trustee, by the registered owner of the Bond or by its attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee. Upon the transfer of any such Bond, the Issuer shall issue and the Trustee shall authenticate and deliver to and in the name of the transferee a new fully

* Preliminary; subject to change.

registered Bond, of the same series, aggregate principal amount, interest rate, maturity and other terms as the surrendered Bond.

At all times, the Issuer and the Trustee may deem and treat the person in whose name any Bond shall be registered upon the records of the Issuer as the absolute owner of such Bond, whether such Bond shall be a book-entry security or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Mandatory Redemption of Bonds

The Bonds are subject to mandatory redemption under the Indenture as follows:

Mandatory Redemption prior to MBS Delivery Date. The Bonds are subject to mandatory redemption in part on any Payment Date prior to the first day of the first month following the MBS Delivery Date in an amount equal to the amount due on the first day of the month in which such Payment Date occurs as shown in the Mortgage Loan Amortization Schedule, payable with respect to principal first, from money on deposit in the Bond Proceeds Fund and second, from money on deposit in the Collateral Fund, and with respect to interest, from money on deposit in the Revenue Fund.

Mandatory Redemption upon Failure to Purchase the Immediate MBS. The Bonds are subject to mandatory redemption in whole five (5) Business Days after the Immediate MBS Delivery Date Deadline (as such date may be extended as described in “APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Extension of Termination Date and MBS Delivery Date Deadline”) at a Redemption Price equal to 100% of the Outstanding principal amount thereof plus interest accrued but unpaid from the first day of the month in which the last Payment Date occurred to such redemption date, if the Immediate MBS Delivery Date has not occurred on or prior to the Immediate MBS Delivery Date Deadline, as such date may be extended, payable with respect to principal first, from money on deposit in the Bond Proceeds Fund and second, from money on deposit in the Collateral Fund, and with respect to premium, if any, and interest and from money on deposit in the Revenue Fund.

Mandatory Redemption upon Failure to Purchase the Forward MBS. The Bonds are subject to mandatory redemption in part, five (5) Business Days after the Forward MBS Delivery Date Deadline (as such date may be extended as described in “APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE— Extension of Termination Date and MBS Delivery Date Deadline) at a Redemption Price equal to the principal amount of the Forward MBS, plus interest accrued but unpaid (with respect to the portion of the Bonds to be redeemed) from the first day of the month in which the last Payment Date occurred to such redemption date, if the Forward MBS Delivery Date has not occurred on or prior to the Forward MBS Delivery Date Deadline, as such date may be extended, payable with respect to principal first, from money on deposit in the Bond Proceeds Fund and second, from money on deposit in the Collateral Fund, and with respect to premium, if any, and interest, from money on deposit in the Revenue Fund.

Mandatory Redemption on the Forward MBS Delivery Date. The Bonds are subject to mandatory redemption in part on the Forward MBS Delivery Date at a Redemption Price equal to 100% of the principal amount of the Bonds to be redeemed, plus interest accrued but unpaid from the first day of the month in which the last Payment Date occurred to the Forward MBS Delivery Date in an amount equal to the difference between (i) the combined principal amount of the Forward MBS purchased on the Forward MBS Delivery Date and the Immediate MBS and the (ii) the aggregate principal amount of the Bonds Outstanding as of the first day of the month in which the Forward MBS Delivery Date occurred, payable with respect to principal first, from money on deposit in the Bond Proceeds Fund and second, from money on deposit in the Collateral Fund, and with respect to interest and premium, from money on deposit in the Revenue Fund.

Mandatory Redemption Following the Immediate MBS Delivery Date. Following the Immediate MBS Delivery Date, the Bonds are subject to mandatory redemption in part in an amount equal to and one Business Day after the date on which, each principal payment or prepayment is received pursuant to the MBS at a Redemption Price equal to 100% of the principal amount received pursuant to the MBS, plus interest and premium, if any, received pursuant to the MBS.

Mandatory Redemption in Lieu of Exchange. The Bonds are subject to mandatory redemption in part in the event the Issuer elects pursuant to the Indenture to redeem a Beneficial Owner's Bonds for an amount equal to the Cash Value (as hereinafter defined) in lieu of delivering to the Beneficial Owner of the Bonds its proportional interest in the MBS based upon its proportional interest in the Bonds. Any such redemption shall be made in the amounts, from the sources and in accordance with the provisions of the Indenture. The Cash Value (as defined in the Indenture) shall be calculated by the Issuer or by a financial advisor selected by the Issuer, and shall be verified by an independent verification agent in writing confirming the mathematical accuracy of the calculations. See "DESCRIPTION OF THE BONDS – Optional Exchange of Bonds for MBS" herein.

Optional Exchange for MBS or Mandatory Redemption of Bonds

After the Forward MBS Delivery Date Deadline, a Beneficial Owner of Bonds may file with the Trustee a written request, in the form attached as an exhibit to the Indenture or such other form as may be approved by the Trustee and the Issuer (the "Request Notice"), to exchange Bonds for a like principal amount of the MBS, provided, that (i) the principal amount of Bonds and MBS exchanged will be no less than \$500,000, (ii) the MBS will be, when delivered pursuant to any Exchange (as defined in the Indenture), in a face amount equal to \$1,000 or a multiple of \$1.00 in excess thereof, and (iii) the Project is complete and placed in service by the Borrower as evidenced by a certificate of occupancy for the Project delivered by the Borrower to the Trustee accompanied by a letter from the Borrower confirming that the Project is placed in service for purposes of Section 42 of the Code. The Request Notice must be delivered to the Trustee at least ten (10) Business Days prior to the Exchange Date (as defined in the Request Notice).

Upon receipt of a Request Notice, the Trustee shall promptly provide a copy to the Issuer and the Lender. The Issuer shall then have up to six (6) Business Days, in its sole discretion, to provide written direction to the Trustee to either (i) deliver to the Beneficial Owner its proportional interest in the MBS based upon such Beneficial Owner's proportional interest in the Bond (the "Exchange") or (ii) redeem the Beneficial Owner's for an amount equal to the Cash Value (as defined in this section) as of the Exchange Date (as defined in the Request Notice). The Issuer shall have no obligation to exercise either option, and failure by the Issuer to exercise either option is not an Event of Default; provided, however, that any failure of the Issuer to provide written direction to the Trustee within the six (6) Business Day period set forth above shall be deemed a direction to deliver the proportionate interest in the MBS in lieu of redeeming the Bonds. The Trustee shall notify such Beneficial Owner of the Issuer's direction within four (4) Business Days of receipt or a deemed direction from the Issuer. Upon receipt of the Bonds in the principal amount set forth in the Request Notice from the requesting Beneficial Owner and compliance with the requirements of this Section, the Trustee will promptly cancel the Bonds being exchanged or redeemed. Any Bonds so exchanged or redeemed will not be reissued.

Cash Value = original face amount of the MBS x Related Factor x (1 + Redemption Premium (R) + (Initial Offering Premium (I) x Related Factor)) – an amount equal to the principal to be received by such Beneficial Owner on the next Payment Date (if the date of redemption occurs between the Record Date and such Payment Date)

Where R = 5% if the exchange occurs during the first five years from the Closing Date;

= 4% during the sixth year;

= 3% during the seventh year;

= 2% during the eighth year;

= 1% during the ninth year; and

= 0% thereafter

and I = initial offering price of the Bonds - 100%

In the event that the Issuer elects to deliver the Beneficial Owner's proportional interest in the MBS in lieu of redeeming the Bonds, after validating the exchange request, the Trustee shall transfer and deliver to such requesting Beneficial Owner the Trustee's beneficial ownership interest in the Beneficial Owner's proportional interest in the

MBS promptly following (i) delivery to the Trustee (via DTC withdrawal or Deposit/Withdrawal At Custodian (“DWAC”)) of the Bonds being exchanged and (ii) payment by the requesting Beneficial Owner of the Trustee’s exchange fee (\$1,000 as of the date of this Indenture) and the Issuer’s Exchange Fee (\$1,000 as of the date of the Indenture). Such MBS will be (1) in book-entry form and (2) transferred in accordance with (a) the operational arrangements of DTC or any successor Substitute Depository and (b) current market practices, including the applicable provisions of the SIFMA’s *Uniform Practices for the Clearance and Settlement of Mortgage Backed Security and Other Related Securities*. If the Exchange Date is subsequent to a Record Date and prior to a corresponding Payment Date for the Bonds, the Trustee shall wire the applicable principal and interest payments on the exchanged Bonds to the Beneficial Owner using the wire transfer instructions set forth on the Request Notice.

In the event that the Issuer elects to redeem Bonds in lieu of an Exchange, the Trustee shall transfer a like principal amount of its interest in the MBS to or upon the order of the Issuer in exchange for an amount equal to the Cash Value plus accrued interest to the date of redemption (less any interest to be received by the Beneficial Owner on the next Payment Date if the redemption occurs between the Record Date and such Payment Date) and apply the proceeds of such transfer to the payment of the Redemption Price of the Bonds on the Payment Date by wiring such amount to the Beneficial Owner at its wire transfer instructions set forth on the Request Notice. The Issuer reserves the right to sell all or a portion of its interest in the MBS in order to pay the Cash Value.

None of Fannie Mae, the Trustee or the Issuer shall have any liability to the Beneficial Owner arising from (i) any Exchange or redemption of Bonds effected hereby or (ii) any of the costs or expenses thereof. Interest on such MBS is not excludable from gross income for federal income tax purposes. Bondholders should consult their own tax advisors concerning that and other tax consequences of any Exchange.

THE MORTGAGE LOAN

General

The Lender Commitment sets forth certain conditions which must be satisfied by the Borrower prior to the origination of the Mortgage Loan and the issuance of the MBS. Such conditions include, but are not limited to: the completion of improvements, confirmation that Minimum Occupancy Requirement (as defined in the Lender Commitment) has been met, the delivery of required transaction documents and certain other items required in connection with the Lender Commitment; the renewal and approval by Fannie Mae of all agreements, documents, instruments reports, surveys, papers and matters which are subject to Fannie Mae’s review and approval in connection with the Lender Commitment; the payment of all fees required in connection with the Lender Commitment; that there be no event of default under any of the required transaction documents; and certain other conditions set forth in the Lender Commitment. The conditions described in the prior sentence represent only a limited summary of the conditions, and the Lender Commitment should be referenced for a full description of such conditions. Upon satisfaction of the conditions set forth in the Lender Commitment, the Lender will originate the Mortgage Loan.

If and when the Mortgage Loan is originated, and the MBS is delivered, subject to (a) the conditions and requirements of the Lender Commitment and (b) the satisfaction of the conditions relating to the financing, construction and leasing of the Project, the Indenture authorizes the Trustee to use Eligible Funds to purchase the MBS, if and when the MBS is issued, and such MBS will then secure the payment of the interest on and principal of the Bonds. If the MBS is not delivered, then the Eligible Funds held under the Indenture will be used to redeem the Bonds as further described in APPENDIX C hereto.

The Lender has undertaken to certify that the MBS has terms consistent with the Term Sheet and meets the requirements set forth in the Indenture, on which certification the Trustee may rely and act without further investigation. The Mortgage Loan is to be evidenced by the Mortgage Note, executed by the Borrower in favor of the Lender and secured by the Mortgage. The Borrower is required under the Mortgage Note to make monthly payments sufficient in the aggregate to pay debt service on the Mortgage Loan.

MBS Payments

Following the Immediate MBS Delivery Date, payments on the MBS will be made on the 25th day of each month (beginning with the month following the month in which the MBS is issued and delivered to the Trustee), or,

if such 25th day is not a Business Day, on the first Business Day next succeeding such 25th day. With respect to each MBS, Fannie Mae will distribute to the Trustee an amount equal to the total of (i) the principal due on the Mortgage Loan underlying such MBS during the period beginning on the second day of the month prior to the month of such distribution and ending on the first day of such month of distribution, (ii) the stated principal balance of any Mortgage Loan that was prepaid in full during the calendar month next preceding the month of such distribution (including as prepaid for this purpose at Fannie Mae's election any Mortgage Loan after it is delinquent, in whole or in part, with respect to four consecutive installments of principal and interest; or because of Fannie Mae's election to repurchase such Mortgage Loan under certain other circumstances), (iii) the amount of any partial prepayment of a Mortgage Loan received in the calendar month next preceding the month of distribution, and (iv) one month's interest at the pass-through rate on the principal balance of the MBS as reported to the Trustee (assuming the Trustee is the registered holder) in connection with the previous distribution (or, respecting the first distribution, the principal balance of the MBS on its issue date).

For purposes of distribution, a Mortgage Loan will be considered to have been prepaid in full if, in Fannie Mae's reasonable judgment, the full amount finally recoverable on account of such Mortgage Loan has been received, whether or not such full amount is equal to the stated principal balance of the Mortgage Loan. See also "APPENDIX A — FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM."

PRIVATE PARTICIPANTS

The following information concerning the private participants has been provided by representatives of the private participants and has not been independently confirmed or verified by either the Underwriter or the Issuer. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Borrower

The Borrower is Yellowstone Boulevard, LLC, a Texas limited liability company (the "Borrower"). The Borrower is a single-purpose entity formed to acquire, construct and operate the Project. The Borrower's managing member is Yellowstone Boulevard I, LLC, a Texas limited liability company (the "Managing Member"). The Borrower's Special Member is Vesta Equity Yellowstone, LLC, a [Connecticut] limited liability company (the "Special Member").

The Borrower has not acquired and does not intend to acquire any substantial assets or engage in any substantial business activities other than those related to the Project. However, affiliates of the Borrower may engage in the acquisition, development, ownership and management of other similar types of projects that may be competitive with the Project.

The Developer

The Developer is Hopmeadow Development, LLC, a Connecticut limited liability company located in Weatogue, Connecticut. The Developer is a wholly owned by Vesta Corporation. Vesta Corporation and its founders have over 35 years of experience in affordable housing and multifamily development. The Vesta Corporation has developed 20+ developments across four states and owns and/or operates 44 affordable housing communities totaling over 7,500 units. Vesta Corporation is experienced in all aspects of affordable housing development, finance, and management including effective use of federal, state, and local government assistance programs including.

Investor Member

Simultaneously with the issuance of the Bonds, the Borrower expects to admit PNC Real Estate Tax Credit Capital Institutional Fund 53, LLC as an investor member (the "Investor Member") to the Borrower with a 99.99% ownership interest in the Borrower. The proceeds of the Federal LIHTC tax credit equity (the "Tax Credit Equity") by the Investor Member are expected to total approximately \$8,504,720*. The funding levels and the timing of the funding are subject to numerous adjustments and conditions that could result in the amounts funded and/or the timing

* Preliminary; subject to change.

or even occurrence of the funding varying significantly from the projections set forth above and no representation is made as to the availability of such funds.

Limited Assets and Obligation of Borrower, Managing Member, Special Member and Investor Member

The Borrower has no substantial assets other than the Project and does not intend to acquire any other substantial assets or to engage in any substantial business activities other than those related to the ownership of the Project. However, the Managing Member, the Special Member, the Investor Member and their affiliates are engaged in and will continue to engage in the acquisition, development, ownership and management of similar types of housing projects. They may be financially interested in, as officers, partners or otherwise, and devote substantial times to, business and activities that may be inconsistent or competitive with the interests of the Project.

The Borrower and its members will not be personally liable for payments on the Note, the payments on which are to be applied to pay the principal of and interest on the Bonds; nor will the Borrower be personally liable under the other documents executed in connection with the issuance of the Bonds and the making of the Loan. Furthermore, no representation is made that the Borrower will have substantial funds available for the Project. Accordingly, neither the Borrower's financial statements nor those of its members are included in this Official Statement.

The Architect

The architect is Diamond Development Group (the "Architect"). Established in 2008, as the 25-year successor of Hawthorne Architects, Inc., Diamond Development has worked with corporate, government and private clients to design major public and resort spaces, health care, hospitality, assisted living, office and residential towers, industrial, specialty, and single-family residential projects across the United States and in more than a dozen foreign countries. Diamond Development Group has been involved in projects representing millions of square feet.

The General Contractor

The general contractor for the project is BMS CAT, Inc. (the "General Contractor"). Based out of Haltom City, Texas, the General Contractor was formed in 1948 and is a Texas-licensed contractor. BMS CAT, Inc. specializes in the restoration and reconstruction of properties. BMS CAT, Inc. has over 60 years of experience renovating and restoring multi-family properties, including an existing Vesta property located in Texas in the TDHCA portfolio.

The Property Manager

Vesta Management TX, LLC, a Texas limited liability company (the "Property Manager"), will manage the Project following the acquisition and rehabilitation of the Project by the Borrower. The Property Manager presently manages 2,268 affordable housing units in Texas. The Property Manager is 100% owned by its parent, Vesta Management Corporation, which has 35 years of experience managing affordable housing supported by various federal, state and local subsidies including HUD, tax-exempt obligations and federal low-income housing tax credits.

THE PROJECT

The following information concerning the Project has been provided by representatives of the Borrower and has not been independently confirmed or verified by either the Underwriter or the Issuer. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Project, known as Park Yellowstone, is located in Houston, Texas, on an approximately 21.15-acre site. The Project contains 210 apartment units located in 30 buildings. Rehabilitation of the Project is anticipated to commence in January 2019 and be completed approximately 17 months later.

The building construction consists of rehabilitating 33 buildings, including 210 residential units with community space. Common area improvements will include: installation of security gate with keyed access and state of the art camera system, site work to level and make paths accessible to common areas, creating a technology enriched

Learning Center, repairs to the pool, and rehabilitation of the club house. Site amenities include: learning center, on-site management office, community room, swimming pool with covered patio area, grills, horseshoe pits, adult outdoor-exercise equipment, a community garden and on-site day care with outdoor play equipment. There are 346 parking spaces for resident use only.

The unit mix of the Project is as follows:

<u>Unit Type</u>	<u>Number</u>	<u>Approximate Square Feet</u>
1 BD	48	662 or 729 (32,848 net SF)
2 BD	98	976 (96,587 net SF)
3 BD	<u>64</u>	1,192 (76,270 net SF)
Total	210	205,705 Net Rentable SF

Plan of Financing

The estimated sources and uses for the Project are projected to be approximately as follows:

Sources of Funds*	
Bond Proceeds	\$12,500,000
Short-Term Bond Proceeds	2,880,000
Tax Credit Equity	8,504,720
Deferred Developer Fee	1,144,308
Cashflow from Operations	959,748
City of Houston Soft Loan	4,600,000
Developer Loan	1,667,981
Release of Reserves	<u>2,058,500</u>
TOTAL	<u>\$34,315,257</u>
Uses of Funds*	
Acquisition	\$10,750,000
Construction	9,491,264
Hard Cost Contingency	949,126
Developer Fee	2,288,615
Soft Costs	3,483,674
Construction Financing Costs	403,606
Permanent Financing Costs	331,800
Reserves	976,993
Additional Security Features & Capital Improvements	410,179
Loan Assumption	2,350,000
Repayment of Short-Term Bonds	<u>2,880,000</u>
TOTAL	<u>\$34,315,257</u>

All costs of issuing the Bonds, including underwriter's fee, will be paid by the Borrower.

The Bonds and the Mortgage Loan. The Project will utilize a mortgage loan (the "Mortgage Loan") from KeyBank Real Estate Capital (the "Lender") in the maximum principal amount of \$12,500,000*. The obligation to repay the Mortgage Loan will be set forth in a promissory note (the "Mortgage Note") from the Borrower to the Lender, which Mortgage Note will have a term of not less than 204 months, will bear interest at a rate of 4.66%* and will amortize over 35 years. As further described herein, Fannie Mae is expected to deliver the MBS to the Trustee in exchange for the MBS Purchase Price from funds on deposit in the Bond Proceeds Fund and the Collateral Fund.

* Preliminary; subject to change.

Following the MBS Delivery Date, payments on the Bonds will be payable by the Trustee from payments received by the Trustee pursuant to the MBS.

The Tax Credit Equity. Simultaneously with the issuance of the Bonds, the Borrower expects to offer the Investor Member a 99.99% ownership interest in the Borrower. Pursuant to the sale, the funding of the Tax Credit Equity will total approximately \$8,504,720*, with an initial contribution of approximately \$1,700,944*, which will be funded at the initial closing of the issuance of the Bonds. The funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the projections set forth above and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.

The Short-Term Bonds. Simultaneously with the issuance of the Bonds, the Issuer is issuing its Multifamily Housing Revenue Bonds (Park Yellowstone) Series 2019 B in the principal amount of 2,880,000* (the “Short-Term Bonds”), the proceeds of which will be used to make a loan to the Borrower to finance a portion of the acquisition, rehabilitation and equipping of the Project. The Short-Term Bonds will be issued pursuant to an Indenture of Trust dated as of January 1, 2019, between the Issuer and the Trustee. The Short-Term Bonds are not being offered pursuant to this Official Statement. Closing on the Bonds is contingent on the closing of the Short-Term Bonds.

The City of Houston Loan. The Project will also utilize a loan (the “City Loan”) from the City of Houston in the principal amount of \$4,600,000*. The obligation to repay the City Loan will be set forth in a promissory note (the “City Note”) from the Borrower to the City of Houston and will be repayable out of cash flow and other non-Project sources on the terms and conditions set forth therein. The City Note will have a term of 20 years and will bear interest at the rate of 1.00%* per annum.

The Developer Loan. The Project will also utilize a loan (the “Developer Loan”) from the Developer in the principal amount of \$1,667,981*. The obligation to repay the Developer Loan will be set forth in a promissory note (the “Developer Note”) from the Borrower to the Developer and will be repayable out of cash flow and other non-Project sources on the terms and conditions set forth therein. The Developer Note will have a term of 20 years and will bear interest per annum at the Applicable Federal Rate published by the Internal Revenue Service.

Project Regulation

In order to obtain low income housing tax credits, the Project will be operated as a qualified residential rental project with 100% of the residential units in the Project occupied by Qualified Tenants during the Qualified Project Period, in accordance with Section 142(d) of the Code. See “APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT” herein.

In addition to the rental restrictions imposed upon the Project by the Regulatory Agreement (defined below), the Project will be further encumbered by a tax credit restrictive covenant, to be executed by the Borrower in connection with the low-income housing tax credits (the “LIHTCs”) anticipated to be granted for the Project and in compliance with the requirements of Section 42 of the Code. Section 42 of the Code will restrict the income levels of 100% of the residential units in the Project (the “Tax Credit Units”). Two hundred and ten (210) of the Tax Credit Units shall be held available for rental to persons whose adjusted family income is equal to or less than 60% of the AMI adjusted for family size.

SECURITY FOR AND SOURCES OF PAYMENT OF BONDS

In order to secure the payment of the principal of and interest on the Bonds, the Issuer has pledged to the trust estate for the Bonds, subject to terms and provisions of the Indenture, the following:

- (i) all right, title and interest of the Issuer in and to amounts on deposit in the Bond Proceeds Fund to be funded at closing in an amount equal to the principal amount of the Bonds;
- (ii) all Eligible Funds from time to time on deposit in the Collateral Fund and the Revenue Fund;

* Preliminary; subject to change.

- (iii) 100% of the beneficial ownership interest in the MBS, if the MBS is issued by Fannie Mae and acquired by the Trustee;
- (iv) all MBS Revenues;
- (v) all right, title and interest of the Issuer now owned or hereafter acquired in, to and under the Financing Agreement (except Reserved Rights) and under the Regulatory Agreement; and
- (v) all other funds, accounts and property which by the express provisions of the Indenture is required to be subject to the lien of the Indenture, and any additional property that from time to time, by delivery or by writing of any kind, may be subjected to the lien of the Indenture, by the Issuer or by anyone on its behalf (and the Trustee is authorized by the Indenture to receive the same at any time as additional security under the Indenture; provided, however, that the Trust Estate shall not include amounts on deposit in the Rebate Fund).

The foregoing pledge is made for the equal and proportionate benefit, security and protection of all present and future owners of the Bonds.

Prior to the delivery of the MBS, the Bonds will be collateralized by the deposit with the Trustee under the Indenture of the proceeds received from the sale of the Bonds and other Eligible Funds held under the Indenture by the Trustee in an aggregate amount equal to the outstanding principal amount of the Bonds. The Trustee will use Eligible Funds held under the Indenture along with interest earnings thereon to (a) pay principal, premium, if any, and interest on the Bonds when due, and (b) acquire, if and when issued, the MBS, upon satisfaction of the conditions set forth in the Indenture and the Lender Commitment.

It is anticipated that if the conditions to the issuance of the MBS are satisfied, the MBS will be available for acquisition by the Trustee on or before the MBS Delivery Date Deadline, as such date may be extended as provided in the Indenture. Following the acquisition of MBS by the Trustee, if issued, payments of principal and interest on the Bonds will be payable from pass-through payments received by the Trustee on the MBS.

If the MBS is not acquired by the Trustee prior to the MBS Delivery Date Deadline (as such date may be extended pursuant to the Indenture), the Bonds will be redeemed from Eligible Funds held under the Indenture as set forth in APPENDIX C hereto.

FINANCIAL ADVISOR

George K. Baum & Company (the “Financial Advisor”) has served as financial advisor to the Issuer for purposes of assisting the Issuer with the development and implementation of the bond program in connection with the Bonds. The Financial Advisor has not been engaged by the Issuer to compile, create or interpret any information in this Official Statement relating to the Issuer, including (without limitation) any of the Issuer’s financial and operating data, whether historical or projected. Any information contained in this Official Statement concerning the Issuer, any of its affiliates or contractors and any outside parties has not been independently verified by the Financial Advisor, and inclusion of such information is not and should not be construed as a representation by the Financial Advisor as to its accuracy or completeness or otherwise. The Financial Advisor is not a public accounting firm and has not been engaged by the Issuer to review or audit any information in this Official Statement in accordance with accounting standards.

The Financial Advisor does not assume any responsibility for the covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

TAX MATTERS

Tax Exemption

In General

Each Bond Issue will be treated as a separate issue of bonds for federal income tax purposes and compliance with the federal tax rules will be determined separately for each Bond Issue. In the opinion of Bond Counsel, assuming compliance with certain covenants and based on certain representations, under existing law (i) interest on the Bonds is excludable from gross income for federal income tax purposes, except with respect to interest on the Bonds for any period during which they are held by a “substantial user” of the Projects or a “related person” of such a “substantial user” within the meaning of Section 147(a) of the Code, and (ii) interest on the Bonds is not an item of tax preference includable in alternative minimum taxable income for purposes of calculating a taxpayer’s alternative minimum tax liability.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include, among other things, limitations on the use of the bond-financed project, limitations on the use of bond proceeds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States, and a requirement that the Issuer file an information report with the Internal Revenue Service (the “Service”). The Issuer and the Borrower have covenanted in the Indenture, Financing Agreement, Tax Exemption Agreement, and Regulatory Agreement that they will comply with these requirements.

Bond Counsel’s opinion will assume continuing compliance with the covenants of the Indenture, Financing Agreement, Tax Exemption Agreement and Regulatory Agreement pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the Issuer, the Borrower, the Financial Advisor, the Lender and the Underwriter with respect to matters solely within the knowledge of the Issuer, the Borrower, the Financial Advisor, the Lender and the Underwriter, respectively, which Bond Counsel has not independently verified. If the Issuer or the Borrower should fail to comply with the covenants in the Indenture, Financing Agreement, Tax Exemption Agreement and Regulatory Agreement or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income for federal income tax purposes from the date of original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Interest on the Bonds is not treated as an “item of tax preference” to be included in the computation of “alternative minimum taxable income” for purposes of determining a taxpayer’s alternative minimum tax liability.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Bonds.

Bond Counsel’s opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel’s knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel’s attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel’s opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel’s legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer and the owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

Operation of the Projects

In the case of bonds used to provide “qualified residential rental projects,” such as the Bonds, section 142 of the Code requires that such bonds also satisfy the tenant eligibility requirements applicable to “qualified residential rental projects” under section 142(d) of the Code. Section 142(d) of the Code requires that at all times during the “qualified project period” a certain percentage of the available units in each of the Projects be occupied by individuals with income below certain levels pursuant to the Issuer’s election made under section 142(d)(1) of the Code. The “qualified project period” for each Project will commence on the delivery date of the Bonds and will end on the latest of the following: (1) the date that is 15 years after the date of delivery of the Bonds; (2) the first day on which no tax-exempt private activity bond (as defined in section 141 of the Code) issued with respect to such Project remains outstanding for federal income tax purposes; or (3) the date on which any assistance provided with respect to such Project under Section 8 of the United States Housing Act of 1937, as amended, terminates. Treasury Regulations (the “Regulations”) setting forth requirements for compliance with a comparable provision of the predecessor of section 142 of the Code require, among other things, that (1) the low-income set aside requirement must be met on a continuous basis during the “qualified project period”, and (2) all of the units in each Project must be rented or available for rental to the general public on a continuous basis during such period. Under the Regulations, the failure to satisfy the foregoing requirements on a continuous basis or the failure to satisfy any of the other requirements of the Regulations, unless corrected within a reasonable period of not more than 60 days after such non-compliance is first discovered or would have been discovered by the exercise of reasonable diligence, will cause interest on the Bonds to be includable in gross income for federal income tax purposes as of the date of its original issue, irrespective of the date such non-compliance actually occurred.

The Issuer has established requirements, procedures and safeguards that it believes to be sufficient to ensure compliance with the requirements of the Code and the Regulations with respect to each of the Projects. Such requirements, procedures and safeguards are incorporated into the Regulatory Agreement, the Financing Agreement, the Indenture and the Tax Exemption Agreement. In addition, the Issuer and the Trustee have each covenanted in the Tax Exemption Agreement to follow and enforce such procedures to ensure compliance with such requirements. However, no assurance can be given that in the event of a breach of any of the provisions or covenants described above, the remedies available to the Issuer and the Trustee can be judicially enforced in such manner as to assure compliance with the Code and the Regulations and therefore to prevent the loss of the exclusion from gross income for federal income tax purposes of the interest on the Bonds. Furthermore, if the Borrower fails to comply with the Regulatory Agreement or Tax Exemption Agreement, the enforcement remedies available to the Issuer, the Trustee and the owners of the Bonds are severely limited and may be inadequate to prevent the loss of the excludability from gross income for federal income tax purposes of the interest on the Bonds retroactive to the date of issuance of the Bonds. In such event, there is no provision for acceleration or redemption of the Bonds, and the holders of the Bonds may be required to hold such Bonds until maturity bearing interest that is includable in gross income for federal income tax purposes.

Bond Counsel’s opinions assume continuous compliance with all covenants and requirements set forth in the Regulatory Agreement and the Tax Exemption Agreement pertaining to those sections of the Code that affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. Prospective purchasers should be aware that the Federal National Mortgage Association (“**Fannie Mae**”) has required the inclusion of a section in the Regulatory Agreement (the “**Fannie Mae Requirements**”) that provides that any action taken under Regulatory Agreement may not conflict with applicable Fannie Mae requirements. Bond Counsel expresses no opinion as to whether any of the covenants and requirements set forth in the Regulatory Agreement conflict with such Fannie Mae requirements. Furthermore, Bond Counsel expresses no opinion as to whether the interest on the Bonds will be excludable from gross income for federal income tax purposes in the event that the Fannie Mae Requirements preclude compliance with any other of the covenants or requirements of the Regulatory Agreement.

Additional Federal Income Tax Considerations

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle taxpayers otherwise qualifying for the health insurance premium assistance

credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the new “branch profit tax” on their effectively-connected earnings and profits, including tax-exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

Tax Legislative Changes

Public Law No. 115-97 (i.e., Tax Cuts and Jobs Act), which makes significant changes to the Code, including changing certain provisions affecting tax-exempt obligations, such as the Bonds, was signed into law on December 22, 2017. The changes include, among others, changes to the federal income tax rates for individuals and corporations and the alternative minimum tax for tax years beginning after December 31, 2017. Further, current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any recently-enacted, proposed, pending or future legislation.

The opinion of Bond Counsel will be delivered contemporaneously with the issuance of the Bonds substantially in the form attached hereto as APPENDIX I.

CERTAIN BONDHOLDERS’ RISKS

No Acceleration or Early Redemption Upon Loss of Tax Exemption on the Bonds

The Borrower will covenant and agree, pursuant to the Regulatory and Land Use Restriction Agreement relating to the Project, dated as of January 1, 2019, by and between the Issuer and the Borrower (the “**Regulatory Agreement**”), to comply with the provisions of the Code relating to the exclusion from gross income for federal income tax purposes of the interest payable on the Bonds. In particular, the Borrower is required to rent at least forty percent (40%) of the Project apartment units to certain qualified tenants whose income does not exceed sixty percent (60%) of the area average median income where the Project is located. The Borrower’s failure to comply with such provisions will not constitute a default under the Bonds and will not give rise to a redemption or acceleration of the Bonds and is not the basis for an increase in the rate of interest payable on the Bonds. Furthermore, the Borrower’s failure to comply with the Regulatory Agreement will not give rise to a prepayment or acceleration of amounts due under the MBS or the Mortgage, unless directed by Fannie Mae in its sole discretion. Consequently, interest on the Bonds may become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Bonds by reason of the Borrower’s failure to comply with the requirements of federal tax law. In such event, a Bondholder could exercise its option to exchange its Bond for the MBS as described above under the heading “Optional Exchange of Bonds for MBS,” but will have lost the value of the tax-exemption.

Payments Prior to Immediate MBS Delivery Date

Prior to the Immediate MBS Delivery date, payment of principal and interest, and the Borrower’s obligations with respect to principal and interest on the Bonds, will be primarily secured by and payable from Bond proceeds held in the Bond Proceeds Fund and moneys deposited into the Collateral Fund and the Revenue Fund, including the Negative Arbitrage Account therein. Although the Borrower will execute the Bond Loan Note to evidence its obligation to repay the loan evidenced thereby, it is not expected, prior to the MBS Delivery Date, that any revenues from the Project or other amounts, except moneys in the Bond Proceeds Fund and the Revenue Fund, will be available to satisfy that obligation. Prior to the MBS Delivery Date, it is expected that funds on deposit in the Negative Arbitrage Account of the Revenue Fund, and the interest earnings thereon, will be sufficient to pay the debt service on the Bonds.

Mandatory Redemption of Bonds

Pursuant to the Indenture, under certain circumstances, the Bonds may be subject to mandatory redemption in whole or in part prior to maturity. Please see “DESCRIPTION OF THE BONDS – Mandatory Redemption of Bonds” herein and APPENDIX C hereto.

Limited Liability of Issuer

Notwithstanding anything in the Indenture or in the Bonds, the Issuer shall not be required to advance any money derived from any source other than the Trust Estate and other assets pledged under this Indenture for any of the purposes of the Indenture.

No agreements or provisions contained in the Indenture, nor any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project, or the issuance, sale and delivery of the Bonds shall give rise to any pecuniary liability of the Issuer or a charge against its general credit, or shall obligate the Issuer financially in any way except from the application of the Trust Estate or other proceeds pledged to the payment of the Bonds and the proceeds of the Bonds. No failure of the Issuer to comply with any term, condition, covenant or agreement in the Indenture or in any document executed by the Issuer in connection with the Project, or the issuance, sale and delivery of the Bonds shall subject the Issuer to liability for any claim for damages, costs or other financial and pecuniary charge except to the extent that the same can be paid or recovered from the Financing Agreement or the Trust Estate or other assets pledged to the payment of the Bonds or the proceeds of the Bonds.

THE BONDS, TOGETHER WITH INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY, ARE NOT GENERAL OBLIGATIONS OF THE ISSUER, BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER SECURED BY THE TRUST ESTATE, ARE AND WILL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE (EXCEPT TO THE EXTENT PAID OUT OF MONEYS ATTRIBUTABLE TO PROCEEDS OF THE BONDS OR THE INCOME FROM THE TEMPORARY INVESTMENT THEREOF), AND ARE AND WILL ALWAYS BE A VALID CLAIM OF THE OWNER THEREOF ONLY AGAINST THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE, WHICH REVENUES AND INCOME MAY BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL INSTALLMENTS OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THIS INDENTURE AND IN THE FINANCING AGREEMENT. THE BONDS AND THE OBLIGATION TO PAY INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, DO NOT NOW AND WILL NEVER CONSTITUTE A DEBT OR AN OBLIGATION OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF WILL BE LIABLE THEREFOR. THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH, CREDIT, OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT OR ANY OTHER FEDERAL GOVERNMENTAL AGENCY AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES.

Payment of the Mortgage Loan

The ability of the Borrower to pay the Mortgage Loan is dependent on the revenues derived from the Project. Due to the inherent uncertainty of future events and conditions, no assurance can be given that revenues generated by the Project will be sufficient to pay expenses of the Project, including without limitation, debt service on the Mortgage Loan, operating expenses, servicing fees, fees due to Fannie Mae, Trustee fees, and fees owed to the Issuer. The ability of the Project to generate sufficient revenues may be affected by a variety of factors including, but not limited to, completion of repairs to such Project, the maintenance of a sufficient level of occupancy, the ability to achieve increases in rents, the level of operating expenses, project management, adverse changes in applicable laws and regulations, general economic conditions and other factors in the surrounding market area for the Project. The Borrower intends to rent all of the units in the Project to persons or families of moderate and low income and the amount of rent that may be charged for such units may be materially less than market rates. In addition to these factors, other adverse events may occur from time to time which may have a negative impact on the occupancy level and rental income of the Project.

Failure of the Borrower to make payments when due under the Mortgage Loan will result in an event of default under the Mortgage Loan and the Financing Agreement and may result in a mandatory prepayment of all or a portion of the Bonds. The Mortgage Loan will not be accelerated unless directed by Fannie Mae in its sole discretion

in which case the Bonds will remain outstanding and will remain secured by the MBS guaranteed as to timely payment of principal and interest by Fannie Mae. See “SECURITY FOR AND SOURCES OF PAYMENT BONDS” herein.

The Mortgage Loan is a non-recourse obligation of the Borrower with respect to which neither the Borrower nor its partners have personal liability and as to which the Borrower and its partners have not pledged for the benefit of the Lender any of their respective assets, other than the Project and its rents, profits and proceeds.

Bonds are Pass-Through Bonds; Interest Payment Lag

As described elsewhere herein, following the MBS Delivery Date, the Bonds are pass-through securities designed to pass through to registered owners of the Bonds principal and interest payments on the MBS one Business Day after receipt by the Trustee of such payments on the MBS. Interest payments on the Bonds will equal interest accrued on the Bonds during the prior calendar month and shall be made from interest payments received by the Trustee on the MBS, which payments on the MBS shall be the 25th day of each month, or the next Business Day if the 25th is not a Business Day.

Although interest accrues on the MBS during a calendar month, the Trustee will not receive such payment on the MBS until the 25th day in the following calendar month, or the next succeeding Business Day if such day is not a Business Day. In addition, the Bonds mature on the Bond Maturity Date; however, the final principal payment on the MBS will occur on the 25th day of the month in which the Bond Maturity Date occurs (or the succeeding Business Day if such day is not a Business Day) and such payment will be passed through to Bondholders on the following Business Day after receipt by the Trustee. Because of these delays, the effective yield on the Bonds will be lower than the Pass-Through Rate on the MBS and the stated interest rate on the Bonds.

Pass-Through Certificate

If the MBS is issued by Fannie Mae and acquired by the Trustee as collateral for the Bonds, Fannie Mae’s obligations will be solely as provided in the MBS and in the Fannie Mae MBS Prospectus and the related form of Prospectus Supplement for MBS Certificate. The obligations of Fannie Mae under the MBS will be obligations solely of Fannie Mae, a federally chartered corporation, and will not be backed by the full faith and credit of the United States of America. The Bonds are not and will not be a debt of the United States of America or any other agency or instrumentality of the United States of America or of Fannie Mae. The Bonds are not and will not be guaranteed by the full faith and credit of Fannie Mae or the United States of America.

It is possible, in the event of the insolvency of Fannie Mae, or the occurrence of some other event precluding Fannie Mae from honoring its obligations to make payments as stated in the MBS, if issued, that the financial resources of the Borrower will be the only source of payment on the Bonds. There can be no assurance that the financial resources of the Borrower will be sufficient to pay the principal of, premium if any, and interest on the Bonds in the event the related Trustee is forced to seek recourse against the Borrower. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS” herein.

Performance of the Project and Estimated Rental Revenue Vacancies

The economic feasibility of the Project depends in large part upon the Project’s being substantially occupied at rentals adequate to maintain substantial occupancy throughout the term of the Bonds at sufficient rents and to cover all operating expenses of the Project and debt service on the Mortgage Loan. Although representatives of the Borrower believe, based on surveys of the area where the Project is located, that a substantial number of persons currently need housing facilities such as the Project, occupancy of the Project may be affected by competition from existing housing facilities or from housing facilities which may be constructed in the area served by their Project. While the Borrower believes the Project is needed, there may be difficulties in keeping it substantially occupied. Furthermore, no assurance can be given that the low-income tenants are able to afford the rental rates of the Project, notwithstanding the below-market rental rates. Restrictions imposed under the Code on tenant income and the rent that can be charged could have an adverse effect on the Borrower’s ability to satisfy its obligations under the Financing Agreement, especially if operating expenses should increase beyond what was anticipated.

Secondary Markets and Prices

No representation is made concerning the existence of any secondary market for the Bonds. The Underwriter will not be obligated to repurchase any of the Bonds, nor can any assurance be given that any secondary market will develop following the completion of the offering of the Bonds. Further, there can be no assurance that the initial offering prices for the Bonds will continue for any period of time. Furthermore, the Bonds should be purchased for their projected returns only and not for any resale potential, which may or may not exist.

Future Legislation; IRS Examination

The Project, its operation and the treatment of interest on the Bonds are subject to various laws, rules and regulations adopted by the local, State and federal governments and their agencies. There can be no assurance that relevant local, State or federal laws, rules and regulations may not be amended or modified or interpreted in the future in a manner that could adversely affect the Bonds, the Trust Estate created under the Indenture, the Project, or the financial condition of or ability of the Borrower to comply with its obligations under the various transaction documents.

In recent years, the Internal Revenue Service (“IRS”) has increased the frequency and scope of its examination and other enforcement activity regarding tax exempt bonds. Currently, the primary penalty available to the IRS under the Code is a determination that interest on bonds is subject to federal income taxation. Such event could occur for a variety of reasons, including, without limitation, failure to comply with certain requirements imposed by the Code relating to investment restrictions, periodic payments of arbitrage profits to the United States of America, the timely and proper use of Bond proceeds and the facilities financed therewith and certain other matters. See “TAX MATTERS” herein. No assurance can be given that the IRS will not examine the Issuer, the Borrower, the Project or the Bonds. If the Bonds are examined, it may have an adverse impact on their price and marketability.

NO LITIGATION

The Issuer

There is no proceeding or litigation of any nature now pending or threatened against the Issuer restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds, any proceedings of the Issuer taken with respect to the issuance or sale thereof, the pledge or application of any money or security provided for the payment of the Bonds, the existence or powers of the Issuer relating to the Bonds or the title of any officers of the Issuer to their respective positions.

The Borrower

There is no legal action, suit, proceeding, investigation or inquiry at law or in equity, before or by any court, agency, arbitrator, public board or body or other entity or person, pending or, to the best knowledge of the Borrower, threatened against or affecting the Borrower or any partner of the Borrower, in their respective capacities as such, nor, to the knowledge of the Borrower, any basis therefor, (i) which would restrain or enjoin the issuance or delivery of the Bonds, the use of the Official Statement in the marketing of the Bonds or the collection of revenues pledged under or pursuant to the Indenture or (ii) which would in any way contest or affect the organization or existence of the Borrower or the entitlement of any officer of the Borrower to its position or (iii) which would contest or have a material and adverse effect upon (A) the due performance by the Borrower of the transactions contemplated by the Official Statement, (B) the validity or enforceability of the Bonds or any other agreement or instrument to which the Borrower is a party and that is used or contemplated for use in the consummation of the transactions contemplated hereby and thereby, (C) the exclusion from gross income for federal income tax purposes of the interest on the Bonds or (D) the financial condition or operations of the Borrower, (iv) which contests in any way the completeness or accuracy of the Official Statement or (v) which questions the power or authority of the Borrower to carry out the transactions on its part contemplated by the Official Statement, or the power of the Borrower to own or operate the Project. The Borrower is not subject to any judgment, decree or order entered in any lawsuit or proceeding brought against it that would have such an effect.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”), a “participating underwriter” as defined in 15c2-12 and an “underwriter” as defined in Section 2(a)(11) of the Securities Act of 1933, as amended, has entered into the Bond Purchase Agreement to purchase all of the Bonds, if any of the Bonds are to be purchased, at a price equal to the principal amount thereof, and to advance \$_____ for deposit into the Negative Arbitrage Account of the Revenue Fund. The Bond Purchase Agreement provides that the Underwriter will receive, for its services, compensation from the Borrower in the amount of \$_____, plus \$_____ for certain fees and expenses, and will be reimbursed by the Borrower in the amount of \$_____ for the deposit into the Negative Arbitrage Account. The obligation of the Underwriter to pay for the Bonds is subject to certain terms and conditions set forth in the Bond Purchase Agreement. The Borrower has agreed to indemnify the Underwriter and the Issuer as to certain matters in connection with the Bonds.

The Underwriter may offer and sell the Bonds that it purchases to certain dealers including dealer banks and dealers depositing the Bonds into investment trusts and others at a price lower than the public offering price stated in the Term Sheet. The offering price of the Bonds may be changed from time to time by the Underwriter.

The Underwriter does not guarantee a secondary market for the Bonds and is not obligated to make any such market in the Bonds. No assurance can be made that such a market will develop or continue. Consequently, investors may not be able to resell Bonds should they need or wish to do so for emergency or other purposes.

RATING

S&P Global Ratings (“**S&P**”) is expected to assign to the Bonds a rating as set forth on the cover page hereof. An explanation of the significance of such rating may be obtained from S&P. The rating of the Bonds reflects only the views of S&P at the time such rating was given, and neither the Issuer, the Borrower nor the Underwriter makes any representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE

The Borrower, as the only “obligated person” with respect to the Bonds, will enter into a Continuing Disclosure Agreement, dated as of January 1, 2019 (the “Continuing Disclosure Agreement”), with U.S. Bank National Association, acting as Dissemination Agent, pursuant to which the Borrower will agree to provide ongoing disclosure pursuant to the requirements of Rule 15c2-12 of the Securities and Exchange Commission (the “**Rule**”). Financial statements will be provided at least annually to the Municipal Securities Rulemaking Board (the “**MSRB**”) and notices of certain events will be issued pursuant to the Rule. Information will be filed with the MSRB through its Electronic Municipal Market Access (“**EMMA**”) system, unless otherwise directed by the MSRB. A form of the Continuing Disclosure Agreement is attached hereto as APPENDIX F.

A failure by the Borrower to comply with the provisions of the Continuing Disclosure Agreement will not constitute a default under the Financing Agreement (although Holders will have any available remedy at law or in equity for obtaining necessary disclosures). Nevertheless, such a failure to comply is required to be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds.

The Borrower has not previously been subject to the continuing disclosure requirements of the Rule.

THE TRUSTEE

The information under this heading has been provided solely by the Trustee and is believed to be reliable, but has not been verified independently by the Issuer or the Underwriter. No representation whatsoever as to the accuracy, adequacy or completeness of such information is made by the Issuer or the Underwriter.

The Issuer has appointed U.S. Bank National Association as Trustee under the Indenture. The Trustee is a national banking association organized and existing under the laws of the United States of America, having all of the powers of a bank, including fiduciary powers, and is a member of the Federal Deposit Insurance Corporation and the Federal Reserve System.

The Trustee is to carry out such duties as are assigned to it under the Indenture, the Financing Agreement, and the other Financing Documents. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture or the Bonds (except for the certificate of authentication on each Bond), or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application of any of the Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Bonds. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Bonds, the technical or financial feasibility of the expected uses of proceeds of the Bonds or the investment quality of the Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

ADDITIONAL INFORMATION

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or holders of any of the Bonds.

This Official Statement has been deemed final in accordance with the Rule. The execution and delivery of this Official Statement has been duly authorized by the Borrower.

[Remainder of Page Intentionally Blank]

This Official Statement has been duly authorized, executed and delivered by the Borrower.

YELLOWSTONE BOULEVARD, LLC,
a Texas limited liability company

By: Vesta Equity Yellowstone, LLC,
its Special Member

By: Vesta Equity Corporation,
its Managing Member

By: Vesta Corporation,
Sole Shareholder

By: _____
Arthur N.K. Greenblatt, President

**APPENDIX A
FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM**

This summary of the Fannie Mae Mortgage Backed Securities Program, the Fannie Mae Certificates and the documents referred to herein has not been provided or approved by Fannie Mae, does not purport to be comprehensive and is qualified in its entirety by reference to the Fannie Mae MBS Prospectus (Multifamily Fixed-Rate Yield Maintenance) for Guaranteed Mortgage Pass-Through Certificates (the “Fannie Mae MBS Prospectus”) which will be available if and when the MBS is issued. The template for the Multifamily Fixed-Rate Yield Maintenance MBS Prospectus, as of the date of this Official Statement, can be found at <http://www.fanniemae.com/portal/funding-the-market/mbs/multifamily/dus-disclose-information-center.html>. The Fannie Mae MBS Prospectus, if and when available, will consist of the template for Fannie Mae MBS Prospectus applicable at the time of the issuance of the MBS with the cover page completed with the MBS-specific information, an Additional Disclosure Addendum substantially in the form attached as Schedule I to this Appendix A, and an Annex A containing information substantially consistent with the Term Sheet attached hereto as Appendix H.

General Fannie Mae is a government-sponsored enterprise that was chartered by the U.S. Congress in 1938 under the name “Federal National Mortgage Association” to support liquidity and stability in the secondary mortgage market, where existing mortgage loans are purchased and sold.

Fannie Mae has been under conservatorship since September 6, 2008. The conservator, the Federal Housing Finance Agency, succeeded to all rights, titles, powers and privileges of Fannie Mae and of any shareholder, officer or director of the company with respect to the company and its assets. For additional information on the conservatorship, see “**FANNIE MAE — Regulation and Conservatorship**” in the Fannie Mae MBS Prospectus.

Fannie Mae’s regulators include the Federal Housing Finance Agency, the U.S. Department of Housing and Urban Development (“HUD”), the Securities and Exchange Commission (the “SEC”), and the U.S. Department of the Treasury (the “Treasury”). The Office of Federal Housing Enterprise Oversight, the predecessor of the Federal Housing Finance Agency, was Fannie Mae’s safety and soundness regulator prior to enactment of the Federal Housing Finance Regulatory Reform Act of 2008.

On September 7, 2008, Fannie Mae entered into a senior preferred stock purchase agreement with the Treasury pursuant to which Fannie Mae issued to it one million shares of senior preferred stock and a warrant to purchase, for a nominal price, shares of common stock equal to 79.9% of the outstanding common stock of Fannie Mae. **Nevertheless, Fannie Mae alone is responsible for making payments under its guaranty. The MBS if issued by Fannie Mae and acquired by the Trustee and payments of principal and interest on the MBS will not be guaranteed by the United States and do not constitute a debt or obligation of the United States or any of its agencies or instrumentalities other than Fannie Mae.**

Description of MBS..... The MBS if issued by Fannie Mae and acquired by the Trustee will represent a pro rata undivided beneficial ownership interest in the Mortgage Loan. See “MORTGAGE LOAN” in the Official Statement. Fannie Mae will issue the MBS in book-entry form on the book-entry system of the U.S. Federal Reserve Bank.

Relationship of Bonds, Pass-Through Certificate and Mortgage Loan..... The payment and other obligations of the Issuer with respect to the Bonds are intended to be, and shall be, independent of the payment and other obligations of the issuer or maker of the Mortgage Note (as hereinafter defined) and the Pass-Through Certificate, if issued by Fannie Mae and acquired by the Trustee, even though the principal amount of all three instruments is expected to be identical, except in the case of a default with respect to one or more of the instruments.

Distribution Date The “Distribution Date” is the 25th day of each month which is the date designated for payments to the Trustee as holder of the MBS, if issued. If that day is not a Business Day, payments will be made on the next Business Day. The first Distribution Date for the MBS will occur in the month following the month in which the MBS is issued.

Interest..... On each Distribution Date, Fannie Mae will pass through on the MBS, if issued, one month’s interest at the “Pass-Through Rate”. Interest on the MBS shall be calculated on an “Actual/360” basis. “Actual/360” means a computation of interest accrual on the basis of a three hundred sixty (360) day year and the actual number of calendar days during the applicable month, calculated by multiplying the unpaid principal balance of the MBS by the Pass-Through Rate, dividing the product by three hundred sixty (360), and multiplying the quotient obtained by the actual number of days elapsed in the applicable month.

Because Fannie Mae’s guaranty requires it to supplement amounts received by the trust as required to permit timely payment of interest, the amount of interest distributed to certificateholders on a Distribution Date will not be affected by any loss mitigation measure, taken with respect to, or other loan modification made to, the Mortgage Loan while it remains in the trust.

As described under the caption “**MATERIAL FEDERAL INCOME TAX CONSEQUENCES**” which can be found at <http://www.fanniemae.com/resources/file/mbs/pdf/fixed-rate-yield-maintenance-111717.pdf>, the MBS and payments on the MBS, including interest payments thereon, are subject to federal income taxation. Such interest payments only become excluded from gross income for federal income tax purposes and excluded from taxation by the State, to the extent described elsewhere herein, when applied by the Trustee to pay interest due on the Bonds. See “TAX MATTERS” in the Official Statement herein.

Principal Fannie Mae will receive collections on the Mortgage Loan on a monthly basis. The period Fannie Mae uses to differentiate between collections in one month and collections in another month is called the due period. The due period is the period from and including the second calendar day of the preceding month in which the Distribution Date occurs to and including the first calendar day of the month in which the Distribution Date occurs.

On each Distribution Date, Fannie Mae will pass through principal of the MBS, if issued, as follows:

- the aggregate amount of the scheduled principal due on the Mortgage Loan in the pool during the related due period; and

- the aggregate amount of the unscheduled principal payments specified below;
- the stated principal balance of the Mortgage Loan as to which prepayment in full was received during the calendar month immediately preceding the month in which that Distribution Date occurs;
- the stated principal balance of the Mortgage Loan if it was purchased from the pool during the calendar month immediately preceding the month in which that Distribution Date occurs; and
- the amount of any partial prepayments on the Mortgage Loan that were received during the calendar month immediately preceding the month in which that Distribution Date occurs.

Because Fannie Mae’s guaranty requires it to supplement amounts received by the trust as required to permit timely payment of the principal amounts specified above, the amount of principal distributed to certificateholders on a Distribution Date will **not** be affected by any loss mitigation measure, taken with respect to, or other loan modification made to, the Mortgage Loan while it remains in the trust.

Fannie Mae may treat a prepayment in full received on the first Business Day of a month as if the prepayment were received on the last Business Day of the preceding month. Fannie Mae passes through these prepayments on the Distribution Date in the same month in which the prepayment actually was received. For example, if a prepayment on the Mortgage Loan in full is actually received on the first Business Day of February, it would be treated as if it had been received on the last Business Day of January and, therefore, would be passed through on February 25 (or the next Business Day, if February 25 is not a Business Day).

The Mortgage Loan permits the reamortization of principal after a permitted voluntary prepayment or an involuntary prepayment caused by the receipt of proceeds from insurance or condemnation. A reamortization of the Mortgage Loan will cause a change in the rate at which principal is passed through to holders of the Pass-Through Certificate.

Monthly Related Factors On or about the fourth Business Day of each month, Fannie Mae publishes the monthly related factor for each issuance of its Certificates. If an investor multiplies the monthly related factor by the original principal balance of the MBS, the investor will obtain the current principal balance of the MBS, after giving effect to the monthly principal payment to be passed through on the Distribution Date in that month. The most current related factor is generally available in Fannie Mae’s Multifamily Securities Locator Service application on Fannie Mae’s Web site at <http://www.fanniemae.com>.

Guaranty Fannie Mae guarantees to each trust that on each Distribution Date it will supplement amounts received by the trust as required to permit payments on the MBS in an amount equal to:

- the aggregate amounts of scheduled and unscheduled principal payments described in “—Principal” above, and

- an amount equal to one month’s interest on the MBS, as described in “—Interest” above.

In addition, Fannie Mae guarantees to the related trust that it will supplement amounts received by the trust as required to make the full and final payment of the unpaid principal balance of the related certificates on the Distribution Date in the month of the maturity date specified in the prospectus supplement. Fannie Mae’s guaranty runs directly to the trust and not directly to certificateholders. Certificateholders have limited rights to bring proceedings directly against Fannie Mae to enforce its guaranty. See “**THE TRUST DOCUMENTS—Certificateholders’ Rights Upon a Guarantor Event of Default**” in the Fannie Mae MBS Prospectus. While Fannie Mae is in the current conservatorship, the conservator does not have the right to repudiate Fannie Mae’s guaranty on the MBS. However, if Fannie Mae is placed into receivership, or if Fannie Mae emerges from conservatorship and is then again placed into conservatorship, the receiver or conservator, as applicable, will have the right to repudiate Fannie Mae’s guaranty on the MBS. See “**RISK FACTORS—RISKS RELATING TO CREDIT—Fannie Mae Credit Factors**” in the Fannie Mae MBS Prospectus.

Under certain circumstances, certificateholders have certain limited rights to bring proceedings against the Treasury if Fannie Mae fails to pay under its guaranty. The total amount that may be recovered from the Treasury is subject to limits imposed in the senior preferred stock purchase agreement. For a description of certificateholders’ rights to proceed against the Treasury, see “**FANNIE MAE—Certificateholders’ Rights Under the Senior Preferred Stock Purchase Agreement**” in the Fannie Mae MBS Prospectus.

Optional Prepayment Premium

The Mortgage Loan provides for payment of a prepayment premium on the Mortgage Loan, based on a yield maintenance formula, if the Borrower elects to prepay the Mortgage Loan prior to the fifteenth (15th) year after the MBS is issued. See “APPENDIX H — TERM SHEET” herein. As set forth in the form of MBS Prospectus Supplement, the Trustee, as holder of the MBS would receive a portion of that payment, as further described in the MBS Prospectus Supplement under “**Voluntary Prepayment of the Mortgage Loan - Calculation of Total Yield Maintenance Prepayment Premiums.**” Any premium received by the Trustee will be passed through to Certificateholders. **Fannie Mae does not guarantee to any trust the payment of any prepayment premiums.**

Business Day

For the MBS, if issued, any day other than a Saturday or Sunday, a day when the fiscal agent or paying agent is closed, a day when the Federal Reserve Bank of New York is closed, or a day when the Federal Reserve Bank is closed in a district where a certificate account is located if the related withdrawal is being made from that certificate account.

Trust Agreement.....

If issued, the MBS will be issued pursuant to the Multifamily Master Trust Agreement effective as of October 1, 2010, as supplemented by an issue supplement for that issuance. Certain pertinent provisions of the trust agreement in the Fannie Mae MBS Prospectus will apply. The trust agreement may be found on Fannie Mae’s Web site: <http://www.fanniemae.com>

Paying Agent..... The Federal Reserve Bank of New York currently serves as Fannie Mae’s paying agent for certificates such as the MBS.

The Mortgage Loan The Mortgage Loan backing the MBS is secured by a first mortgage lien, is in the original principal amount of the MBS; bears interest at a rate of 4.81% per annum; amortizes over a period and has a balloon maturity as set forth in the TERM SHEET attached hereto as “APPENDIX H.”

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SCHEDULE I

ADDITIONAL DISCLOSURE ADDENDUM

The following information supplements the information in the Prospectus. In the event of any inconsistency between the information provided in this Addendum and the information in the Prospectus, the information in this Addendum shall prevail.

The mortgaged property is subject to affordable housing regulatory agreements that impose income restrictions on tenants of the mortgaged property and is an Affordable Housing Loan. See **“The Mortgage Loans — Affordable Housing Loans”**; **“RISK FACTORS — RISKS RELATING TO YIELD AND PREPAYMENT — Prepayments Relating to Specific Types of Mortgage Loans and Mortgaged Properties — The successful operation of a mortgaged property securing an affordable housing mortgage loan may depend upon additional factors”**; and **“RISK FACTORS — RISKS RELATING TO YIELD AND PREPAYMENT — Prepayments Relating to Specific Types of Mortgage Loans and Mortgaged Properties—An affordable housing mortgage loan may be secured by a mortgaged property that has received an allocation of low-income housing tax credits but that fails to remain in compliance with the requirements for maintaining eligibility to receive the tax credits due to operations of the property or a casualty on the property.”** The mortgaged property also benefits from a tax abatement that reduces property taxes on the property during a portion of the term of the mortgage loan. See **“THE MORTGAGE LOANS—Characteristics of Multifamily Properties—Mortgage Loan Secured by Property Receiving Real Estate Tax Benefits”** and **“RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—Prepayments Relating to Specific Types of Mortgage Loans and Mortgaged Properties—A mortgaged property may benefit from a state or local property tax exemption or tax abatement that requires the borrower and the property to maintain compliance with specific requirements. The failure to meet those requirements may be an event of default under the mortgage loan”** in the Prospectus for additional information.

The MBS certificates will initially serve as collateral for a tax-exempt issue of multifamily housing bonds (the “Bonds”) issued by the Texas Department of Housing and Community Affairs (the “Issuer”) pursuant to and secured by an indenture of trust by and between the Issuer and U.S. Bank National Association, as trustee, and will be held as collateral for the Bonds. The mortgage loan documents provide that the mortgage loan is cross-defaulted with certain agreements relating to the Bonds entered into at the time of the issuance of the Bonds, including but not limited to the indenture authorizing the Bonds and any housing regulatory agreements that limit rents, impose income restrictions or otherwise restrict the use of the property.

Because the mortgage loan documents provide that the mortgage loan is cross-defaulted with certain of the agreements relating to the Bonds, a default under any of the cross-defaulted documents may trigger an event of default on the mortgage loan. If Fannie Mae accelerates the mortgage loan as a result of any event of default under the mortgage loan, the mortgage loan will be paid in full, and the stated principal balance of the certificates will be passed through to the holder of the certificates. In this case, no yield maintenance or other prepayment premiums will be payable to the holder of the certificates.

In addition to the matters described above, the eligible multifamily lender originating the mortgage loan may request the disclosure of additional matters relating to the mortgage loan or, upon delivery of the mortgage loan to Fannie Mae, in Fannie’s Mae’s discretion, it may determine that matters identified in the Term Sheet attached as Appendix H to the Official Statement or otherwise may need to be disclosed in the Additional Disclosure Addendum provided in connection with the issuance of the MBS certificates.

The MBS certificate (the “Immediate MBS”) will initially serve as partial collateral for a tax-exempt issue of multifamily housing bonds (the “Bonds”) issued by the Texas Department of Housing and Community Affairs (the “Issuer”) pursuant to and secured by an indenture of trust by and between the Issuer and U.S. Bank National Association, as trustee, and will be held as collateral for the Bonds; the portion of the Bonds not collateralized by the Immediate MBS will be secured by cash (the “Cash Collateral”). In addition, Fannie Mae has issued a Forward Commitment (the “Fannie Commitment”) to issue an additional MBS certificate (the “Forward MBS”), subject to the terms and conditions set forth in the Fannie Commitment, to secure the Bonds in an amount equal to the difference between the initial principal amount of the Bonds and the principal amount of the Immediate MBS. In the event the Forward MBS is not issued by August 1, 2021, or the Forward MBS is issued in an amount less than the maximum

amount of the Fannie Commitment, the Bonds will be redeemed using the Cash Collateral in an amount equal to the difference between the principal amount of the Bonds outstanding at such time, and the aggregate amount of the Immediate MBS outstanding at such time and the amount, if any, of the Forward MBS outstanding at such time. Cash Collateral not used to redeem the Bonds will be released to the Borrower.

The total debt secured by the mortgaged property initially is \$10,100,000*, and if the mortgage loan relating to the Forward MBS (the “Forward Mortgage Loan”) is originated in the maximum amount available under the Fannie Commitment (\$2,400,000*), the total debt secured by the mortgaged property will be \$12,500,000*. If the Forward Mortgage Loan is originated, it will be originated using a supplemental loan structure with two separate mortgage notes: the mortgage note relating to the Immediate MBS for \$10,100,000* will be in pool _____, and the mortgage note relating to the Forward MBS, if issued, will be in a separate pool the pool number of which will be determined at the time the Forward MBS is issued and will be the subject of a separate prospectus. If the Additional Mortgage Loan is originated, it will be issued as a supplemental loan contractually made pari passu with the initial mortgage loan. The mortgage loans will be held in separate pools and will be of the same priority of payment, interest rate and maturity date. Further, if the Forward Mortgage Loan is originated, the mortgage loans will be secured by the same mortgage and the mortgage loans will be cross-defaulted with each other. As a result, an event of default under one mortgage loan will cause an event of default under the other mortgage loan. See “**THE MORTGAGE LOANS—General Characteristics of the Mortgage Loans—Bifurcated Loans**” in the Prospectus for additional information.

* Preliminary; subject to change.

APPENDIX B
DEFINITIONS OF CERTAIN TERMS

Certain capitalized terms used in this Official Statement are defined below. The following is subject to all the terms and provisions of the Indenture, to which reference is hereby made and copies of which are available from the Issuer or the Trustee.

“Act” means the provisions of Chapter 2306, Texas Government Code, as amended.

“Attesting Officer” means such officer or official of the Issuer who in accordance with the Resolution, the laws of the State, the bylaws or other governing documents of the Issuer or practice or custom, regularly certifies official acts and records of the Issuer, and includes any assistant or deputy officer to the principal officer or officers exercising such responsibilities.

“Authorized Denomination” means \$1,000 or any integral multiple of \$1.00 in excess thereof.

“Authorized Officer” means (a) with respect to the Issuer, the Chair or Vice Chair of the Board, the Executive Director or Acting Director of the Department, the Director of Administration of the Department, the Director of Bond Finance and Chief Investment Officer of the Department, the Director of Texas Homeownership of the Department and the Secretary or Assistant Secretary to the Board, and (b) with respect to the Trustee, any Vice President or Assistant Vice President of the Trustee having regular responsibility for corporate trust matters.

“Bankruptcy Code” means the Federal Bankruptcy Code, Title 11 of the United States Code.

“Beneficial Owner” means the purchaser of a beneficial interest in the Bonds.

“Bond” or **“Bonds”** means the Multifamily Tax-exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN) in the principal amount of \$12,500,000*, authorized under and secured by the Indenture and issued pursuant to the Indenture.

“Bond Counsel” means an attorney at law or a firm of attorneys of recognized expertise in the field of federal income tax matters relating to municipal securities selected by the Issuer and acceptable to the Trustee.

“Bond Dated Date” means January 1, 2019.

“Bond Loan” means the loan of the proceeds of the Bonds from the Issuer to the Borrower.

“Bond Loan Note” means the promissory note dated the Closing Date from the Borrower to the Issuer and assigned by the Issuer to the Trustee on the Closing Date, in substantially the form attached as an exhibit to the Financing Agreement, together with any amendments, supplements or modifications thereto.

“Bond Maturity Date” means the date set forth in Appendix H — TERM SHEET hereto, subject to final payment of principal with respect to the MBS on February 25, 2036, or the following Business Day if such day is not a Business Day, which will be passed through to the Bondholders on the Final Payment Date.

“Bond Proceeds Fund” means the fund so designated which is established and created pursuant to the Indenture.

“Bond Purchase Agreement” means the Bond Purchase Agreement, dated January __, 2019, among the Underwriter, the Issuer and the Borrower.

“Bondholder” or **“holder”** or **“owner”** of any Bond or any similar term shall mean the person in whose name any Bond is registered.

* Preliminary; subject to change.

“Book Entry Bonds” means the Bonds for which a Depository or its Nominee is the Bondholder.

“Borrower” means Yellowstone Boulevard, LLC, a Texas limited liability company, or any of its permitted successors or assigns.

“Business Day” means, with respect to the MBS and the Bonds, any day other than a Saturday or Sunday, a day when the fiscal agent or paying agent for the MBS is closed, a day when the Federal Reserve Bank of New York is closed, or a day when the Federal Reserve Bank is closed in a district where a bond account is located if the related withdrawal is being made from that bond account, and, with respect to the Bonds, any such day that is also a day on which the Trustee is open for business.

“Cash Flow Projection” means cashflow projections prepared by an independent firm of certified public accountants, a financial advisory firm, a law firm or other independent third party qualified and experienced in the preparation of cash flow projections for structured finance transactions similar to the Bonds, establishing that (a) the amounts on deposit with the Trustee in the Bond Proceeds Fund, the Collateral Fund and Revenue Fund, and (b) any additional Eligible Funds delivered to the Trustee by or on behalf of the Borrower are sufficient to pay (i) amounts due and payable on the Bonds on each Payment Date and (ii) the MBS Purchase Price on the MBS Delivery Date. The cost and expense of such obtaining such Cash Flow Projections shall be the sole responsibility of the Borrower.

“City Lender” means the City of Houston, Texas.

“City Loan” means the subordinate loan from the City of Houston, Texas to the Borrower in the principal amount of \$4,600,000*.

“Closing Date” means _____, 2019.

“Code” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“Collateral Fund” means the Fund created and so designated under the Indenture.

“Costs of Issuance” has the meaning set forth for such term in the Tax Exemption Agreement.

“Costs of Issuance Deposit” shall mean the amount deposited on the Closing Date into the Costs of Issuance Fund.

“Costs of Issuance Fund” means the fund of that name which is established and created pursuant to the Indenture.

“Counsel’s Opinion” means a written opinion, including opinions supplemental thereto, signed by an attorney or firm of attorneys (who may be counsel for the Issuer, the Borrower or Fannie Mae) acceptable to the recipient of such opinion.

“Depository” means, initially, DTC and any replacement securities depository appointed under the Indenture.

“DTC” means The Depository Trust Company, New York, New York.

“Eligible Funds” means:

* Preliminary; subject to change.

- (a) the proceeds of the Bonds or any other amounts received by the Trustee from the Underwriter of the Bonds;
- (b) the proceeds of the Mortgage Loan and the Equity Bridge Loan;
- (c) the proceeds of the City Loan;
- (d) the moneys drawn on a letter of credit;
- (e) any amounts received by the Trustee representing advances to the Borrower (or an affiliate) of funds from other third parties representing loans or grants of money earmarked for the Project;
- (f) any other amounts for which the Trustee has received an Opinion of Counsel to the effect that the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code (or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court) or be avoidable as preferential payments under Section 547 or 550 of the Bankruptcy Code should the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;
- (g) any payments held by the Trustee for a continuous period of 123 days, provided that no act of bankruptcy with respect to the Borrower has occurred during such period; and
- (h) investment income derived from the investment of the money described in (a) through (g) above.

“Equity Bridge Lender” means PNC Real Estate.

“Equity Bridge Loan” means an equity bridge loan from the Equity Bridge Lender to the Borrower in connection with the Project.

“Event of Default” means any of the events specified as such in the Indenture.

“Extension Deposit” means the deposit of Eligible Funds described as such in the Indenture.

“Fannie Mae” means Fannie Mae, formerly known as the Federal National Mortgage Association, a body corporate created and existing under the laws of the United States of America (12 U.S.C. § 1717(a)), and any successor thereto.

“Fannie Mae Certificate” means a guaranteed mortgage pass-through Fannie Mae mortgage-backed security issued by Fannie Mae in book-entry form, recorded in the name of the Trustee or its nominee, guaranteed as to timely payment of principal of and interest by Fannie Mae, and backed by the Mortgage Loan.

“Fannie Mae Forward Commitment” means the Fannie Mae Forward Commitment, dated as of January __, 2019, entered into between the Lender and Fannie Mae, as the same may be amended from time to time.

“Favorable Opinion of Bond Counsel” means, with respect to any action, or omission of an action, the taking or omission of which requires such an opinion, an unqualified written opinion of Bond Counsel to the effect that such action or omission does not adversely affect the excludability from gross income for federal income tax purposes of interest payable on the Bonds under existing law (subject to the inclusion of any exceptions contained in the opinion delivered upon the original issuance of the Bonds or such other customary exceptions that are acceptable to the recipient(s) thereof).

“Final Payment Date” means the date set forth in APPENDIX H — TERM SHEET hereto.

“Financing Agreement” means the Financing Agreement dated as of January 1, 2019 among the Issuer, the Borrower and the Trustee.

“Financing Documents” means the Financing Agreement, the Regulatory Agreement, the Tax Exemption Agreement, the Indenture, the Bond Loan Note, the Lease Agreement and the Bond Purchase Agreement.

“Forward MBS” shall mean the Fannie Mae Certificate identified in the Indenture, if and when delivered, that is pledged to the Trustee pursuant to the Indenture.

“Forward MBS Delivery Date” means the date on which the Trustee receives the Forward MBS backed by the Forward Mortgage Loan, which shall occur not later than the Forward MBS Delivery Date Deadline.

“Forward MBS Delivery Date Deadline” means _____, 20__,* as such date may be extended pursuant to the Indenture.

“Forward MBS Purchase Price” means (i) an amount equal to (A) the principal amount outstanding on the Bonds as of the Forward MBS Delivery Date less (B) the principal amount outstanding on the Immediate MBS as of the Forward MBS Delivery Date, plus (ii) accrued interest on the Forward MBS from the Forward MBS Dated Date to the Forward MBS Delivery Date at the Pass-Through Rate.

“Forward Mortgage” means the instrument securing the Forward Mortgage Loan.

“Forward Mortgage Loan” means the interest-bearing loan for multifamily housing relating to the Bonds which is evidenced by the Forward Mortgage Note and secured by the Forward Mortgage and the Forward Multifamily Loan and Security Agreement.

“Forward Mortgage Note” means the Multifamily Note dated _____, 20__ from the Borrower payable to the order of the Issuer and assigned to the Lender evidencing the Borrower’s obligation to repay the Forward Mortgage Loan.

“Forward Multifamily Loan and Security Agreement” means the Forward Multifamily Loan and Security Agreement executed by the Borrower and dated January __, 2019, as the same may be supplemented, amended or modified from time to time.

“Fund” or **“Account”** means a fund or account created by or pursuant to the Indenture.

“Government Obligations” means direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury), and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by the United States of America.

“Immediate MBS” shall mean the Fannie Mae Certificate identified in the Indenture, if and when delivered, that is pledged by the Issuer to the Trustee pursuant to this Indenture.

“Immediate MBS Delivery Date” means the date on which the Trustee receives the Immediate MBS backed by the Immediate Mortgage Loan, which shall occur not later than the Immediate MBS Delivery Date Deadline.

“Immediate MBS Delivery Date Deadline” means _____, 20__,* as such date may be extended pursuant to the Indenture.

“Immediate MBS Purchase Price” means the principal amount outstanding on the Mortgage Loan as of the Immediate MBS Delivery Date plus accrued interest on the Immediate MBS from the Immediate MBS Dated Date to the Immediate MBS Delivery Date at the Pass-Through Rate.

“Immediate Mortgage” means the instrument securing the Immediate Mortgage Loan.

* Preliminary; subject to change.

“Immediate Mortgage Loan” means the interest-bearing loan for multifamily housing relating to the Bonds which is evidenced by the Immediate Mortgage Note and secured by the Immediate Mortgage and the Immediate Multifamily Loan and Security Agreement.

“Immediate Mortgage Note” means the Multifamily Note dated the Closing Date from the Borrower payable to the order of the Issuer and assigned to the Lender evidencing the Borrower’s obligation to repay the Immediate Mortgage Loan.

“Immediate Multifamily Loan and Security Agreement” means the Immediate Multifamily Loan and Security Agreement executed by the Borrower and dated January __, 2019, as the same may be supplemented, amended or modified from time to time.

“Indenture” means the Indenture of Trust and any amendments or supplements made in accordance with its terms, including each applicable Supplemental Indenture.

“Investor Member” means PNC Real Estate Tax Credit Capital Institutional Fund 53, LLC, a Delaware limited liability company, as nominee, and its successors and/or assigns.

“Issuer” means the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas.

“Lender” means KeyBank Real Estate Capital.

“Lender Commitment” means the commitment from the Lender to the Borrower, dated January __, 2019.

“Mandatory Redemption Date” means the date on which the Bonds are subject to mandatory redemption pursuant to the Indenture.

“MBS” shall mean, individually or collectively as context may dictate, the Immediate MBS and the Forward MBS.

“MBS Dated Date” means the 1st day of the month in which the MBS is delivered.

“MBS Delivery Date” means, individually or collectively as context dictates, the Immediate MBS Delivery Date and the Forward MBS Delivery Date.

“MBS Delivery Date Deadline” means, individually or collectively as context dictates, the Immediate MBS Delivery Date Deadline and the Forward MBS Delivery Date Deadline.

“MBS Factor” means the applicable factor posted by Fannie Mae on the MBS from time to time as the Mortgage Loan amortizes.

“MBS Purchase Price” means, individually or collectively as context dictates, the Immediate MBS Purchase Price or the Forward MBS Purchase Price.

“MBS Revenues” means all payments made under and pursuant to the MBS.

“Moody’s” means Moody’s Investors Service, Inc., a Delaware corporation, and its successors and assigns, or if it is dissolved or no longer assigns credit ratings, then any other nationally recognized statistical rating agency, designated by Fannie Mae, as assigns credit ratings.

“Mortgage” means, individually or collectively as context may dictate, the Immediate Mortgage and the Forward Mortgage.

“Mortgage Loan” means, individually or collectively as context may dictate, the Immediate Mortgage Loan and the Forward Mortgage Loan.

“Mortgage Loan Amortization Schedule” means each amortization schedule for the applicable Mortgage Loan delivered to the Trustee on the Closing Date, as subsequently modified by the Lender on the Forward MBS Delivery Date.

“Mortgage Loan Documents” means, collectively, the Mortgage Note, the Mortgage, the Multifamily Loan and Security Agreement, and all other documents, agreements and instruments evidencing, securing or otherwise relating to the Mortgage Loan, as each such document, agreement or instrument may be amended, supplemented or restated from time to time. For the avoidance of doubt, neither the Financing Agreement nor the Regulatory Agreement is a Mortgage Loan Document and neither document is secured by the Mortgage.

“Mortgage Note” means, individually or collectively as context may dictate, the Immediate Mortgage Note and the Forward Mortgage Note.

“Multifamily Loan and Security Agreement” means, individually or collectively as context may dictate, the Immediate Multifamily Loan and Security Agreement and the Forward Multifamily Loan and Security Agreement.

“Negative Arbitrage Account” means the Negative Arbitrage Account of the Revenue Fund which is established and created pursuant to the Indenture.

“Negative Arbitrage Deposit” means Eligible Funds in the amount set forth in the Indenture to be deposited on the Closing Date into the Negative Arbitrage Account and as otherwise set forth in the Indenture.

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to the Indenture.

“Outstanding” or **“outstanding”** means, when used with respect to the Bonds as of any date, all Bonds theretofore validated, authenticated and delivered under the Indenture, except:

(a) any Bond cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) any Bond for the payment or redemption of which either (i) moneys equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, or (ii) specified types of Permitted Investments or moneys in the amounts, of the maturities and otherwise as described and required under the provisions of the Indenture, shall have theretofore been deposited with the Trustee in trust (whether upon or prior to maturity or the redemption date of such Bond) and, except in the case of a Bond to be paid at maturity, as to which a redemption notice shall have been given or provided for in accordance with the Indenture, and

(c) any Bond in lieu of or in exchange for which another Bond shall have been validated, authenticated and delivered pursuant to the Indenture.

“Participant” means a member of, or a participant in, the Depository.

“Pass-Through Rate” means the rate set forth in APPENDIX H — TERM SHEET hereto.

“Payment Date” means (i) the 26th day of the month following the month in which the Closing Date occurs and the 26th day of each month thereafter, or the next succeeding Business Day if such 26th day is not a Business Day, until and including the 26th day of the month in which the Immediate MBS Delivery Date occurs and (ii) commencing on the first day of the month immediately following the month in which the Immediate MBS Delivery Date occurs, the Business Day immediately after the date of receipt by the Trustee of a payment received on the MBS. The payment of interest on a Payment Date shall relate to the interest accrued during the preceding calendar month. There shall be no further accrual of interest from the Bond Maturity Date to the Final Payment Date.

“Permitted Investments” means any of the following investments which at the time are legal investments for moneys of the Issuer which are then proposed to be invested therein and each of which investments must mature or be guaranteed to be able to be tendered at a price of par at such time or times as to enable timely disbursements to be made from the fund in which such investment is held or allocated in accordance with the terms of the Indenture:

(a) Government Obligations; and

(b) shares or units in any money market mutual fund rated “AAAm” by S&P (or if S&P is not the Rating Agency or a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security) (including mutual funds of the Trustee or its affiliates or for which the Trustee or an affiliate thereof serves as investment advisor or provides other services to such mutual fund and receives reasonable compensation therefor, registered under the Investment Company Act of 1940, as amended, whose investment portfolio consist solely of direct obligations of the government of the United States of America).

“Project” means the multifamily rental housing development, known as Park Yellowstone, located in Houston, Texas, on the site described in the Mortgage.

“Project Costs” means the following costs of the Project:

(a) Costs incurred directly or indirectly for or in connection with the acquisition (including the acquisition of a fee simple interest), construction, rehabilitation, improvement and equipping of the Project, including costs incurred in respect of the Project for preliminary planning and studies; architectural, legal, engineering, accounting, consulting, supervisory and other services; labor, services and materials; and recording of documents and title work and insurance.

(b) Premiums attributable to any surety bonds and insurance required to be taken out and maintained during the construction period with respect to the Project.

(c) Taxes, assessments and other governmental charges in respect of the Project that may become due and payable during the construction period.

(d) Costs incurred directly or indirectly in seeking to enforce any remedy against any contractor or subcontractor in respect of any actual or claimed default under any contract relating to the Project.

(e) Subject to the limitations set forth in the Tax Exemption Agreement, Costs of Issuance, including, financial, legal, accounting, cash flow verification, printing and engraving fees, charges and expenses, and all other such fees, charges and expenses incurred in connection with the authorization, sale, issuance and delivery of the Bonds, including, without limitation, the fees and expenses of the Trustee properly incurred under the Indenture that may become due and payable during the construction period.

(f) Any other costs, expenses, fees and charges properly chargeable to the cost of acquisition, construction, rehabilitation, improvement and equipping of the Project.

(g) Payment of interest on the Bonds during the construction period.

“Rating Agency” means S&P or any other nationally recognized securities rating agency rating the Bonds, or such rating agency’s successors or assigns.

“Rebate Amount” means has the meaning set forth for such term in the Tax Exemption Agreement.

“Record Date” means the close of business on the last day of the calendar month prior to the calendar month in which a payment occurs.

“Redemption Price” means the amount required to be delivered to pay principal of, interest on, and redemption premium, if any, in connection with a redemption of the Bonds as provided in the applicable provision of the Indenture.

“Register” means the registration books of the Issuer maintained by the Trustee (as Registrar) as provided in the Indenture on which registration and transfer of the Bonds is to be recorded.

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Regulatory Agreement” means the Regulatory and Land Use Restriction Agreement relating to the Project, dated as of January 1, 2019, by and between the Issuer, the Trustee and the Borrower, as it may be amended, supplemented or restated from time to time.

“Reserved Rights” of the Issuer means (a) all of the Issuer’s right, title and interest in and to all reimbursement, costs, expenses and indemnification; (b) the right of the Issuer to amounts payable to it pursuant to Section 4.02 of the Financing Agreement, including the Issuer’s Fees; (c) all rights of the Issuer to receive any Rebate Amount (as defined in the Tax Exemption Agreement) required to be rebated to the United States of America under the Code in connection with the Bonds, as described in the Tax Exemption Agreement; (d) all rights of the Issuer to receive notices, reports or other information, and to make determinations and grant approvals or consent hereunder and under the Financing Agreement, the Regulatory Agreement and the Tax Exemption Agreement; (e) all rights of the Issuer of access to the Project and documents related thereto and to specifically enforce the representations, warranties, covenants and agreements of the Borrower set forth in the Financing Agreement, in the Tax Exemption Agreement and in the Regulatory Agreement; (f) any and all rights, remedies and limitations of liability of the Issuer set forth in this Indenture, the Financing Agreement, the Regulatory Agreement, the Tax Exemption Agreement, the Mortgage, or the Subordinate Mortgage, as applicable, regarding (1) the negotiability, registration and transfer of the Bonds, (2) the loss or destruction of the Bonds, (3) the limited liability of the Issuer as provided in the Act, this Indenture, the Financing Agreement, the Regulatory Agreement, the Tax Exemption Agreement, the Mortgage, the Subordinate Mortgage or the Mortgage Note, (4) no liability of the Issuer to third parties, and (5) no warranties of suitability or merchantability by the Issuer; (g) all rights of the Issuer in connection with any amendment to or modification of this Indenture, the Financing Agreement, the Regulatory Agreement, the Tax Exemption Agreement, the Mortgage, Subordinate Mortgage and the Mortgage Note; (h) any and all limitations of the Issuer’s liability and the Issuer’s disclaimers of warranties set forth in this Indenture, the Regulatory Agreement, the Tax Exemption Agreement or the Financing Agreement, and the Issuer’s right to inspect and audit the books, records and permits of the Borrower and the Project; and (i) any and all rights under the Financing Agreement and the Regulatory Agreement required for the Issuer to enforce or to comply with Section 2306.186 of the Texas Government Code.

“Resolution” means the resolution of the Issuer adopted on December 6, 2018, authorizing issuance and sale of the Bonds.

“Revenue Fund” means the Revenue Fund which is established and created pursuant to the Indenture.

“State” means the State of Texas.

“S&P” means S&P Global Ratings, and its successors and assigns, or if it is dissolved or no longer assigns credit ratings, then any other nationally recognized statistical rating agency, acceptable to the Issuer, that assigns credit ratings.

“Substitute Depository” means a securities depository appointed as successor to DTC under the Indenture.

“Supplemental Indenture” means any indenture supplemental to or amendatory of the Indenture, executed and delivered by the Issuer and effective in accordance with the Indenture.

“Tax Exemption Agreement” means that certain Tax Exemption Certificate and Agreement dated as of the Bond Dated Date, among the Issuer, the Trustee and the Borrower, as in effect on the Closing Date and as it may thereafter be amended or supplemented or restated in accordance with the provisions therein.

“Trust Estate” means all the property, rights, moneys, securities and other amounts pledged and assigned to the Trustee pursuant to the granting clauses of the Indenture.

“Trustee” means U.S. Bank National Association.

“Trustee Fee” means _____.

“Underwriter” means Stifel, Nicolaus & Company, Incorporated, as underwriter of the Bonds.

APPENDIX C
SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture which are not described elsewhere in the Official Statement. This summary does not purport to be comprehensive, and reference should be made to the Indenture for a full and complete statement of its provisions.

Authorization, Transfer and Registration, and Terms of Bonds

Authorization of Bonds. The Bonds of the Issuer are authorized by the Indenture to be issued in an aggregate principal amount set forth in the Indenture and shall be issued subject to the terms, conditions and limitations established in the Indenture as provided therein. The Bonds shall be issued initially as Book Entry Bonds. The Bonds may be executed by or on behalf of the Issuer, authenticated by the Trustee and delivered or caused to be delivered by the Trustee to the original purchasers thereof upon compliance with the requirements set forth in the Indenture.

Execution. The Bonds shall be signed by, or bear the facsimile or manual signature of an Authorized Officer of the Issuer, with the corporate seal or a facsimile of the corporate seal of the Issuer imprinted on the Bonds, and, other than the Initial Bond, attested to by the manual or facsimile signature of the Trustee. In case any one or more of the officers of the Issuer who shall have signed or sealed any of the Bonds or whose signature appears on any of the Bonds shall cease to be such officer before the Bonds so signed shall have been actually authenticated or delivered or caused to be delivered by the Trustee or issued by the Issuer, such Bonds may, nevertheless, be authenticated and issued and, upon such authentication, delivery and issue, shall be as binding upon the Issuer as if the persons who signed or sealed such Bonds or whose signatures appear on any of the Bonds had not ceased to hold such offices until such delivery. Any Bond may be signed or sealed on behalf of the Issuer by such persons as at the actual time of execution of the Bonds shall be duly authorized or hold the proper office in the Issuer, although at the date of issuance and delivery of the Bonds such persons may not have been so authorized or have held such office.

Limited Obligation. THE BONDS, TOGETHER WITH INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY, ARE NOT GENERAL OBLIGATIONS OF THE ISSUER, BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER SECURED BY THE TRUST ESTATE, ARE AND WILL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE (EXCEPT TO THE EXTENT PAID OUT OF MONEYS ATTRIBUTABLE TO PROCEEDS OF THE BONDS OR THE INCOME FROM THE TEMPORARY INVESTMENT THEREOF), AND ARE AND WILL ALWAYS BE A VALID CLAIM OF THE OWNER THEREOF ONLY AGAINST THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE, WHICH REVENUES AND INCOME MAY BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL INSTALLMENTS OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THIS INDENTURE AND IN THE FINANCING AGREEMENT. THE BONDS AND THE OBLIGATION TO PAY INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, DO NOT NOW AND WILL NEVER CONSTITUTE A DEBT OR AN OBLIGATION OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF WILL BE LIABLE THEREFOR. **THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH, CREDIT, OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER.**

THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT OR ANY OTHER FEDERAL GOVERNMENTAL AGENCY AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES. The foregoing statement of limitation shall appear on the face of each Bond.

Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Issuer, at the expense of the owner of such Bond shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and delivered to, or upon the

order of, the Issuer. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence shall be satisfactory to it and indemnity satisfactory to the Trustee shall be given, the Issuer, at the expense of the owner of such Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Bond authenticated and delivered under this section and of the expenses which may be incurred by the Issuer and the Trustee in the premises. Any Bond authenticated and delivered under the provisions of this section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Issuer whether or not the Bond so alleged to be lost, destroyed or stolen shall be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of the Indenture with all other Bonds secured by the Indenture. If any such Bond shall have matured, or is about to mature, instead of issuing a new Bond the Trustee may pay the same without surrender thereof upon receipt of the aforementioned indemnity.

Registration, Transfer and Exchange of Bonds; Persons Treated as Owners.

The Issuer shall cause books for the registration, transfer and exchange of the Bonds as provided in the Indenture to be kept by the Trustee, which is constituted and appointed the bond registrar with respect to the Bonds (the "Bond Registrar"). At reasonable times and under reasonable regulations established by the Trustee, said books may be inspected and copied by the Issuer or by owners (or a designated representative thereof) of a majority in aggregate principal amount of the Bonds then Outstanding. The registration of each Bond is transferable by the registered owner thereof in person or by its attorney duly authorized in writing at the designated corporate trust office of the Trustee. Upon surrender for registration of transfer of any Bond at such office, the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond of the same maturity or maturities and Authorized Denomination for the same aggregate principal amount. Bonds to be exchanged shall be surrendered at said designated corporate trust office of the Trustee, and the Trustee shall authenticate and deliver in exchange therefor a Bond of equal aggregate principal amount of the same maturity and Authorized Denomination.

All Bonds presented for registration of transfer, exchange or payment (if so required by the Issuer or the Trustee) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee, duly executed by the registered owner or by its duly authorized attorney.

The Issuer, the Bond Registrar and the Trustee shall not be required (i) to issue, register the transfer of or exchange any Bonds during a period beginning at the Trustee's opening of business on the applicable Record Date and ending at the Trustee's close of business on the applicable Payment Date; or (ii) to register the transfer of or exchange any Bond selected, called or being called for redemption as provided in the Indenture. No charge shall be made to any Bondholder for the privilege of registration of transfer as provided in the Indenture, but any Bondholder requesting any such registration of transfer shall pay any tax or governmental charge required to be paid therefor.

New Bonds delivered upon any registration of transfer or exchange shall be valid obligations of the Issuer, evidencing the same debt as the Bonds surrendered, shall be secured by the Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered. The person in whose name any Bond is registered shall be deemed the owner thereof by the Issuer and the Trustee, and any notice to the contrary shall not be binding upon the Issuer or the Trustee. Notwithstanding anything in the Indenture to the contrary, to the extent the Bonds are Book Entry Bonds, the provisions of the Indenture shall govern the exchange and registration of Bonds.

Redemption

Mandatory Redemption prior to Immediate MBS Delivery Date. The Bonds are subject to mandatory redemption in part on any Payment Date prior to the first day of the first month following the Immediate MBS Delivery Date in an amount equal to the amount due on the first day of the month in which such Payment Date occurs as shown in the Mortgage Loan Amortization Schedule, payable with respect to principal first, from money on deposit in the Bond Proceeds Fund and second, from money on deposit in the Collateral Fund, and with respect to interest from money on deposit in the Revenue Fund.

Mandatory Redemption upon Failure to Purchase the Immediate MBS. The Bonds are subject to mandatory redemption in whole five (5) Business Days after the Immediate MBS Delivery Date Deadline (as such date may be extended under the Indenture) at a Redemption Price equal to 100% of the Outstanding principal amount thereof plus interest accrued but unpaid from the first day of the month in which the last Payment Date occurred to such redemption date, if the Immediate MBS Delivery Date has not occurred on or prior to the Immediate MBS Delivery Date Deadline, as such date may be extended, payable with respect to principal first, from money on deposit in the Bond Proceeds Fund and second, from money on deposit in the Collateral Fund and with respect to premium, if any, and interest, from money on deposit in the Revenue Fund.

Mandatory Redemption upon Failure to Purchase the Forward MBS. The Bonds are subject to mandatory redemption in part, five (5) Business Days after the Forward MBS Delivery Date Deadline (as such date may be extended pursuant to the Indenture) at a Redemption Price equal to the principal amount of the Forward MBS, plus interest accrued but unpaid (with respect to the portion of the Bonds to be redeemed) from the first day of the month in which the last Payment Date occurred to such redemption date, if the Forward MBS Delivery Date has not occurred on or prior to the Forward MBS Delivery Date Deadline, as such date may be extended, payable with respect to principal first, from money on deposit in the Bond Proceeds Fund and second, from money on deposit in the Collateral Fund, and with respect to premium, if any, and interest, from money on deposit in the Revenue Fund.

Mandatory Redemption on the Forward MBS Delivery Date. The Bonds are subject to mandatory redemption in part on the Forward MBS Delivery Date at a Redemption Price equal to (i) the difference between (x) the combined principal amount of the Forward MBS purchased on the Forward MBS Delivery Date and the Immediate MBS and (y) the aggregate principal amount of the Bonds Outstanding as of the first day of the month in which the Forward MBS Delivery Date occurred, plus (ii) interest accrued but unpaid on such difference from the first day of the month in which the last Payment Date occurred to the Forward MBS Delivery Date; payable with respect to principal first, from money on deposit in the Bond Proceeds Fund and second, from money on deposit in the Collateral Fund, and with respect to interest and premium, if any, from money on deposit in the Revenue Fund.

Mandatory Redemption Following the Immediate MBS Delivery Date. Following the Immediate MBS Delivery Date, the Bonds are subject to mandatory redemption in part in an amount equal to, and one Business Day after the date on which, each principal payment or prepayment is received pursuant to the MBS at a Redemption Price equal to 100% of the principal amount received pursuant to the MBS, plus interest and premium, if any, received pursuant to the MBS.

Mandatory Redemption in Lieu of Exchange. The Bonds are subject to mandatory redemption in part in the event the Issuer elects pursuant to the Indenture to redeem a Beneficial Owner's Bonds for an amount equal to the Cash Value in lieu of delivering to the Beneficial Owner of the Bonds of its proportional interest in the MBS based upon its proportional interest in the Bonds. Any such redemption shall be made in the amounts, from the sources and in accordance with the provisions of the Indenture. The Cash Value shall be calculated by the Issuer or by a financial advisor selected by the Issuer, and shall be verified by an independent verification agent in writing confirming the mathematical accuracy of the calculations.

Notice of Redemption

Any time the Bonds are subject to redemption in whole or in part pursuant to the Indenture, the Trustee, in accordance with the provisions of the Indenture, shall use its best efforts to give at least five (5) Business Days' notice, in the name of the Issuer, of the redemption of the Bonds, which notice shall specify the following: (i) the maturity and principal amounts of the Bonds to be redeemed; (ii) the CUSIP number, if any, of the Bonds to be redeemed; (iii) the date of such notice; (iv) the issuance date for such Bonds; (v) the interest rate on the Bonds to be redeemed; (vi) the redemption date; (vii) any conditions to the occurrence of the redemption; (viii) the place or places where amounts due upon such redemption will be payable; (ix) the Redemption Price; (x) the Trustee's name and address with a contact person and a phone number; and (xi) that on the redemption date, the Redemption Price shall be paid. Neither the giving of such notice by the Trustee nor the receipt of such notice by the Bondholders shall be a condition precedent to the effectiveness of any such redemption. Notwithstanding anything in the Indenture to the contrary, no notice of redemption shall be required with respect to redemptions pursuant to "Mandatory Redemption prior to MBS Delivery Date," or "Mandatory Redemption Following the Immediate MBS Delivery Date" above.

The Bonds to be redeemed in part pursuant to the Indenture will be selected in accordance with the operational arrangements of DTC or any successor Substitute Depository, and any partial prepayments pursuant thereto shall be made in accordance with the “Pro Rata Pass-Through Distributions of Principal” procedures of DTC or comparable procedures of any successor Substitute Depository.

In the event that the MBS has not been purchased by, and delivered to, the Trustee ten (1) Business Days prior to the MBS Delivery Date Deadline (as such date may be extended under the Indenture), the Trustee shall provide, ten (10) Business Days prior to the MBS Delivery Date, to the Borrower, the Lender, the Underwriter and the Issuer written notice of such non-purchase.

Notwithstanding this section, no prior notice shall be a prerequisite to the effectiveness of any redemption under the heading “Redemption” which redemption shall occur and be effective irrespective of whether the Trustee fulfills its obligation to provide the notice with respect to the heading “Redemption” required by this section.

Payment of Redemption Price

With respect to any redemption pursuant to the heading “Redemption” above, whether or not notice has been given in the manner provided in the heading “Notice of Redemption” above (or not required to be given as a result of a redemption pursuant to the heading “Redemption” above), and all conditions to the redemption contained in such notice, if applicable, having been met, the Bonds so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price specified in the heading “Redemption” above, and upon presentation and surrender thereof at the offices specified in such notice, together with, in the case of Bonds presented by other than the registered owner, a written instrument of transfer duly executed by the registered owner or its duly authorized attorney; provided, however, that so long as the Bonds are registered in the name of the Depository, payment for such redeemed Bonds shall be made in accordance with the Representation Letter of the Issuer. If, on the redemption date, moneys for the redemption of all of the Bonds to be redeemed, together with all accrued interest on such Bonds, which shall equal all interest accrued on the MBS, if delivered, to the redemption date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, interest on the Bonds so called for redemption shall cease to accrue.

Extension of Termination Date and MBS Delivery Date Deadline

At any time prior to the date on which notice of redemption pursuant to the Indenture, as described under the heading “Notice of Redemption” above must be given pursuant to the Indenture, as described under “Redemption - Mandatory Redemption upon Failure to Purchase the MBS” and “Redemption – Mandatory Redemption upon Failure to Convert by the Termination Date” above, the Borrower may extend the Termination Date and the MBS Delivery Date Deadline by (i) providing to the Trustee, the Lender, the Rating Agency, the Issuer and the Underwriter written notice of any extension of the Termination Date and/or the MBS Delivery Date Deadline, (ii) depositing Eligible Funds for the credit of the Negative Arbitrage Account of the Revenue Fund in an amount, taking into account amounts already on deposit therein, sufficient to pay interest due on the Bonds to the date that is five (5) Business Days after the applicable extended MBS Delivery Date Deadline (the “Extension Deposit”), (iii) delivering to the Trustee and the Rating Agency a Cash Flow Projection establishing the sufficiency of the Extension Deposit, and (iv) delivering to the Trustee confirmation by the Rating Agency of the then-current rating on the Bonds. Extension Deposits may continue to be made by or on behalf of the Borrower until the applicable MBS Delivery Date occurs or the Borrower declines to make an Extension Deposit resulting in the mandatory redemption pursuant to the Indenture; provided, however, neither MBS Delivery Date Deadline may be extended to a date that is later than the fourth anniversary of the Bond Dated Date unless prior to any extension beyond such date there shall be filed with the Trustee and the Issuer a Favorable Opinion of Bond Counsel. The cost of such opinion shall be the sole responsibility of the Borrower.

Delivery of MBS

Each MBS shall be registered in the name of the Trustee or its designee. The obligation of the Trustee to purchase the applicable MBS on the applicable MBS Delivery Date shall be subject to receipt by the Trustee of written notification from the Lender upon which the Trustee may rely and act without further investigation certifying that the applicable MBS duly executed by Fannie Mae is available for purchase by the Trustee at the applicable MBS Purchase Price, and meets the following requirements:

(i) the sum of the principal amounts of the MBS shall equal from time to time the then current principal amount of the Bonds, except for principal payments received which have not been remitted to owners of the Bonds;

(ii) the applicable MBS shall bear interest at the Pass-Through Rate payable on the 25th day of each month, commencing on the 25th day of the month following the month in which the Trustee purchases the applicable MBS, or if any such 25th day is not a Business Day, the next succeeding Business Day, and have a final maturity date, which is the same as the Bond Maturity Date;

(iii) the applicable MBS shall provide that timely payment of principal (whether on any scheduled Payment Date or prior thereto upon any mandatory prepayment of the Mortgage Note or upon any optional prepayment of the Mortgage Note or upon declaration of acceleration following a default thereunder and interest on the applicable MBS) is guaranteed to the record owner of the applicable MBS, regardless of whether corresponding payments of principal and interest on the Mortgage Loan are paid when due; and

(iv) the applicable MBS shall be acquired by the Trustee on behalf of the Issuer, shall be held at all times by the Trustee in trust for the benefit of the Bond owners and shall be held only in book-entry form through the United States Federal Reserve Bank book-entry system, pursuant to which the applicable MBS shall have been registered on the records of the Federal Reserve Bank in the name of the Trustee.

The Trustee shall receive confirmation in writing that the Depository is holding the applicable MBS on behalf of, and has identified the applicable MBS on its records as belonging to, the Trustee. Upon purchase of the applicable MBS on the applicable MBS Delivery Date, the Trustee shall post a notification to this effect on the Electronic Municipal Market Access website of the Municipal Securities Rulemaking Board.

Pledge of Trust Estate

The pledge and assignment of and the security interest granted in the Trust Estate pursuant to the granting clauses of the Indenture for the payment of the principal of, premium, if any, and interest on the Bonds, in accordance with their terms and provisions, and for the payment of all other amounts due under the Indenture, shall attach, be perfected and be valid and binding from and after the time of the delivery of the Bonds by the Trustee or by any person authorized by the Trustee to deliver the Bonds. The Trust Estate so pledged and then or thereafter received by the Trustee shall immediately be subject to the lien of such pledge and security interest without any physical delivery thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof.

Establishment of Funds

The Trustee shall establish, maintain and hold in trust the following funds, each of which shall be maintained by the Trustee as a separate and distinct fund or account, and each of which shall be disbursed and applied only as authorized in the Indenture:

- (a) Revenue Fund, including therein a Negative Arbitrage Account;
- (b) Rebate Fund;
- (c) Costs of Issuance Fund;
- (d) Bond Proceeds Fund; and
- (e) Collateral Fund.

Initial Deposits

On the Closing Date, the Trustee shall make the following deposits:

- (a) The deposit representing accrued interest on the Bonds from the Bond Dated Date to the Closing Date shall be deposited into the Revenue Fund;
- (b) The Costs of Issuance Deposit shall be deposited into the Costs of Issuance Fund;
- (c) The original principal amount of the Bonds shall be deposited into the Bond Proceeds Fund pending application to purchase the MBS by the Trustee; and
- (d) The Negative Arbitrage Deposit shall be deposited into the Negative Arbitrage Account of the Revenue Fund.
- (e) The initial deposit of Eligible Funds shall be deposited into the Collateral Fund.

Revenue Fund

- (a) Prior to the MBS Delivery Date, the Trustee shall disburse from the Revenue Fund (and, to the extent amounts in the Revenue Fund other than amounts in the Negative Arbitrage Account therein are insufficient for such purposes, from the Negative Arbitrage Account), on each Payment Date an amount equal to the amount of principal and interest due on the Bonds pursuant to the Mortgage Loan Amortization Schedule.
- (b) Following the Closing Date, the Trustee shall immediately deposit any Extension Deposit received into the Negative Arbitrage Account of the Revenue Fund.
- (c) On the MBS Delivery Date, the Trustee shall remit from the Revenue Fund (and, to the extent amounts in the Revenue Fund other than amounts in the Negative Arbitrage Account therein are insufficient for such purposes, from the Negative Arbitrage Account) to the Lender accrued and unpaid interest on the MBS at the Pass-Through Rate from the first calendar day of the month in which the MBS was delivered.
- (d) On the first Business Day following the Payment Date in the first full month following the MBS Delivery Date, the Trustee shall return any amounts then on deposit in the Negative Arbitrage Account of the Revenue Fund to the Borrower and shall immediately close the Negative Arbitrage Account thereafter.
- (e) Following the MBS Delivery Date, all MBS Revenues shall be deposited by the Trustee, promptly upon receipt thereof, to the Revenue Fund.
- (f) On the first Business Day following receipt of any MBS Revenues and the deposit thereof into the Revenue Fund pursuant to subsection (e) above, the Trustee shall pay to the Bond owners all amounts so received from money on deposit in the Revenue Fund. All payments of principal and interest shall be paid to Bond owners in proportion to the principal amount of Bonds owned by each Bond owner as set forth on the records of the Trustee at the close of business on the applicable Record Date.
- (g) If the Trustee does not receive a scheduled payment on the MBS by 5:00 p.m. Eastern Time on the 25th day of any month, (or the next succeeding Business Day if such day of the month is not a Business Day), the Trustee shall immediately notify Fannie Mae and immediately demand payment under the terms of the guaranty thereof.

Bond Proceeds Fund

Upon (a) deposit of Eligible Funds into the Collateral Fund as provided under the heading “Collateral Fund” below, (b) delivery of a corresponding requisition executed by an Authorized Officer of the Borrower (and approved by the Lender) in the form of an exhibit attached to the Financing Agreement and (c) subject to the provisions of the

Indenture, the Trustee shall disburse Bond proceeds in an amount equal to such corresponding deposit made into the Collateral Fund to fund Project Costs pursuant to such requisition. Prior to making any such disbursement from the Bond Proceeds Fund, the Trustee shall confirm that the aggregate principal amount that will be held in both (a) the Collateral Fund and (b) the Bond Proceeds Fund, after the requested disbursement, will at least equal the then Outstanding principal amount of the Bonds and, notwithstanding anything to the contrary, the Trustee shall not disburse money from the Bond Proceeds Fund (other than to pay amounts due on the Bonds pursuant to the Indenture), unless and until Eligible Funds in an amount equal to or greater than the requested disbursement amount have been deposited in the Collateral Fund. To the extent money on deposit in the Bond Proceeds Fund is invested in Permitted Investments that have not yet matured, the Trustee is authorized by the Indenture to make the following sale and exchange, which sale and exchange shall occur prior to the disbursement of amounts on deposit in the Bond Proceeds Fund to pay Project Costs without the need to sell or terminate such Permitted Investments prior to their stated maturity date: (i) sell all or a portion of the Permitted Investments in the Bond Proceeds Fund, in the amount specified in the request for disbursement, to the Collateral Fund for a price of par and (ii) transfer a like amount of available funds from the Collateral Fund to the Bond Proceeds Fund representing Bond proceeds as the purchase price thereof.

Upon the satisfaction of the provisions set forth in this section, the Trustee shall be irrevocably and unconditionally obligated to disburse Bond proceeds from the Bond Proceeds Fund equal to either the amount deposited to the Collateral Fund, as set forth in the corresponding requisition and to the extent the Trustee is unable to do so, the Trustee shall return the amount deposited in the Collateral Fund, within one Business Day of receipt of such deposit to the party that made such deposit as set forth in the requisition.

To the extent sufficient funds are not otherwise available to the Trustee, including money on deposit in the Revenue Fund or the Collateral Fund, the Trustee shall transfer from the Bond Proceeds Fund to the Revenue Fund sufficient money to pay amounts due on the Bonds pursuant to the Indenture.

On the applicable MBS Delivery Date, amounts remaining in the Bond Proceeds Fund shall be used by the Trustee in the following order: (i) to the extent sufficient funds are not otherwise available in the Collateral Fund, to pay the MBS Purchase Price, (ii) to transfer funds to the Revenue Fund in an amount equal to the difference, if any, between (x) the aggregate principal amount of and interest due on the Bonds Outstanding as of the first day of the month in which such MBS Delivery Date occurs and (y) the principal amount of the MBS purchased on such MBS Delivery Date, plus interest accrued but unpaid to the redemption date, for redemption pursuant to the Indenture, and (iii) to pay any remaining Project Costs as approved by the Lender in writing.

Collateral Fund

The Trustee shall deposit into the Collateral Fund all Eligible Funds received pursuant to the Financing Agreement and any other Eligible Funds received by the Trustee for deposit into the Collateral Fund. The Financing Agreement requires the Borrower to cause Eligible Funds to be paid to the Trustee for deposit into the Collateral Fund in a principal amount equal to, and as a prerequisite to the disbursement of, the corresponding amount of Bond proceeds on deposit in the Bond Proceeds Fund to be disbursed by the Trustee to pay Project Costs.

Until the purchase of the MBS on the MBS Delivery Date, the deposit into the Collateral Fund shall constitute an irrevocable deposit solely for the benefit of the Bondholders, subject to the provisions of the Indenture.

Money in the Collateral Fund shall be used by the Trustee as follows: (i) to the extent money is not otherwise available, the Trustee shall transfer from the Collateral Fund to the Revenue Fund an amount necessary to pay amounts due on the Bonds pursuant to the Indenture and (ii) on the applicable MBS Delivery Date, to pay for the principal amount of the MBS.

The Bonds shall not be, and shall not be deemed to be, paid or prepaid by reason of any deposit into the Collateral Fund unless and until the amount on deposit in the Collateral Fund is transferred to the Revenue Fund and applied to the payment of the principal of any of the Bonds, or the principal component of the redemption price of any of the Bonds, all as provided in this Indenture.

Investment of Funds

The moneys held by the Trustee shall constitute trust funds for the purposes of the Indenture. Any moneys attributable to each of the Funds and Accounts under the Indenture shall be invested by the Trustee at the written direction of the Borrower in Permitted Investments which, except as otherwise provided in the Indenture, mature or are redeemable at par, without penalty, on the date on which such funds are expected to be needed for the purposes for which they are held. Notwithstanding anything in the Indenture to the contrary, all amounts in the Revenue Fund, the Collateral Fund and the Bond Proceeds Fund shall be invested in Permitted Investments as directed by the Borrower; except that following the MBS Delivery Date, payments received with respect to the MBS shall be held uninvested. All investment earnings from amounts on deposit in the Revenue Fund, the Bond Proceeds Fund and the Collateral Fund shall be credited to the Revenue Fund. If the Trustee does not receive a written direction from the Borrower regarding the investment of funds, the Trustee shall invest such funds in the First American Funds Government Obligations Class Y (which is a Permitted Investment described in clause (b) of the definition of Permitted Investments) or, if such investment is not available or no longer qualifies as a Permitted Investment, solely in Permitted Investments described in clause (b) of the definition of Permitted Investments, which shall mature or be redeemable at par without penalty at the times set forth in the Indenture.) The Trustee may make any and all such investments through its own banking department or the banking department of any affiliate. The Trustee may conclusively rely upon the Borrower's written direction as to both an investment being a Permitted Investment and the legality of such investment, and such written direction shall be deemed to be a certification that such directed investment constitutes a qualified investment under the Indenture. Ratings of a Permitted Investment shall be determined at the time of the initial purchase of such Permitted Investment, and without regard to ratings subcategories, and the Trustee shall have no responsibility to monitor the ratings of Permitted Investments after the initial purchase of such Permitted Investments, including at the time of reinvestment of earnings thereof.

Permitted Investments representing an investment of moneys attributable to any Fund or Account shall be deemed at all times to be a part of such Fund. Subject to the following sentence, investments shall be sold at the best price obtainable (at least par) whenever it shall be necessary to do so in order to provide moneys to make any transfer, withdrawal, payment or disbursement from such Fund. Prior to the MBS Delivery Date, at the direction of the Borrower, the Trustee is permitted to invest in Permitted Investments that mature on or before the MBS Delivery Date Deadline but is not permitted to sell or otherwise dispose of such Permitted Investment prior to maturity at a price below par without first receiving a Cash Flow Projection. In the case of any required transfer of moneys to another such Fund, such investments may be transferred to that Fund in lieu of the required moneys if permitted by the Indenture as an investment of moneys in that Fund.

All Permitted Investments acquired by the Trustee pursuant to the Indenture shall be purchased in the name of the Trustee and shall be held for the benefit of the Bondholders pursuant to the terms of the Indenture. The Trustee shall take such actions as shall be necessary to assure that such Permitted Investments are held pursuant to the terms of the Indenture and are subject to the trust and security interest created in the Indenture.

The Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance with the Indenture. The Trustee or its affiliates may act as sponsor, principal or agent in the acquisition or disposition of investments. The Trustee may commingle investments made under the Funds and Accounts established under the Indenture, but shall account for each separately.

In computing for any purpose under the Indenture the amount in any Fund on any date, obligations so purchased shall be valued at the lower of cost or par exclusive of accrued interest, and may be so valued as of any time within four days prior to such date.

The Issuer acknowledges that regulations of the Comptroller of the Currency grant the Borrower the right to receive brokerage confirmations of the security transactions as they occur. The Issuer and the Borrower specifically waive such notification to the extent permitted by law and will receive periodic cash transaction statements that will detail all investment transactions.

Particular Covenants

Payment of Bonds. Subject to the other provisions of the Indenture, the Issuer shall duly and punctually pay or cause to be paid, solely from amounts available in the Trust Estate, the principal of, premium, if any, and interest on the Bonds, at the dates and places and in the manner described in the Bonds, according to the true intent and meaning thereof. The Bonds are not a general obligation of the Issuer, but are payable solely from the Trust Estate. The payment and other obligations of the Issuer with respect to the Bonds are intended to be, and shall be, independent of the payment and other obligations of the issuer or maker of the Bond Loan Note, the Mortgage Note and the MBS, even though the principal amount of all three instruments is expected to be identical, except in the case of a default with respect to one or more of the instruments.

Tax Covenants. The Issuer shall not take any action that will cause the interest paid on the Bonds to be includable in gross income for federal income tax purposes. In furtherance of the foregoing covenant, the Issuer has entered into the Tax Exemption Agreement. The Tax Exemption Agreement sets forth covenants and obligations of the Issuer and the Borrower, and reference is hereby made to the same for a detailed statement of said covenants and obligations. The Issuer agrees to cooperate in the enforcement of all covenants and obligations of the Borrower under the Tax Exemption Agreement and agrees that the Trustee, in its name, may enforce all rights of the Issuer (other than the Reserved Rights) and all obligations of the Borrower under and pursuant to the Tax Exemption Agreement and on behalf of the Bondholders, whether or not the Issuer has undertaken to enforce such rights and obligations.

Extension of Payment of Bonds. The Issuer shall not directly or indirectly extend or assent to the extension of the maturity of the principal due on any of the Bonds or the time of payment of interest due on the Bonds, and if the time for payment of any such claims for interest shall be extended through any other means, such Bonds or claims for interest shall not be entitled in case of any default under the Indenture to any payment out of the Trust Estate or the funds (except funds held in trust for the payment of particular Bonds pursuant to the Indenture) held by the Trustee, except subject to the provisions of the Indenture and subject to the prior payment of the principal of all Bonds issued and Outstanding the maturity of which has occurred and has not been extended and of such portion of the accrued interest on the Bonds which is not represented by such extended claims for interest. If an Extension Deposit has not been made pursuant to the Indenture, such that the aggregate balance in the Bond Proceeds Fund, the Collateral Fund and the Revenue Fund is equal to 100% of the principal amount of the Bonds plus interest accrued on the Bonds to the Mandatory Redemption Date (as such date may be extended under the Indenture), then the Bonds shall be subject to mandatory redemption as set forth in the Indenture.

Discharge of Indenture

Defeasance. (a) If all Bonds shall be paid and discharged as provided in this section, then all obligations of the Trustee and the Issuer under the Indenture with respect to all Bonds shall cease and terminate, except only (i) the obligation of the Trustee to pay or cause to be paid to the owners thereof all sums due with respect to the Bonds and to register, transfer and exchange Bonds pursuant to the Indenture, (ii) the obligation of the Issuer to pay the amounts owing to the Trustee under the Indenture from the Trust Estate, and (iii) the obligation of the Issuer to comply with the Indenture. Any funds held by the Trustee at the time of such termination which are not required for payment to Bondholders or for payment to be made by the Issuer, shall be paid as provided in the Indenture.

Any Bond or portion thereof in an Authorized Denomination shall be deemed no longer Outstanding under the Indenture if paid or discharged in any one or more of the following ways:

- (i) by well and truly paying or causing to be paid the principal of, premium, if any, and interest on such Bond which have become due and payable; or
- (ii) by depositing with the Trustee, in trust, cash which, together with the amounts then on deposit in the Revenue Fund and dedicated to this purpose, is fully sufficient to pay when due all principal of, and premium, if any, and interest on such Bond to the maturity or earlier redemption date thereof; or
- (iii) by depositing with the Trustee, in trust, any Government Obligations in such amount as in the written opinion of a certified public accountant will, together with the interest to accrue on such Government Obligations without the need for reinvestment, be fully sufficient to pay when due all principal of, and premium, if any, and interest on such Bond to the maturity or earlier redemption date thereof, notwithstanding that such Bond shall not have been surrendered for payment.

(b) Notwithstanding the foregoing, no deposit under clauses (ii) and (iii) of subsection (a) above shall be deemed a payment of such Bond until the earlier to occur of:

(i) if such Bond is by its terms subject to redemption within 45 days, proper notice of redemption of such Bond shall have been previously given in accordance with the Indenture to the holder thereof or, in the event such Bond is not by its terms subject to redemption within 45 days of making the deposit under clauses (ii) and (iii) of subsection (a) above, the Issuer shall have given the Trustee irrevocable written instructions to mail by first-class mail, postage prepaid (or, when the Bonds are Book Entry Bonds, to send pursuant to the applicable procedures of the Depository), notice to the holder of such Bond as soon as practicable stating that the deposit required by clauses (ii) or (iii) of subsection (a) above, as applicable, has been made with the Trustee and that such Bond is deemed to have been paid and further stating such redemption date or dates upon which money will be available for the payment of the principal and accrued interest thereon; or

(ii) the Bond Maturity Date.

(c) The Trustee shall be entitled to receive a report from a nationally recognized accounting firm verifying the sufficiency of such funds to provide for the payment of all Bonds to be defeased pursuant to this section.

In addition to the circumstances described in subsection (a) above, any Bond or portion thereof in an Authorized Denomination shall be deemed no longer Outstanding under the Indenture if and to the extent of an exchange of such Bond or portion thereof for the MBS or a portion thereof or interest therein as provided in the Indenture.

Defaults and Remedies

Events of Default. Each of the following events shall constitute an Event of Default under the Indenture:

(a) On and after the MBS Delivery Date, failure by Fannie Mae to pay principal, interest or premium, if any, due under the MBS;

(b) Failure to pay the principal, interest or premium, if any, on the Bonds when the same shall become due; or

(c) Default in the observance or performance of any other covenant, agreement or condition on the part of the Issuer in the Indenture and the continuation of such default for a period of 90 days after written notice to the Issuer from the Trustee or the registered owners of at least 75% in aggregate principal amount of the Bonds Outstanding at such time specifying such default and requiring the same to be remedied.

Upon the occurrence of an Event of Default under clause (a) above, upon any failure by Fannie Mae to distribute to the Trustee any payment required to be made under the terms of the MBS, the Trustee shall notify Fannie Mae not later than the next Business Day (all such notices to be promptly confirmed in writing) requiring the failure to be remedied.

The Trustee will immediately notify the Issuer, the Bondholders, the Lender, the Investor Member and Fannie Mae, if applicable, after an Authorized Officer obtains knowledge or receives written notice of the occurrence of an Event of Default or an event which would become an Event of Default with the passage of time or the giving of notice, or both.

The Investor Member shall be entitled (but not obligated) to cure any Event of Default under the Indenture within the timeframe provided to the Borrower under the Indenture. The Issuer and the Trustee agree that cure of any default or Event of Default made or tendered by the Investor Member shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Acceleration; Rescission of Acceleration

Upon the occurrence of an Event of Default under paragraph (a) under the heading “Events of Default” above, the Trustee may, and upon the written request of the holders of not less than 75% in aggregate principal amount of the Bonds then Outstanding, which written request shall acknowledge that the amounts due on the MBS cannot be accelerated solely by virtue of acceleration of the Bonds, and upon receipt of indemnity satisfactory to the Trustee, shall, by notice in writing delivered to the Issuer, declare the principal of all Bonds then Outstanding, the premium, if any, and the interest accrued thereon immediately due and payable, and such principal, premium, if any, and interest shall thereupon become and be immediately due and payable. Subject the Indenture, upon the occurrence of an Event of Default under paragraph (b) under the heading “Events of Default” above no action shall be taken by the Trustee, unless an Event of Default has occurred pursuant to paragraph (a) under the heading “Events of Default” above in which event the Trustee shall proceed as provided above. An Event of Default under paragraph (c) under the heading “Events of Default” above shall not give rise to an acceleration pursuant to this section, provided, however, that following such an Event of Default, the holder of 100% of the Bonds then Outstanding may direct the Trustee in writing to transfer the MBS to it or its designee, in which case, the Trustee shall cancel the Bonds upon such release and transfer of the MBS, and upon such transfer, the Bonds will no longer be Outstanding. In the event any payments are received by the Trustee after the transfer of the MBS and cancellation of the Bonds, all such payments shall belong to and be transferred to the owner of the MBS.

The acceleration of the Bonds will not constitute a default under, or by itself cause the acceleration of, the MBS.

If at any time after the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Issuer, the Borrower or Fannie Mae, as applicable, shall pay to or deposit with the Trustee a sum sufficient to pay all principal of the Bonds then due (other than solely by reason of such declaration) and all unpaid installments of interest (if any) on all the Bonds then due with interest at the rate borne by the Bonds on such overdue principal and (to the extent legally enforceable) on such overdue installments of interest, and the reasonable expenses of the Trustee shall have been made good or cured or adequate provisions shall have been made therefor, and all other defaults under the Indenture have been made good or cured or waived in writing by the holders of a majority in principal amount of the Bonds then Outstanding, then and in every case, the Trustee on behalf of the holders of all the Bonds shall rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent Event of Default, nor shall it impair or exhaust any right or power consequent thereon.

Other Remedies; Rights of Bondholders.

Subject to the Indenture, upon the happening and continuance of an Event of Default, the Trustee in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the holders of all Bonds, may also proceed to protect and enforce any rights of the Trustee and, to the full extent that the holders of such Bonds themselves might do, the rights of such Bondholders under the laws of the State or under the Indenture by such of the following remedies as the Trustee shall deem most effectual to protect and enforce such rights:

(a) By pursuing any available remedies under the Financing Agreement, the Regulatory Agreement or the MBS;

(b) Upon an Event of Default under paragraph (a) under the heading “Events of Default” above only, by realizing or causing to be realized through sale or otherwise upon the security pledged under the Indenture (including the sale or disposition of the MBS); and

(c) By action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders and to execute any other papers and documents and do and perform any and all such acts and things as may be necessary or advisable in the opinion of the Trustee in order to have the respective claims of the Bondholders against the Issuer allowed in any bankruptcy or other proceeding.

If an Event of Default shall have occurred, and if requested by the holders of not less than 75% in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction, the Trustee shall be obligated to exercise one or more of the rights and powers conferred by the Indenture as the Trustee, being advised

by counsel, shall deem to be in the best interests of the Bondholders subject to the limitations set forth above and in the Indenture.

No right or remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other right or remedy, but each and every such right and remedy shall be cumulative and shall be in addition to any other right or remedy given to the Trustee or to the Bondholders under the Indenture, the Financing Agreement, the Regulatory Agreement or the MBS or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein and every such right and power may be exercised from time to time as often as may be deemed expedient.

No waiver of any default or Event of Default under the Indenture, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Waivers of Events of Default.

The Trustee shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of, premium, if any, and interest on the Bonds upon the written request of the holders of a majority in aggregate principal amount of all Bonds then Outstanding with respect to which there is an Event of Default; provided, however, that there shall not be waived (a) any default in the payment of the principal amount of any Bonds at the date of maturity specified therein or upon proceedings for mandatory redemption, or (b) any default in the payment when due of the interest or premium, if any, on any such Bonds, unless prior to such waiver or rescission all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such Event of Default shall have occurred on overdue installments of interest or all arrears of payments of principal or premium, if any, when due (whether at the stated maturity thereof or upon proceedings for mandatory redemption) as the case may be, and all expenses of the Trustee in connection with such monetary default, shall have been paid or provided for, and in case of any such waiver or rescission, the Issuer, the Borrower, the Trustee and the Bondholders shall be restored to their former positions and rights under the Indenture respectively.

No such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereto; and no delay or omission of the Trustee or of any Bondholders to exercise any right or power accruing upon any Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default, or acquiescence therein.

Termination of Proceedings.

In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason or determined adversely to the Trustee, then in every such case the Issuer, the Borrower, the Trustee and the Bondholders shall be restored to their former positions and rights under the Indenture, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

The Trustee

Trustee. U.S. Bank National Association is appointed by the Indenture as Trustee. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Indenture by executing the Indenture.

Acceptance of the Trusts. The Trustee shall not be responsible for any recital in the Indenture, or in the Bonds (except in respect to the certificate of the Trustee endorsed on the Bonds), or for insuring the Project or collecting any insurance moneys, or for the registration, filing or recording or re-registration, re-filing or re-recording of the Indenture or the Mortgage or any financing statements relating to the Indenture or the Mortgage or for the validity of the execution by the Issuer of the Indenture or of any supplements thereto or instruments of further

assurance, or for the sufficiency of the security for the Bonds issued under the Indenture or intended to be secured thereby, or for the value or title of the Project or otherwise as to the maintenance of the security thereof. The Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Issuer or on the part of the Borrower under the Financing Agreement, except as expressly set forth in the Indenture; but the Trustee may require of the Issuer or the Borrower full information and advice as to their performance of the covenants, conditions and agreements aforesaid. The Trustee acknowledges it has assumed certain duties of the Issuer under the Financing Agreement, the Tax Exemption Agreement and the Regulatory Agreement.

Fees, Charges and Expenses of Trustee. Notwithstanding any provision to the contrary in the Indenture, the Trustee shall be entitled to payment for reasonable fees for its services rendered under the Indenture, the Regulatory Agreement, the Tax Exemption Agreement and the Financing Agreement and reimbursement for all advances, counsel fees and other expenses reasonably made or incurred by the Trustee (including any co-Trustee) in connection with such services which shall be paid from time to time as provided in the Financing Agreement; provided that no such amounts shall be paid to the Trustee from the Trust Estate (including, but not limited to, the proceeds of the MBS). Upon an Event of Default under paragraph (a) under the heading “Events of Default” above as a result of a failure by Fannie Mae to make payment under the MBS, but only upon such an Event of Default, the Trustee shall have a lien upon the Trust Estate for extraordinary fees, charges and expenses incurred by it. The Issuer shall require the Borrower to indemnify and save harmless the Trustee against any liabilities which the Trustee may incur in the exercise and performance of its powers and duties under the Indenture, the Tax Exemption Agreement, the Financing Agreement and the Regulatory Agreement which are not due to its own negligence or willful misconduct, and to reimburse the Trustee for any fees and expenses of the Trustee to the extent they exceed funds available under the Indenture for the payment thereof, subject only to the right of the Borrower to contest the reasonableness of any such fees or the necessity for any such expenses. The Trustee shall continue to perform its duties and obligations under the Indenture until such time as its resignation or removal is effective pursuant to the Indenture.

Merger or Consolidation of Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto shall be and become successor Trustee under the Indenture and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties to the Indenture, anything in the Indenture to the contrary notwithstanding.

Resignation by Trustee. The Trustee and any successor Trustee may at any time resign from the trusts created by the Indenture by giving 60 days’ prior written notice to the Issuer and Fannie Mae, and such resignation shall only take effect upon the appointment, pursuant to the Indenture, of, and acceptance by, a successor Trustee. The successor Trustee shall give notice of such succession by first class mail, postage prepaid, to each Bondholder at the address of such Bondholder shown on the Register.

Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee and to Fannie Mae, and signed by the Issuer (or if an Event of Default shall have occurred and be continuing, by the owners of a majority in aggregate principal amount of the Bonds then Outstanding, in which event such instrument or instruments in writing shall also be delivered to the Issuer) provided that such removal shall not take effect until the appointment of a successor Trustee by the Issuer (or by the Bondholders).

Appointment of Successor Trustee.

In case at any time the Trustee or any successor thereto shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of such Trustee or of its property shall be appointed, or if any public officer shall take charge or control of such Trustee or of its property or affairs, a successor may be appointed by the Issuer with the approval of Fannie Mae (if it is not in default in its obligations under the MBS (which consent shall not be unreasonably withheld or delayed), or if Fannie Mae does not approve a successor the Issuer proposes to appoint, or if the Issuer is in default under the Indenture, by the holders of a majority in aggregate principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Issuer, by an instrument or concurrent instruments in writing signed by such Bondholders, or

their attorneys duly authorized in writing, and delivered to such successor Trustee, notification thereof being given to the Issuer, Fannie Mae, the Borrower, the Investor Member and the predecessor Trustee. If in a proper case no appointment of a successor Trustee shall have been made pursuant to the foregoing provisions of this section within 45 days after the Trustee shall have given to the Issuer written notice as provided in the Indenture or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. The court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee. Any Trustee appointed under the provisions of this section shall be a bank, trust company or national banking association, having a designated office within the State, having trust powers, with prior experience as trustee under indentures under which multifamily housing revenue bonds of public agencies or authorities are issued, and having a capital and surplus acceptable to the Issuer, Fannie Mae and the Lender, willing and able to accept the office on reasonable and customary terms in light of the circumstances under which the appointment is tendered and authorized by law to perform all the duties imposed upon it by the Indenture, if there be such an institution meeting such qualifications willing to accept such appointment.

Transfer of Rights and Property to Successor Trustee.

Any successor Trustee appointed under the Indenture shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Issuer and Fannie Mae, and any Bondholder which shall request the same, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if named in the Indenture as such Trustee, but the Trustee ceasing to act shall nevertheless, on the written request of the Issuer, Fannie Mae or the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as reasonably may be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any properties held by it under the Indenture, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Indenture. Should any deed, conveyance or instrument in writing from the Issuer be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such moneys, estates, properties, rights, powers and duties, any and all such deeds, conveyances and instruments in writing, on request, and so far as may be authorized by law, shall be executed, acknowledged and delivered by the Issuer.

Collection of MBS Payments.

The Trustee shall cause the MBS to be registered in the name of the Trustee or in the name of the nominee of the Trustee with such additional recitals as appropriate to indicate that the MBS is to be held by the Trustee in its capacity as Trustee under the Indenture subject to the provisions of the Indenture. In the event that any amount payable to the Trustee under the MBS is not received by the Trustee within one Business Day of the date such payment is due, the Trustee shall notify Fannie Mae or (if directed by Fannie Mae) the paying agent for the MBS by telephone (such notification to be immediately confirmed by Electronic Means) that such payment has not been received in a timely manner and request that such payment be made by wire transfer of immediately available funds to the account of the Trustee or such custodian, as the case may be.

Supplemental Indentures

Supplemental Indentures Effective Upon Acceptance. For any one or more of the following purposes and at any time or from time to time, the Issuer and the Trustee may enter into a Supplemental Indenture which, upon the execution and delivery thereof by an Authorized Officer and by the Trustee, and with the prior written consent of Fannie Mae, the Lender, but without the necessity of consent of the Bondholders, shall be fully effective in accordance with its terms:

- (a) To add to the covenants or agreements of the Issuer contained in the Indenture other covenants or agreements to be observed by the Issuer or to otherwise revise or amend the Indenture in a manner which are/is not materially adverse to the interests of the Bondholders;

(b) To add to the limitations or restrictions contained in the Indenture other limitations or restrictions to be observed by the Issuer which are not contrary to or inconsistent with the provisions of the Indenture as theretofore in effect;

(c) To surrender any right, power or privilege reserved to or conferred upon the Issuer in the Indenture, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Issuer contained in the Indenture and is not materially adverse to the interests of the Bondholders;

(d) To confirm, as further assurance, any pledge of the Trust Estate under the Indenture and the subjection to any lien on or pledge of the Trust Estate created or to be created by the Indenture;

(e) To appoint a co-trustee or successor Trustee or successor co-trustee;

(f) To cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision in the Indenture;

(g) To insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not materially adverse to the interests of the Bondholders; and

(h) To make such changes and modifications that are necessary or desirable to provide for all interest, principal and premium paid with respect to the Bonds are in the exact respective amounts of the payments of interest, principal and premium paid under and pursuant to the MBS.

Supplemental Indentures Requiring Consent of Bondholders. In addition to those amendments to the Indenture which are authorized under the heading “Supplemental Indentures Effective Upon Acceptance” above, any modification or amendment of the Indenture may be made by a Supplemental Indenture with the written consent, given as hereinafter provided under the heading “Consent of Bondholders” below, of Fannie Mae and the holders of at least two thirds in aggregate principal amount of the Bonds Outstanding at the time such consent is given; provided, however, that no such modification or amendment shall (a) permit a change in the terms of redemption or maturity of the principal amount of any Outstanding Bond or an extension of the date for payment of any installment of interest thereon or a reduction in the principal amount of, premium, if any, or the rate of interest on any Outstanding Bond without the consent of the holder of such Bond, (b) reduce the proportion of Bonds the consent of the holders of which is required to effect any such modification or amendment or to effectuate an acceleration of the Bonds prior to maturity, (c) permit the creation of a lien on the Trust Estate pledged under the Indenture prior to or on a parity with the lien of the Indenture, (d) deprive the holders of the Bonds of the lien created by the Indenture upon the Trust Estate (except as expressly provided in the Indenture), without (with respect to (b) through (d)) the consent of the holders of all Bonds then Outstanding, or (e) change or modify any of the rights or obligations of the Trustee without the written consent thereto of the Trustee.

Consent of Bondholders. The Issuer and the Trustee may, at any time, execute and deliver a Supplemental Indenture making a modification or amendment permitted by the provisions under the heading “Supplemental Indentures Requiring Consent of Bondholders” above, to take effect when and as provided in this section. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in a form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Trustee to the Bondholders. Such Supplemental Indenture shall not be effective unless there shall have been filed with the Trustee (a) the written consents of Fannie Mae and the holders of the proportion of Outstanding Bonds specified under the heading “Supplemental Indentures Requiring Consent of Bondholders” above, and (b) an opinion of Bond Counsel (at the sole expense of the Borrower) stating that such Supplemental Indenture has been duly and lawfully entered into by the Issuer in accordance with the provisions of the Indenture, is authorized or permitted by the provisions of the Indenture, and, when effective, will be valid and binding upon the Issuer. Each such consent of the Bondholders shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Indenture. A certificate or certificates by the Trustee that it has examined such proof and that such proof is sufficient under the provisions of the Indenture shall be conclusive that the consents have been given by the holders of the Bonds described in such certificate or certificates. Any such consent shall be binding upon the holder of the Bonds giving such consent

and upon any subsequent holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent holder thereof has notice thereof). At any time after the holders of the required proportion of Bonds shall have filed their consents to such Supplemental Indenture, the Trustee shall make and file with the Issuer a written statement that the holders of such required proportion of Bonds have filed and given such consents. Such written statement shall be conclusive that such consents have been so filed and have been given. Within 90 days after filing such statement, the Trustee shall mail (or, when the Bonds are Book Entry Bonds, send pursuant to the applicable procedures of the Depository) to the Bondholders a notice stating in substance that such Supplemental Indenture (which may be referred to as a Supplemental Indenture executed by the Issuer on a stated date, a copy of which is on file with the Trustee) has been consented to by the holders of the required proportion of Bonds and will be effective as provided in this section, but failure to send such notice shall not prevent such Supplemental Indenture from becoming effective and binding as provided in this section. The Trustee shall file with the Issuer proof of sending of such notice to the Bondholders. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture making such modification or amendment shall be deemed conclusively binding upon the Issuer, the Trustee and the holders of all Bonds upon the execution thereof and the filing by the Trustee with the Issuer of the statement that the required proportion of Bondholders have consented thereto.

Modification By Unanimous Consent. Notwithstanding anything contained in the foregoing provisions of the Indenture, the terms and provisions of the Indenture and the rights and obligations of the Issuer and the Bondholders under the Indenture, in any particular, may be modified or amended in any respect upon execution and delivery of a Supplemental Indenture by the Issuer and the Trustee making such modification or amendment and the consent to such Supplemental Indenture of Fannie Mae, the Lender and the holders of all of the Bonds then Outstanding, such consent to be given and proved as provided under the heading “Consent of Bondholders” above except that no notice to Bondholders shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of the Trustee without the written assent thereto of the Trustee, in addition to the consent of the Bondholders.

Miscellaneous Provisions

No Recourse on Bonds. No recourse shall be had for the payment of the principal or Redemption Price or purchase price of or interest on the Bonds or for any claim based thereon or on this Indenture or any other Issuer Document or the Financing Documents against any member, officer, employee or agent of the Issuer, past present or future, or any person executing the Bond.

APPENDIX D
SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT

The following is a summary of certain provisions of the Financing Agreement which are not described elsewhere in the Official Statement. This summary does not purport to be comprehensive, and reference should be made to the Financing Agreement for a full and complete statement of its provisions.

Definitions

Capitalized terms used but not defined herein shall have the meanings given them in the Indenture and the Financing Agreement.

General Terms of the Financing

The Issuer has authorized the issuance of the Bonds in the aggregate principal amount set forth in the Financing Agreement and Bonds in such amount shall be issued and Outstanding as of the Closing Date. The obligations of the Issuer, the Trustee and the Borrower under the Financing Agreement are expressly conditioned upon (i) the sale, issuance and delivery of the Bonds, (ii) receipt by the Trustee of the amounts set forth in the Indenture, and (iii) the making of the Mortgage Loan by the Mortgage Lender. Neither the Issuer, the Lender, the Trustee nor Fannie Mae shall have any liability for any fees, costs or expenses, including, without limitation, issuance costs relating to the Bonds; all of such fees, costs and expenses shall be paid by the Borrower.

Amount and Source of Mortgage Loan

The Trustee shall apply the amounts deposited into the Bond Proceeds Fund and the Collateral Fund as provided in the Indenture to secure the Bonds until the MBS Delivery Date and then to purchase the applicable MBS. The Borrower accepts the Mortgage Loan from the Lender, upon the terms and conditions set forth in the Financing Agreement, the Mortgage Loan Documents and the Indenture, and subject to the terms and conditions of the Regulatory Agreement. The Issuer has caused the proceeds of the Bonds to be provided to the Trustee for deposit into the Bond Proceeds Fund. The Borrower agrees to pay all amounts necessary to pay principal of, premium, if any, and interest on the Bonds as provided in the Indenture. The Borrower has made arrangements for the delivery to the Trustee of the MBS and of certain other Eligible Funds as contemplated in the Financing Agreement and the Indenture. Payments on the MBS received by the Trustee shall be credited to amounts due from the Borrower for payment of principal of, premium, if any, and interest on the Bonds.

Notification of Prepayment of Bond Loan Note and Mortgage Note

The Borrower shall notify the Trustee promptly of the receipt of any prepayment of the Bond Loan Note and the Mortgage Note, whether upon acceleration, by reason of application of insurance or condemnation proceeds, optional prepayment or otherwise. If such prepayment results in revisions to the amortization schedule, the Lender shall provide the revised amortization schedule to the Trustee and the Issuer.

Events of Default

Each of the following shall constitute an event of default under the Financing Agreement, and the term “Event of Default” shall mean, whenever used in the Financing Agreement, any one or more of the following events:

- (i) Failure by the Borrower to pay any amounts due under the Financing Agreement at the times and in the amounts required by the Financing Agreement; or
- (ii) Failure by the Borrower to observe or perform any covenants, agreements or obligations in the Financing Agreement on its part to be observed or performed (other than as provided in clause (i) above) for a period of thirty (30) days after receipt of written notice specifying such failure and requesting that it be remedied, given to the Borrower by any party to the Financing Agreement; provided, however, that if said failure shall be such that it cannot be corrected within such period, it shall not constitute an Event of

Default if the failure is correctable without material adverse effect on the Bonds and if corrective action is instituted by the Borrower within such period and diligently pursued until the failure is corrected, and provided further that any such failure shall have been cured within ninety (90) days of receipt of notice of such failure; or

(iii) Breach of any of the covenants, agreements or obligations of the Borrower under or the occurrence of a default which is continuing under the Regulatory Agreement, including any exhibits to any of the foregoing; or

(iv) The occurrence of an Event of Default caused by the Borrower under and as defined in the Indenture or under any of the other Financing Documents.

Nothing contained in this section is intended to amend or modify any of the provisions of the Mortgage Loan Documents or to bind the Borrower, the Lender or Fannie Mae to any notice and cure periods other than as expressly set forth in the Mortgage Loan Documents.

Remedies Upon an Event of Default

(a) Subject to subsection (d) below, whenever any Event of Default shall have occurred and be continuing, the Issuer or the Trustee may take any one or more of the following remedial steps:

(i) By any suit, action or proceeding, pursue all remedies now or hereafter existing at law or in equity to collect all amounts then due and thereafter to become due under the Financing Agreement and the Bond Loan Note, to enforce the performance of any covenant, obligation or agreement of the Borrower under the Financing Agreement and the Bond Loan Note (subject to the nonrecourse provisions of the Financing Agreement and the Regulatory Agreement), or to enjoin acts or things which may be unlawful or in violation of the rights of the Issuer or the Trustee.

(ii) Take whatever other action at law or in equity may appear necessary or desirable to enforce any monetary obligation of the Borrower under the Financing Agreement and the Bond Loan Note or to enforce any other covenant, obligation or agreement of the Borrower under (1) the Financing Agreement, (2) the Regulatory Agreement, (3) the Bond Loan Note.

(iii) Have access to and inspect, examine, audit and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Borrower.

(b) The provisions of subsection (a) of this section are subject to the condition that if, after any Event of Default, except a default under the Regulatory Agreement, (i) all amounts which would then be payable under the Financing Agreement by the Borrower if such Event of Default had not occurred and was not continuing shall have been paid by or on behalf of the Borrower, and (ii) the Borrower shall have also performed all other obligations in respect of which it is then in default under the Financing Agreement and shall have paid the reasonable charges and expenses of the Issuer and the Trustee, including reasonable attorney fees and expenses paid or incurred in connection with such default, then and in every such case, such Event of Default may be waived and annulled by the Trustee, but no such waiver or annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

(c) Subject to the limitations of the Regulatory Agreement and the Financing Agreement, the Issuer, without the consent of the Trustee, but only after written notice to the Trustee, the Borrower, the Investor Member, the Lender and Fannie Mae, may take whatever action at law or in equity may appear necessary or desirable to enforce performance and observance of any Reserved Right of the Issuer; provided that, the Issuer may not (i) terminate the Financing Agreement or cause the Mortgage Loan to become due and payable, (ii) cause the Trustee to declare the principal of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable, or cause the Trustee to accelerate, foreclose or take any other action or seek other remedies under the Financing Documents, the Mortgage Loan Documents or any other documents contemplated thereby or by the Financing Agreement to obtain such performance or observance, (iii) cause the acceleration, foreclosure or taking of any other action or the seeking

of any remedies under the Mortgage Loan Documents, (iv) initiate or take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal, interest and other amounts due under the Mortgage Loan, or (v) interfere with or attempt to influence the exercise by Fannie Mae of any of its rights under the Financing Documents or the Mortgage Loan Documents.

(d) Except as required to be deposited in the Rebate Fund pursuant to the Tax Exemption Agreement, any amounts collected pursuant to action taken under this section shall, after the payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, the Issuer, the Lender or Fannie Mae and their respective counsel, be applied in accordance with the provisions of the Indenture. No action taken pursuant to this section shall relieve the Borrower from the Borrower's obligations pursuant to the Financing Agreement.

(e) No remedy conferred upon or reserved to the Issuer or the Trustee in the Financing Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy now or hereafter existing pursuant to any other agreement at law or in equity or by statute.

(f) Notwithstanding any other provision of the Financing Agreement to the contrary, after the MBS Delivery Date, so long as Fannie Mae is not in default under the MBS, none of the Issuer, the Trustee or any Person under their control shall exercise any remedies or direct any proceedings under the Financing Agreement or the Mortgage Loan Documents, other than to (i) enforce rights under the MBS, (ii) enforce the tax covenants in the Indenture and the Financing Agreement, or (iii) enforce rights of specific performance under the Regulatory Agreement [(without posting a bond or other security)]; provided, however, that any enforcement under (ii) or (iii) above shall not include seeking monetary damages.

Notice of Default: Rights to Cure

The Lender and the Investor Member shall each have the right, but not the obligation, to cure any such default by the Borrower, and upon performance by the Lender or the Investor Member to the satisfaction of the Issuer and the Trustee of the covenant, agreement or obligation of the Borrower with respect to which an Event of Default has occurred, the parties to the Financing Agreement shall be restored to their former respective positions, it being agreed that the Lender and the Investor Member shall each have the right to repayment from the Borrower of moneys it has expended and any other appropriate redress for actions it has taken to cure any default by the Borrower; provided that the Borrower's reimbursement obligation shall be nonrecourse to the same extent as the underlying obligation is non-recourse to the Borrower.

Amendment

The Financing Agreement and all other documents contemplated by the Financing Agreement to which the Issuer is a party may be amended or terminated only if permitted by the Indenture, and no amendment to the Financing Agreement shall be binding upon any party to the Financing Agreement until such amendment is reduced to writing and executed by the parties thereto; provided that no amendment, supplement or other modification to the Financing Agreement or any other Financing Document shall be effective without the prior written consent of the Lender and Fannie Mae.

Limited Liability of the Issuer

The Issuer shall not be obligated to pay the principal (or Redemption Price) of, or interest on the Bonds, except from the Trust Estate. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Issuer or any member is pledged to the payment of the principal (or Redemption Price) of, premium, if any, or interest on the Bonds. The Issuer shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with the Financing Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under the Financing Agreement or from the MBS.

The Borrower acknowledges that the Issuer's sole source of moneys to repay the Bonds will be provided by the Trust Estate, and agrees that if the payments to be made under the Financing Agreement shall ever prove insufficient to pay all principal (or Redemption Price) of, premium, if any, and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or Redemption Price) of, premium, if any, or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Issuer or any third party, subject to any right of reimbursement from the Trustee, the Issuer or any such third party, as the case may be, therefor. The foregoing is subject in all respects to the nonrecourse provisions set forth in the Financing Agreement and the Regulatory Agreement.

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APPENDIX E
SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT

The following is a summary of certain provisions of the Regulatory and Land Use Restriction Agreement (the “Regulatory Agreement”). The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Regulatory Agreement, copies of which are on file with the Issuer and the Trustee.

Tax-Exempt Status of the Bonds

The Borrower will not take any action or omit to take any action which, if taken or omitted, respectively, would adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes (subject to any exceptions contained in the opinion delivered upon the original issuance of the Bonds). With the intent not to limit the generality of the foregoing, the Borrower covenants and agrees that prior to the final maturity of the Bonds, unless it has received and filed with the Issuer and Trustee a Favorable Opinion of Bond Counsel:

(a) That the Project will be owned, managed and operated as a “qualified residential rental project” within the meaning of Section 142(d) of the Code, on a continuous basis during the Qualified Project Period. In particular, the Borrower covenants and agrees, continuously during the Qualified Project Period, as follows:

(i) that the Project will be comprised of residential Units and facilities functionally related and subordinate thereto;

(ii) that each Unit will contain complete facilities for living, sleeping, eating, cooking and sanitation, e.g., a living area, a sleeping area, bathing and sanitation facilities, and cooking facilities equipped with a cooking range, refrigerator and sink, all of which are separate and distinct from other Units; provided that, a Unit will not fail to meet these requirements merely because it is a single-room occupancy unit (within the meaning of Section 42 of the Code);

(iii) that the land and the facilities that are part of the Project will be functionally related and subordinate to the Units comprising the Project and will be of a character and size that is commensurate with the character and size of the Project;

(iv) that at no time during the Qualified Project Period will any of the Units be utilized (A) on a transient basis by being leased or rented for a period of less than thirty days or (B) as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium, nursing home, rest home, or trailer park or court used on a transient basis;

(v) that the Project will consist of one or more proximate buildings or structures, together with any functionally related and subordinate facilities containing one or more similarly constructed Units, all of which (A) will be located on a single tract of land or two or more parcels of land that are contiguous except for the interposition of a road, street, stream or similar property or their boundaries meet at one or more points, (B) will be owned by the same person for federal income tax purposes, and (C) will be financed pursuant to a common plan;

(vi) that substantially all of the Project will consist of similarly constructed Units together with functionally related and subordinate facilities for use by Project tenants at no additional charge, such as swimming pools, other recreational facilities, parking areas, and other facilities that are reasonably required for the Project, such as heating and cooling equipment, trash disposal equipment, and Units for resident managers, security personnel or maintenance personnel;

(vii) that at no time during the Qualified Project Period will any Unit in any building or structure in the Project that contains fewer than five Units be occupied by the Borrower;

(viii) that each Unit will be rented or available for rental on a continuous basis to Eligible Tenants (subject to the limitations and exceptions contained in the Regulatory Agreement, the Tax Exemption Agreement and the Financing Agreement) at all times during the longer of (A) the term of the Bonds or (B) the Qualified Project Period, that the Borrower will not give preference in renting Units to any particular class or group of persons, other than Persons with Special Needs, Low Income Tenants and other Eligible Tenants as provided in the Regulatory Agreement, and that at no time will any portion of the Project be exclusively reserved for use by a limited number of nonexempt persons in their trades or businesses;

(ix) that except, if applicable, during the 12-month “transition period” beginning on the Closing Date, as provided under Revenue Procedure 2004-39, 2004-2 C.B. 49, the Project will meet the “Set Aside”. For the purposes of this clause (a)(ix), a vacant Unit that was most recently occupied by a Low Income Tenant is treated as rented and occupied by a Low Income Tenant until reoccupied, at which time the character of such Unit must be redetermined. No tenant qualifying as a Low Income Tenant will be denied continued occupancy of a Unit because, after the most recent Tenant Income Certification, such tenant’s Annual Income increases to exceed the qualifying limit for Low Income Tenants; provided, however, that, should a Low Income Tenant’s Annual Income, as of the most recent determination thereof, exceed 140% of the then applicable income limit for a Low Income Tenant of the same family size and such Low Income Tenant constitutes a portion of the Set Aside, then such tenant will only continue to qualify for so long as no Unit of comparable or smaller size in the same building (within the meaning of Section 42 of the Code) is rented to a tenant that does not qualify as a Low Income Tenant;

(x) that the Borrower will obtain, complete and maintain on file (A) Tenant Income Certifications and supporting documentation from each Low Income Tenant dated immediately prior to the initial occupancy of such Low Income Tenant in the Project and (B) thereafter, annual certification regarding, at a minimum, information regarding household composition and student status in the form available on the Issuer’s website; provided that, if any Units in the Project are ever made available to tenants who are not Low-Income Tenants, then the Borrower will obtain, complete and maintain annual Tenant Income Certifications in accordance with Section 142(d)(3)(A) of the Code. The Borrower will obtain such additional information as may be required in the future by Section 142(d) of the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service as of or after the date of the Regulatory Agreement with respect to obligations that are tax-exempt private activity bonds described in Section 142(d) of the Code. The Borrower will make a diligent and good-faith effort to determine that the income information provided by an applicant in any certification is accurate by taking steps required under Section 142(d) of the Code pursuant to provisions of the Housing Act. As part of the verification, the Borrower will document income and assets in accordance with HUD Handbook 4350.3 and the Issuer’s Compliance Monitoring Rules;

(xi) that, on or before each March 31, the Borrower will submit to the Secretary of the Treasury, with a copy provided to the Issuer, the completed Internal Revenue Service Form 8703 or such other annual certification required by the Code to be submitted to the Secretary of the Treasury as to whether the Project continues to meet the requirements of Section 142(d) of the Code; and

(xii) that the Borrower will prepare and submit the Unit Status Report in the form available on the Issuer’s website at the time of such submission to the Issuer (via the electronic filing system available on the Issuer’s website). The Borrower will retain all documentation required by this clause (a)(xii) until the date that is three years after the end of the Qualified Project Period.

(b) That the Borrower will maintain complete and accurate records pertaining to the Low Income Units and will permit, at all reasonable times during normal business hours and upon reasonable notice, and subject to the rights of tenants in lawful possession, any duly authorized representative of the Issuer, the Trustee, the Department of the Treasury or the Internal Revenue Service to enter upon the Project

Site to examine and inspect the Project and to inspect and photocopy the books and records of the Borrower pertaining to the Project, including those records pertaining to the occupancy of the Low Income Units. The Borrower will retain all records maintained in accordance with the provisions described under this caption until the date that is three years after the end of the Qualified Project Period.

(c) The Borrower has certified that as of the Closing Date 50% of the Units are occupied.

(d) That the Borrower will prepare and submit to the Issuer and the Trustee, within 60 days prior to the last day of the Qualified Project Period, a certificate setting forth the date on which the Qualified Project Period will end, which certificate must be in recordable form, however, failure to deliver such certificate shall not extend the Qualified Project Period.

Anything in the Regulatory Agreement to the contrary notwithstanding, it is expressly understood and agreed by the parties thereto that the Issuer and the Trustee may rely conclusively on the truth and accuracy of any certificate, opinion, notice, representation or instrument made or provided by the Borrower in order to establish the existence of any fact or statement of affairs solely within the knowledge of the Borrower, and which is required to be noticed, represented or certified by the Borrower under the Regulatory Agreement or in connection with any filings, representations or certifications required to be made by the Borrower in connection with the issuance and delivery of the Bonds.

Housing Development During the State Restrictive Period

The Issuer and the Borrower have recognized and declared their understanding and intent that the Project is to be owned, managed and operated as a “housing development,” as such term is defined in Section 2306.004(13) of the Act, and in compliance with applicable restrictions and limitations as provided in the Act and the rules of the Issuer until the expiration of the State Restrictive Period.

To the same end, the Borrower has represented, covenanted and agreed as follows during the State Restrictive Period:

(a) except for Units occupied or reserved for a resident manager, security personnel and maintenance personnel that are reasonably required for the Project, to assure that 100% of the Units are reserved for Eligible Tenants;

(b) to assure that the provisions of clauses (a)(viii) and (a)(ix) under the caption “Tax-Exempt Status of the Bonds” above continue in full force and effect until the end of the State Restrictive Period;

(c) to obtain a Tenant Income Certification from each tenant in the Project (other than resident managers, security personnel and maintenance personnel) not later than the date of such tenant’s initial occupancy of a Unit in the Project, and, if required as described in clause (a)(x) under the caption “Tax-Exempt Status of the Bonds” above, at least annually thereafter in the manner as described in clause (a)(x) under the caption “Tax-Exempt Status of the Bonds” above, and to maintain a file of all such Tenant Income Certifications, together with all supporting documentation, for a period of not less than three years after the end of the State Restrictive Period;

(d) to obtain from each tenant in the Project (other than resident managers, security personnel and maintenance personnel), at the time of execution of the lease pertaining to the Unit occupied by such tenant, a written certification, acknowledgment and acceptance in such form provided by the Issuer to the Borrower from time to time that (i) such lease is subordinate to the Security Instrument and the Regulatory Agreement, (ii) all statements made in the Tenant Income Certification submitted by such tenant are accurate, (iii) the family income and eligibility requirements of the Regulatory Agreement and the Financing Agreement are substantial and material obligations of tenancy in the Project, (iv) such tenant will comply promptly with all requests for information with respect to such requirements from the Borrower, the Trustee and the Issuer, and (v) failure to provide accurate information in the Tenant Income Certification or refusal

to comply with a request for information with respect thereto will constitute a violation of a substantial obligation of the tenancy of such tenant in the Project;

(e) to cause to be prepared and submitted to the Issuer (via the electronic filing system available on the Issuer's website) by the tenth calendar day of each January, April, July and October or other schedule as determined by the Issuer with written notice to the Borrower, a certified quarterly Unit Status Report in a form available on the Issuer's website at the time of submission or in such other form as the Issuer may reasonably prescribe in writing to the Borrower with the first quarterly report due on the first quarterly reporting date after leasing activity commences;

(f) to the extent legally permissible and upon reasonable notice to permit any duly authorized representative of the Issuer or the Trustee to inspect the books and records of the Borrower pertaining to the Project or the incomes of Project tenants, including but not limited to tenant files, during regular business hours and to make copies therefrom if so desired and file such reports as are necessary to meet the Issuer's requirements;

(g) that the Borrower is qualified to be a "housing sponsor" as defined in the Act and will comply with all applicable requirements of the Act, including submitting (via the electronic filing system available on the Issuer's website) the Annual Borrower's Compliance Report to the Issuer in the form available on the Issuer's website at the time of submission by April 30 of each year, commencing April 30, 2021;

(h) to provide social services which must meet the minimum point requirement and be chosen from the list of Tenant Supportive Services attached to the Regulatory Agreement as an exhibit and agreed to in writing by the Issuer. The Borrower must maintain documentation satisfactory to the Issuer of social services provided and such documentation will be reviewed during onsite visits beginning with the second onsite review and must be submitted to the Issuer upon request. The Borrower must provide the social services throughout the State Restrictive Period;

(i) to comply with Title 10, Part 1, Chapter 10, Subchapter F of the Texas Administrative Code, regarding tenant and manager selection, as such requirements may be amended from time to time;

(j) to maintain the property in compliance with HUD's Uniform Physical Condition Standards and to provide regular maintenance to keep the Project sanitary, safe and decent and to comply with the requirements of Section 2306.186 of the Texas Government Code; provided, however, that the Issuer must first provide notice of any default or breach to the Borrower and the Lender, and the Borrower will have 30 days to cure such default or breach;

(k) to renew any available rental subsidies which are sufficient to maintain the economic viability of the Project pursuant to Section 2306.185(c) of the Texas Government Code;

(l) the Borrower is not a party to and will not enter into a contract for the Project with, a housing developer that (i) is on the Issuer's debarred list, including any parts of that list that are derived from the debarred list of HUD; (ii) breached a contract with a public agency; or (iii) misrepresented to a subcontractor the extent to which the Borrower has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the Borrower's participation in contracts with the agency and the amount of financial assistance awarded to the Borrower by the agency;

(m) to cooperate fully with the Issuer with respect to its compliance and oversight requirements and to cause the manager of the Project to so comply;

(n) to ensure that Units intended to satisfy the Set Aside in clause (a)(ix) under the caption "Tax-Exempt Status of the Bonds" above will be distributed evenly throughout the Project and will include a reasonably proportionate amount of each type of Unit available in the Project; and

- (o) to ensure that the Project conforms to the federal Fair Housing Act.

Persons With Special Needs

The Borrower has represented, covenanted and warranted that during the State Restrictive Period, it will make at least 5% of the Units within the Project available for occupancy by Persons with Special Needs.

Sale or Transfer of the Project or Change in Managing Member

(a) The Borrower covenants and agrees not to sell, transfer or otherwise dispose of the Project, prior to the expiration of the Qualified Project Period (other than pursuant to the lease of Units to Eligible Tenants), without (i) providing 30 days prior written notice to the Issuer, (ii) complying with any applicable provisions of the Regulatory Agreement, the Financing Agreement, the Tax Exemption Agreement and other Loan Documents and (iii) obtaining the prior written consent of the Issuer. Such consent of the Issuer will not be unreasonably withheld and will be given if the following conditions to the sale or other disposition are met or waived in writing by the Issuer: (A) there is delivered to the Trustee and the Issuer a written opinion of independent legal counsel reasonably satisfactory to the Trustee and the Issuer, addressed to the Trustee and the Issuer, concluding that the transferee has duly assumed all of the rights and obligations of the Borrower under the Regulatory Agreement, the Financing Agreement, the Tax Exemption Agreement and the other Loan Documents and that each of the documents executed by the transferee in connection therewith has been duly authorized, executed and delivered by the transferee and is a valid and enforceable obligation of the transferee, subject to customary qualifications, (B) the Issuer receives a Favorable Opinion of Bond Counsel, with a copy to the Trustee and the Borrower, which opinion will be furnished at the expense of the Borrower or the transferee, (C) the Issuer receives an assumption fee equal to 0.25% of the principal balance of the Bonds Outstanding at the time of such transfer, (D) the proposed purchaser or assignee executes any document requested by the Issuer with respect to assuming the obligations of the Borrower under the Regulatory Agreement, the Financing Agreement, the Tax Exemption Agreement and the other Loan Documents, and (E) the Issuer has performed a previous participation review on the proposed purchaser or assignee or any affiliated party, the results of which are satisfactory to the Issuer in accordance with Title 10, Part 1, Chapter 1, Subchapter C, Section 1.301, Texas Administrative Code, and the Issuer does not further have any reason to believe the proposed purchaser or assignee is incapable, financially or otherwise, of complying with, or may be unwilling to comply with, the terms of all agreements and instruments binding on such proposed purchaser or assignee relating to the Project, including but not limited to the Regulatory Agreement, the Financing Agreement, the Tax Exemption Agreement, the Security Instrument and other Loan Documents. The foregoing provisions do not apply to transfer by foreclosure or deed in lieu of foreclosure or other similar involuntary transfers, but such provisions apply to any transfer subsequent to such involuntary transfers. Notwithstanding anything to the contrary contained in the Regulatory Agreement, and subject to the consent of Fannie Mae as required by the Mortgage Loan Documents, the following shall be permitted and shall not require the prior written approval of Issuer or Trustee, provided that written notice thereof has been provided to the Issuer, (a) the transfer by the Investor Member of its interest in Borrower in accordance with the terms of the Organizational Documents, (b) the removal of the managing member of Borrower in accordance with the Organizational Documents and the replacement thereof with the Investor Member or an affiliate therefor and, (c) any amendment to the Organizational Documents to memorialize the transfers or removal described above. The Borrower has expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of the provisions described under this caption will be ineffective to relieve the Borrower of its obligations under the Regulatory Agreement. Upon any sale, transfer or other disposition of the Project in compliance with the Regulatory Agreement, the Borrower or the Fee Owner so selling, transferring or otherwise disposing of the Project will have no further liability for obligations under the Financing Agreement, the Regulatory Agreement or any other loan document arising after the date of such disposition. The foregoing notwithstanding, the duties of the Borrower as set forth in the Financing Agreement, the Regulatory Agreement or any other loan document with respect to matters arising prior to the date of such sale, transfer or other disposition will not terminate upon the sale, transfer or other disposition of the Project.

(b) No transfer of the Project will release the Borrower from its obligations under the Regulatory Agreement arising prior to the date of such transfer, but any such transfer will relieve the Borrower of further liability for obligations under the Regulatory Agreement arising after the date of such transfer.

(c) Except as set forth in paragraph (a) above, the Borrower will not change its managing member by transfer, sale or otherwise without the prior written consent of the Issuer, which consent will not be unreasonably

withheld. A change in the Borrower's managing member includes any transfer of any controlling ownership interest in the managing member other than by death or incapacity.

Term

The Regulatory Agreement and all and each of the provisions thereof will become effective upon its execution and delivery, will remain in full force and effect for the periods provided in the Regulatory Agreement and, except as otherwise described under this caption, will terminate in its entirety at the end of the State Restrictive Period, it being expressly agreed and understood that the provisions of the Regulatory Agreement are intended to survive the retirement of the Bonds, discharge of the Loan, termination of the Financing Agreement and defeasance or termination of the Indenture; provided, however, that the provisions related to the Qualified Project Period that are not incorporated into the State Restrictive Period will terminate in their entirety at the end of the Qualified Project Period.

The terms of the Regulatory Agreement to the contrary notwithstanding, the requirements set forth in the Regulatory Agreement will terminate, without the requirement of any consent by the Issuer or the Trustee, and be of no further force and effect in the event of involuntary noncompliance with the provisions of the Regulatory Agreement caused by fire, seizure, requisition, change in a federal or State law or an action of a federal agency after the Closing Date which prevents the Issuer or the Trustee from enforcing the provisions of the Regulatory Agreement, or foreclosure or transfer of title by deed in lieu of foreclosure or other similar involuntary transfer, condemnation or a similar event, but only if, within a reasonable period thereafter, either the Bonds are retired in full or amounts received as a consequence of such event are used to provide a "qualified residential rental project" that meets the requirements of the Code and State law including, but not limited to, certain provisions set forth in the Regulatory Agreement. The provisions of the preceding sentence will cease to apply and the requirements referred to therein will be reinstated if, at any time during the Qualified Project Period, after the termination of such requirements as a result of involuntary noncompliance due to foreclosure, transfer of title by deed in lieu of foreclosure or similar event, the Borrower or any Related Person obtains an ownership interest in the Project for federal income tax purposes or for the purposes of State law.

Notwithstanding any other provision of the Regulatory Agreement, the Regulatory Agreement may be terminated upon agreement by the Issuer, the Trustee and the Borrower upon receipt of a Favorable Opinion of Bond Counsel.

Upon the termination of the terms of the Regulatory Agreement, the parties thereto have agreed to execute, deliver and record appropriate instruments of release and discharge of the terms of the Regulatory Agreement; provided, however, that the execution and delivery of such instruments are not necessary or a prerequisite to the termination of the Regulatory Agreement in accordance with its terms. All costs, including fees and expenses, of the Issuer and the Trustee incurred in connection with the termination of the Regulatory Agreement will be paid by the Borrower and its successors in interest.

Covenants to Run With the Land

The Borrower has subjected the Project (including the Project Site) to the covenants, reservations and restrictions set forth in the Regulatory Agreement. The Issuer, the Trustee and the Borrower have declared that the covenants, reservations and restrictions set forth in the Regulatory Agreement are covenants running with the land and will pass to and be binding upon the Borrower's successors in title to the Project; provided, however, that upon the termination of the Regulatory Agreement said covenants, reservations and restrictions will expire. Each and every contract, deed or other instrument executed after the date of the Regulatory Agreement covering or conveying the Project or any portion thereof prior to the termination of the Regulatory Agreement will conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

No breach of any of the provisions of the Regulatory Agreement will impair, defeat or render invalid the lien of any mortgage, deed of trust or like encumbrance made in good faith and for value encumbering the Project or any portion thereof.

Fannie Mae Rider

In the event of a conflict between any provision in the Regulatory Agreement and any provision of the Fannie Mae rider, the provisions of the Fannie Mae rider will supersede the conflicting provisions of the Regulatory Agreement.

Notwithstanding anything contained in the Regulatory Agreement to the contrary:

(a) The occurrence of an event of default under the Regulatory Agreement shall not impair, defeat or render invalid the lien of the Security Instrument.

(b) The occurrence of an event of default under the Regulatory Agreement shall not be or be deemed to be a default under the Loan Documents, except as may be otherwise specified in the Loan Documents.

APPENDIX F
FORM OF CONTINUING DISCLOSURE AGREEMENT

\$12,500,000*
Texas Department of Housing and Community Affairs
Multifamily Tax-Exempt Bonds
(M-TEMS) (Park Yellowstone)
Series 2019 (FN)

This Continuing Disclosure Agreement, dated as of January 1, 2019 (this “Continuing Disclosure Agreement”), is executed and delivered by Yellowstone Boulevard, LLC, a Texas limited liability company (the “Borrower”), and U.S. Bank National Association, as dissemination agent (the “Dissemination Agent”). The above-captioned bonds (the “Bonds”) are being issued pursuant to an Indenture of Trust, dated as of January 1, 2019 (the “Indenture”), between the Texas Department of Housing and Community Affairs (the “Issuer”) and U.S. Bank National Association (the “Trustee”). Pursuant to the Indenture and Financing Agreement, dated as of January 1, 2019, among the Issuer, the Trustee and the Borrower (the “Financing Agreement”), the Dissemination Agent, the Trustee and the Borrower covenant and agree as follows:

Section 1. Purpose of the Continuing Disclosure Agreement. This Continuing Disclosure Agreement is being executed and delivered by the Borrower and the Dissemination Agent for the benefit of the holders of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (defined below). The Borrower and the Dissemination Agent acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Continuing Disclosure Agreement, and has no liability to any person, including any holder of the Bonds or Beneficial Owner, with respect to any such reports, notices or disclosures.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3 and 4 of this Continuing Disclosure Agreement.

“*Audited Financial Statements*” means, in the case of the Borrower, the annual audited financial statements prepared in accordance with generally accepted accounting principles, if any.

“*Beneficial Owner*” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*Disclosure Representative*” shall mean the administrator of the Project or his or her designee, or such other person as the Borrower shall designate in writing to the Dissemination Agent from time to time.

“*Dissemination Agent*” shall mean U.S. Bank National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Borrower and which has filed with the Trustee a written acceptance of such designation.

“*Listed Events*” shall mean any of the events listed in Section 5(a) of this Continuing Disclosure Agreement.

“*MSRB*” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934. All documents provided to the MSRB shall be in an electronic format and accompanied by identifying information, as prescribed by the MSRB. Initially, all document submissions to the MSRB pursuant to this Continuing Disclosure Agreement shall use the MSRB’s Electronic Municipal Market Access (EMMA) system at www.emma.msrb.org.

* Preliminary; subject to change.

“*Participating Underwriter*” means Stifel, Nicolaus & Company, Incorporated, and its successors and assigns.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Borrower will, or will cause the Dissemination Agent to, not later than 180 days following the end of the Borrower’s fiscal year, commencing with the fiscal year ending on December 31, 2019, provide to the MSRB an Annual Report which is consistent with the requirements described below. No later than 15 Business Days prior to said date, the Borrower will provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross reference other information, provided that the audited financial statements for the prior calendar year of the Borrower may be submitted separately from the balance of the Annual Report.

(b) If by 15 Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent will contact the Disclosure Representative to determine if the Borrower is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent will send in a timely manner a notice to the MSRB in substantially the form attached as Exhibit B to this Continuing Disclosure Agreement.

(d) The Dissemination Agent will file a report with the Borrower and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided.

Section 4. Content of Annual Reports. The Borrower’s Annual Report will contain or incorporate by reference the following:

(a) Financial information with respect to the Project, provided at least annually, of the type included in Exhibit A hereto, which Annual Report may, but is not required to, include Audited Financial Statements. If the Borrower’s Audited Financial Statements are not available by the time the Annual Report is required to be filed, the Annual Report will contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the Audited Financial Statements will be filed in the same manner as the Annual Report when and if they become available; and

(b) Tables setting forth the following information as of the end of such fiscal year:

(i) The original aggregate principal amount of the Bonds and the aggregate principal amount of the Bonds remaining Outstanding; and

(ii) With respect to the MBS relating to the Bonds, the MBS pool number, the MBS CUSIP number, the original principal amount and the principal amount outstanding of the MBS.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Borrower is an “Obligated Person” (as defined by the Rule), which have been filed with the MSRB. The Borrower will clearly identify each such other document so incorporated by reference.

Each annual report submitted hereunder shall be in readable portable document format (“PDF”) or other acceptable electronic form.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events (each, a “Listed Event”):

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulty;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulty;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Borrower. For purposes of this clause (xii), any such event shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or paying agent or the change of the name of a trustee or paying agent, if material;
- (xv) Any HAP Contract or other rental assistance or subsidy agreement for the Project has been terminated;
- (xvi) Any Regulatory Agreement with respect to the Project is in default;
- (xvii) The date when the Project is placed in service for purposes of Section 42 of the Internal Revenue Code of 1986, as amended;

(xviii) The extension of the Mandatory Redemption Date as such date may be extended under the Indenture; and

(xix) The delivery of the MBS and the MBS CUSIP number.

(b) The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any potential Listed Event, pursuant to subsection (c) of this Section 5 or otherwise, provide the Disclosure Representative with notice (by facsimile transmission confirmed by telephone or by email). While the Dissemination Agent is also the Trustee, the Dissemination Agent shall be deemed to have actual knowledge of those items listed in clauses (i), (iii) (solely with respect to funds held by the Trustee), (iv), (v), (vii), (viii), (ix), (x) and (xiv) above without the Dissemination Agent having received notice of such event. While the Dissemination Agent is not also the Trustee, the Dissemination Agent shall not be deemed to have actual knowledge of any items listed in clauses (i) - (xiv) above without the Dissemination Agent having received written notice of such event. For purposes of providing notice to the Disclosure Representative, the Dissemination Agent shall assume that the unscheduled draws described in clauses (iii) and (iv) reflect financial difficulty.

(c) Whenever the Borrower obtains knowledge of the occurrence of a potential Listed Event, the Borrower shall, within five (5) Business Days of obtaining such knowledge and in any event no more than eight (8) Business Days after the occurrence of such event, determine if such event is in fact a Listed Event that is required by the Rule to be disclosed and provide the Dissemination Agent with notice and instructions pursuant to subsections (d) below.

(d) If the Borrower has determined that a Listed Event is required to be disclosed then the Borrower shall prepare a written notice describing the Listed Event and provide the same to the Dissemination Agent along with instructions to file the same pursuant to subsection (e) below.

(e) If the Dissemination Agent has been provided with a written notice describing a Listed Event pursuant to subsection (c) of this Section 5 or otherwise, and is instructed by the Borrower to report the occurrence of such Listed Event, the Dissemination Agent shall, within two (2) Business Days of its receipt of such written notice and in any event no more than ten (10) Business Days after the occurrence of the Listed Event, file the notice with the MSRB and send a copy to the Borrower.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Continuing Disclosure Agreement (and the Dissemination Agent will agree to any amendment so requested by the Borrower unless such amendment adversely affects its rights, duties, protections, immunities, indemnities or standard of care, as determined by the Dissemination Agent) and any provision of this Continuing Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions described under paragraph (a) under “Provision of Annual Reports,” “Contents of Annual Reports” or paragraph (a) under “Reporting of Listed Events,” it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of an Obligated Person (as defined in the Rule) with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the Borrower will describe such amendment in the next Annual Report and will include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information being presented by the Borrower. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change will be given in the same manner as for a Listed Event under Section 5(f) hereof and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Default. In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Continuing Disclosure Agreement, and such failure to comply continues beyond a period of thirty (30) days following written notice to the Borrower, the Borrower or any Holder or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking, or specific performance by court order, to cause the Borrower or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement will not be deemed an Event of Default under the Indenture or the Financing Agreement, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Continuing Disclosure Agreement will be an action to compel performance.

Section 8. Beneficiaries. This Continuing Disclosure Agreement will inure solely to the benefit of the Borrower, the Dissemination Agent, the Participating Underwriter and Holders from time to time of the Bonds and will create no rights in any other person or entity.

Section 9. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the Borrower shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Dissemination Agent as required by this Disclosure Agreement. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

Section 11. Notices. All notices, requests, demands or other communications to or upon the respective parties hereto shall be deemed to have been duly given or made when delivered personally or by mail (including electronic mail) to the party to which such notice, request, demand or other communication is required or permitted to be given or made under this Disclosure Agreement and addressed as set forth below or telecopied to the telecopier number of the recipient, with confirmation of transmission, indicated below:

If to the Borrower:

Yellowstone Boulevard, LLC
c/o Vesta Corporation
175 Powder Forest Drive
Weatogue, CT 06089
Attention: Steven Rice
Telephone: (860) 325-1744
Email: srice@vestacorp.com

If to the Dissemination Agent:

U.S. Bank National Association
13737 Noel Road, Suite 800
Dallas, TX 75240
Attention: Brian T. Jensen
Telephone: (972) 581-1623
Email : brian.jensen@usbank.com

Section 12. Governing Law. This Continuing Disclosure Agreement shall be governed by the laws of the State of Texas.

Section 13. Termination of this Continuing Disclosure Agreement. The Borrower, the Trustee or the Dissemination Agent may terminate this Continuing Disclosure Agreement by giving written notice to the other party at least 30 days prior to such termination. The Dissemination Agent shall be fully discharged at the time any such termination is effective. The Borrower's, the Trustee's and the Dissemination Agent's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Borrower shall give notice of such termination in a filing with the MSRB.

Section 14. Counterparts. This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Continuing Disclosure Agreement to be executed by their duly authorized representatives as of the date set forth above.

YELLOWSTONE BOULEVARD, LLC,
a Texas limited liability company

By: Vesta Equity Yellowstone, LLC,
its Special Member

By: Vesta Equity Corporation,
its Managing Member

By: Vesta Corporation,
Sole Shareholder

By: _____
Arthur N.K. Greenblatt, President

[Signatures continue on following page]

[Dissemination Agent's Signature Page to Continuing Disclosure Agreement]

U.S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____
Authorized Officer

EXHIBIT A
ANNUAL REPORT

\$12,500,000*
Texas Department of Housing and Community Affairs
Multifamily Tax-Exempt Bonds
(M-TEMS) (Park Yellowstone) Series 2019 (FN)

CUSIP: _____

Report for Period Ending _____

THE PROJECT

Name: Park Yellowstone

Address: 3322 Yellowstone Boulevard, Houston, Texas 77021

Number of Units: 210

Number of Units Occupied as of Report Date: _____ (excluding ___ manager's units)

OPERATING HISTORY OF THE PROJECT

The following table sets forth a summary of the operating results of the Project for fiscal year ended _____, as derived from the Borrower's [un]audited financial statements.

Revenues
Operating Expenses¹
Net Operating Income
Debt Service on the Bonds
Net Operating Income/(Loss)
After Debt Service

The average physical occupancy of the Project for the fiscal year ended [] was []% and the average economic occupancy of the Project for the fiscal year ended [] was []%.

¹Excludes depreciation and other non-cash expenses, includes management fee.

* Preliminary; subject to change.

EXHIBIT B

**NOTICE OF FAILURE TO
FILE ANNUAL DISCLOSURE REPORT**

Name of Issuer: Texas Department of Housing and Community Affairs
Name of Issue: Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN)
Name of Borrower: Yellowstone Boulevard, LLC
CUSIP: _____
Date of Issuance: January __, 2019

NOTICE IS HEREBY GIVEN that the above-referenced borrower (the "Borrower") has not provided an Annual Report with respect to the above-named Bonds as required by its Continuing Disclosure Agreement. The undersigned has been informed by the Borrower that it anticipates that Annual Report will be filed by _____.

DATED: _____

U.S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____
Name: _____
Title: _____

cc: Borrower

APPENDIX G BOOK-ENTRY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer and the Borrower believe to be reliable, but neither the Issuer, the Underwriter nor the Borrower take responsibility for the accuracy thereof.

The Depository Trust Company ("DTC"), New York, New York will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or held by the Trustee.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P Global Ratings' rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the bonds are to be accomplished by entries made on the records of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in bonds, except in the event that use of the book-entry system for the bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the transaction documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the

Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, the amount of the interest of each Direct Participant in such issue to be redeemed shall be determined on a pro rata basis in accordance with the “Pro Rata Pass Through Distributions of Principal” procedures of DTC.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Issuer, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC or its nominee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer. Under such circumstances, in the event that a successor depository is not obtained, bonds are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the bonds will be printed and delivered.

The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

**APPENDIX H
TERM SHEET***

This Term Sheet assumes the Mortgage Loan is originated in an amount equal to the maximum amount available under the Lender Commitment and that all the conditions to delivery of the MBS have been satisfied and have not been waived or modified. See "Multifamily Schedule of Loan Information" herein.

**\$12,500,000
CLOSING DATE January __, 2019**

**Texas Department of Housing and Community Affairs
Multifamily Tax-Exempt Bonds
(M-TEMS) (Park Yellowstone) Series 2019 (FN)**

**FANNIE MAE MULTIFAMILY POOL NUMBER AN7346
BOND CUSIP _____**

POOL STATISTICS (AS OF CLOSING DATE)

TAX-EXEMPT BOND ISSUE INFORMATION <i>(Information provided by Issuer for this Official Statement)</i>	
BOND ISSUER NAME	Texas Department of Housing and Community Affairs ("Issuer")
BOND ISSUE SERIES	Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN)
BOND ISSUE PAR	\$12,500,000, estimated
BOND DATED DATE	January 1, 2019
BOND MATURITY DATE	January 1, 2036
BOND ISSUE TAX STATUS	Excludable from gross income for federal tax purposes and state tax purposes, and not an item of tax preference for Federal AMT. See "TAX MATTERS" in the Official Statement.
BOND ISSUE CUSIP	_____
BLOOMBERG M-TEMS SERIES NAME	_____
COLLATERAL FOR THE BOND ISSUE	Fannie Mae DUS MBS (see pool info below)
BOND ISSUE CREDIT RATING	S&P "AA+"
BOND CLOSING DATE	January __, 2019
BOND PAYMENT DATES	One business day later than payment on underlying Fannie Mae MBS ¹
BOND FIRST PAYMENT DATE	February 26, 2019

* Preliminary; subject to change.

¹ There shall be no further accrual of interest from the Bond Maturity Date to the Bond Final Payment Date. Because of this lag in payment of principal and interest inherent in the payment terms of the Bonds and the one Business Day lag in payment, the effective yield on the Bonds will be lower than the Bond Net Pass-Through Rate on the Bond.

BOND FINAL PAYMENT DATE	The Business Day after the final MBS payment is received on February 25, 2036, or, if such day is not a Business Day, the next Business Day
BOND FIRST PRINCIPAL PAYMENT DATE	February 26, 2021
ALL OTHER BOND ISSUE TERMS	Same as underlying MBS
BOND PREPAYMENT TERMS	100% of the principal amount of the Bonds call if MBS not delivered by MBS Delivery Date Deadline, thereafter same as underlying MBS.
BOND NET PASS THROUGH RATE	___%
BOND OFFERING PRICE	100%
BOND UNDERWRITER COMPENSATION	\$_____
BOND UNDERWRITER	Stifel, Nicolaus & Company, Incorporated
BOND MANDATORY REDEMPTION	The date on which (i) the Bonds will be redeemed at 100% of the principal amount of the Bonds plus accrued interest if the IMMEDIATE MBS is not delivered to the Trustee on or prior to the IMMEDIATE MBS DELIVERY DATE DEADLINE, or (ii) the Bonds will be redeemed in an amount equal to the principal amount of the FORWARD MBS if the FORWARD MBS is not delivered to the Trustee on or prior to the FORWARD MBS DELIVERY DATE DEADLINE, as each may be extended as set forth in the Indenture and the Lender Commitment, and further at Fannie Mae's sole discretion.
BOND EXCHANGE FEATURE	The Bondholder has the option of requesting that their Bond be exchanged for a like amount of the par amount of the MBS upon five days' notice after the Project has been placed in service for low income housing tax credit purposes. The Issuer has the option of honoring the exchange request or instead paying the holder a cash value amount equal to the par amount outstanding of the Bonds plus a redemption premium starting at 5% par amount outstanding for the first five years after Closing declining at 1% a year thereafter plus a portion of the holder's initial premium paid (if any) which declines over time.
TERMINATION DATE ²	January 1, 2021, or, if such day is not a Business Day, the following Business Day, which may be extended in accordance with terms of the Indenture and as set forth in the Lender Commitment, but in no event later than January 1, 2022, unless the Termination Date is further extended in Fannie Mae's sole discretion (the "Final Mandatory Redemption Date").
IMMEDIATE MBS DELIVERY DATE DEADLINE	March 25, 2019, or, if such day is not a Business Day, the following Business Day
FORWARD MBS DELIVERY DATE DEADLINE	March 25, 2021, or, if such day is not a Business Day, the following Business Day, which may be extended in accordance with terms of the Indenture, but in no event later than March 25, 2022
BOND TRUSTEE	U.S. Bank National Association
BOND REMAINING TERM TO MATURITY	From the Closing Date to January 1, 2036
UNDERLYING FANNIE MAE POOL STATISTICS <i>(Information provided by Lender for this Official Statement)</i>	
NOTE RATE	___%

² The Termination Date is applicable only to the origination of the Forward Mortgage Loan Amount.

ISSUANCE PASS-THROUGH RATE	___%
POOL ISSUANCE UPB	\$10,100,000, estimated
MAXIMUM ISSUANCE UPB	\$10,100,000, estimated
POOL MATURITY DATE	January 1, 2036
ESTIMATED MBS DELIVERY DATE	February 26, 2019
ORIGINAL LOAN TERM (MONTHS)	204 months
REMAINING TERM TO MATURITY (MONTHS)	204 months
NUMBER OF LOANS	1
POOL SECURITY FUNDS TRANSFER TYPE	Fed Wire
TRANSACTION TYPE	DUS
POOL FIRST PAYMENT DATE	25 th day of the month following the month in which the MBS is delivered, or the following Business Day if such day is not a Business Day
POOL FINAL PAYMENT DATE	February 25, 2036, or the following Business Day if such day is not a Business Day
SECURITY TYPE	MBS
SELLER NAME	KeyBank National Association
SERVICER NAME	KeyBank National Association
POOL NUMBER	
% OF INITIAL POOL BALANCE	___%
POTENTIAL UNDERLYING FANNIE MAE POOL STATISTICS ASSUMING THE ORIGINATION OF THE ENTIRE FORWARD MORTGAGE LOAN AMOUNT SUBJECT TO THE LENDER COMMITMENT AND NO WAIVER OR MODIFICATION OF ANY CONDITION TO THE ORIGINATION OF THE FORWARD MORTGAGE LOAN IN THE LENDER COMMITMENT ON OR PRIOR TO THE TERMINATION DATE <i>(Information provided by Lender for this Official Statement)</i>	
NOTE RATE	___%
ISSUANCE PASS-THROUGH RATE	___%
POOL ISSUANCE UPB	\$2,400,000, estimated
MAXIMUM ISSUANCE UPB	\$2,400,000, estimated
POOL MATURITY DATE	January 1, 2036, estimated
ESTIMATED FORWARD MBS DELIVERY DATE	February 26, 2021 assuming origination of the Forward Mortgage Loan on January 1, 2021. No assurance can be provided as to the actual date of origination of the Forward Mortgage Loan and whether or not it will occur prior to Termination Date.
ORIGINAL FORWARD MORTGAGE LOAN TERM (MONTHS)	180 months, estimated, assuming origination of the Forward Mortgage Loan on January 1, 2021. No assurance can be provided as to the actual date of origination of the Forward Mortgage Loan and whether or not it will occur prior to Termination Date.
REMAINING TERM TO MATURITY (MONTHS)	180 months assuming origination of the Forward Mortgage Loan on January 1, 2021. If the origination of the Forward Mortgage Loan occurs on a date other than January 1, 2021, the remaining term shall equal the number of months from the origination date to January 1, 2036.
NUMBER OF LOANS	1

POOL SECURITY FUNDS TRANSFER TYPE	Fed Wire
TRANSACTION TYPE	DUS
POOL FIRST PAYMENT DATE	25 th day of the month following the month in which the MBS is delivered, or the following Business Day if such day is not a Business Day
POOL FINAL PAYMENT DATE	February 25, 2036, or the following Business Day if such day is not a Business Day
SECURITY TYPE	MBS
SELLER NAME	KeyBank National Association
SERVICER NAME	KeyBank National Association
POOL NUMBER	
% OF INITIAL POOL BALANCE	___%
UNDERLYING FANNIE MAE POOL STATISTICS <i>(Information provided by Lender for this Official Statement)</i>	
FANNIE MAE LOAN NUMBER	TBD
LOAN MATURITY DATE	January 1, 2036, estimated
TIER	2
TIER DROP ELIGIBLE	No
LIEN PRIORITY	First
MAXIMUM LTV ON FIRST LIEN MBS	90%, estimated
MINIMUM NCF DSCR(x) ON FIRST LIEN MBS	1.15x, estimated
BALLOON	Yes
OTHER DEBT	Yes
ISSUANCE UPB	\$10,100,000, estimated
ISSUANCE UPB/UNIT	\$10,100,000, estimated
PREPAYMENT PREMIUM OPTION	Yield Maintenance – CMT as defined in the Fannie Mae Multifamily MBS Prospectus
PREPAYMENT PREMIUM TERM	Fannie Mae yield maintenance premium from closing through July 1, 2033 (174 months). Thereafter, a 1% prepayment penalty shall apply through October 1, 2033 (3 months). Thereafter, no prepayment premium shall apply.
PREPAYMENT PREMIUM END DATE	October 1, 2033, estimated
FIRST LOAN PAYMENT DATE	February 1, 2019, estimated
ORIGINAL TERM (MONTHS)	204 months
AMORTIZATION TERM	35 years (420 months)
REMAINING TERM TO MATURITY (MONTHS)	204 months
INTEREST TYPE	Fixed
INTEREST ACCRUAL METHOD	Actual/360
INTEREST ONLY END DATE	January 1, 2021, estimated
INTEREST ONLY TERM (MONTHS)	24 months

NOTE DATE	January __, 2019, estimated
ACCRUING NOTE RATE (%)	___%
LOAN PURPOSE	New Construction
ISSUANCE NOTE RATE (%)	___%
MONTHLY DEBT SERVICE	\$_____, estimated
POTENTIAL UNDERLYING FANNIE MAE POOL STATISTICS ASSUMING THE ORIGINATION OF THE FORWARD MORTGAGE LOAN AMOUNT SUBJECT TO THE LENDER COMMITMENT AND NO WAIVER OR MODIFICATION OF ANY CONDITION TO THE ORIGINATION OF THE FORWARD MORTGAGE LOAN IN THE LENDER COMMITMENT ON OR PRIOR TO THE TERMINATION DATE.	
<i>(Information provided by Lender for this Official Statement)</i>	
FANNIE MAE LOAN NUMBER	TBD
LOAN MATURITY DATE	January 1, 20__36, estimated
TIER	2
TIER DROP ELIGIBLE	No
LIEN PRIORITY	First
MAXIMUM LTV ON FIRST LIEN MBS	90%
MINIMUM NCF DSCR(x) ON FIRST LIEN MBS	1.15x
BALLOON	Yes
OTHER DEBT	Yes
ISSUANCE UPB	\$2,400,000, estimated
ISSUANCE UPB/UNIT	\$2,400,000, estimated
PREPAYMENT PREMIUM OPTION	Yield Maintenance – CMT as defined in the Fannie Mae Multifamily MBS Prospectus
PREPAYMENT PREMIUM TERM	Fannie Mae yield maintenance premium from the date of origination of the Forward Mortgage Loan to July 1, 2033. Thereafter, a 1% prepayment penalty shall apply through October 1, 2033 (3 months). Thereafter, no prepayment premium shall apply.
PREPAYMENT PREMIUM END DATE	October 1, 2033
FIRST LOAN PAYMENT DATE	First day of the month following the month in which the Forward Mortgage Loan is originated.
ORIGINAL TERM (MONTHS)	180 months
AMORTIZATION TERM	35 years (420 months)
REMAINING TERM TO MATURITY (MONTHS)	180 months, assuming origination of the Forward Mortgage Loan on January 1, 2021. If the origination of the Forward Mortgage Loan occurs on a date other than January 1, 2021, the remaining term shall equal the number of months from the origination date to January 1, 2036.
INTEREST TYPE	Fixed
INTEREST ACCRUAL METHOD	Actual/360
INTEREST ONLY END DATE	N/A
INTEREST ONLY TERM (MONTHS)	N/A
NOTE DATE	January 1, 2021, estimated, assuming origination of the Forward Mortgage loan of January 1, 2021
ACCRUING NOTE RATE (%)	___%

LOAN PURPOSE	New Construction
ISSUANCE NOTE RATE (%)	___%
MONTHLY DEBT SERVICE	\$ _____, estimated
MULTIFAMILY SCHEDULE OF LOAN INFORMATION	
COLLATERAL INFORMATION <i>(Information provided by Lender for this Official Statement)</i>	
LOAN NUMBER	TBD
PROPERTY ID	TBD
PROPERTY NAME	Park Yellowstone Townhomes
PROPERTY STREET ADDRESS	3322 Yellowstone Boulevard
PROPERTY CITY	Houston
PROPERTY STATE	Texas
PROPERTY ZIP CODE	77021
PROPERTY COUNTY	Harris
MSA	Houston
YEAR BUILT	1996
PHYSICAL OCCUPANCY	90.47% (as of 9/30/2018)
UNDERWRITTEN ECONOMIC OCCUPANCY	5.0%
PASS-THROUGH RATE	TBD
REMAINING AMORTIZATION TERM (MONTHS)	420 months
ISSUANCE LTV	83.50%
ISSUANCE UW NCF DSCR(x)	TBD
UNDERWRITTEN EFFECTIVE GROSS INCOME	\$2,108,695, estimated
UNDERWRITTEN TOTAL OPERATING EXPENSES	\$1,190,028, estimated
UNDERWRITTEN REPLACEMENT RESERVES	\$275 per unit per year, estimated
UW NCF (\$)	\$ _____
CROSS-COLLATERALIZED (Y/N)	N
CROSS-DEFAULTED (Y/N)	N
GENERAL PROPERTY TYPE	Multifamily
SPECIFIC PROPERTY TYPE	Multifamily
LAND OWNERSHIP RIGHTS	Fee Simple
PROPERTY VALUE	\$14,970,000 (as of 4/1/2010)
SEISMIC RISK	The Project does [not] meet any Fannie Mae tests that require any mitigants for seismic risk.
TERRORISM INSURANCE COVERAGE (Y/N)	Y
TOTAL NUMBER OF UNITS	210
AFFORDABLE HOUSING TYPE	Low Income Housing Tax Credit ("LIHTC") (210 units)
TAXES CURRENTLY ESCROWED	Yes
PROPERTY OWNER	Yellowstone Boulevard, LLC
SPONSOR	Vesta Corporation
PROPERTY MANAGER	Vesta Management Texas, LLC

PROPERTY MANAGER EXPERIENCE	The Property Manager presently manages approximately 7,500 affordable housing units in five US States and Washington DC. The Property Manager have 40 years of experience managing affordable housing supported by various federal, state and local subsidies including HUD, tax-exempt obligations and federal low-income housing tax credits.
MULTIFAMILY SCHEDULE OF LOAN INFORMATION	
CRA INFORMATION	
<i>(Information provided by Borrower for this Official Statement)</i>	
UNITS AT OR BELOW 50% OF MEDIAN INCOME	63
UNITS AT OR BELOW 80% OF MEDIAN INCOME	100% (210 units)
UNITS WITH INCOME OR RENT RESTRICTION %	100% (210 units)
AGE RESTRICTED INDICATOR	No
TAX ABATEMENT	No
TAX CREDIT INVESTOR	PNC Real Estate Tax Credit Capital Institutional Fund 53, LLC
REGULATORY AGREEMENTS OVERSEER	Texas Department of Housing and Community Affairs
REGULATORY AGREEMENT SET-ASIDES	LIHTC – 100% of units rented to tenants whose income is at or below 60% of AMI for an initial 15-year compliance period. Under the Regulatory Agreement the Borrower is required to rent at least 40% of the Project apartment units to certain qualified tenants whose income does not exceed 60% of the area AMI where the Project is located.
LIHTC LOW INCOME HOUSING TAX CREDIT ELIGIBILITY	The Project has applied for and received 4% LIHTC in the State of Texas, which requires a certain amount of rehabilitation and limits the income of the tenants to families making 60% or less of AMI. The project must have tax-exempt financing for over 50% of project cost in order to be eligible for LIHTC.

APPENDIX I
PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon the issuance of the Bonds, Bracewell LLP, Bond Counsel for the Issuer, proposes to issue an opinion in substantially the following form:

[Letterhead of Bond Counsel]

January __, 2019

Texas Department of Housing and
Community Affairs
Austin, Texas

U.S. Bank National Association,
as Trustee
Dallas, Texas

Stifel, Nicolaus & Company, Incorporated
Atlanta, Georgia

Fannie Mae
Washington, DC

Ladies and Gentlemen:

We have represented the Texas Department of Housing and Community Affairs (the “Issuer”) in connection with the issuance by the Issuer of its \$12,500,000 Multifamily Housing Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN) (the “Bonds”) pursuant to a resolution adopted by the Governing Board of the Issuer on December 6, 2018 (the “Bond Resolution”) and an Indenture of Trust dated as of January 1, 2019 (the “Indenture”), by and between the Issuer and U.S. Bank, National Association, as trustee (the “Trustee”). The Bonds bear interest, mature on the date, and are subject to redemption prior to maturity as provided in the Indenture. Capitalized terms used herein and not otherwise defined are used with the meanings assigned to such terms in the Indenture, in the Financing Agreement dated as of January 1, 2019 (the “Financing Agreement”) among the Issuer, the Trustee, Yellowstone Boulevard LLC, a Texas limited liability company (the “Borrower”), and KeyBank Real Estate Capital, as lender (the “Lender”), or in the Regulatory and Land Use Restriction Agreement dated as of January 1, 2019 (the “Regulatory Agreement”), among the Issuer, the Trustee, and the Borrower.

The Bonds are being issued for the purpose of obtaining funds to make a mortgage loan to the Borrower to finance the acquisition, equipping and rehabilitation of a multifamily residential rental development located within Harris County, Texas (the “Development”), to be occupied by individuals and families of low, very low and extremely low income and families of moderate income, as determined by the Issuer, all as required by the Act, and to be occupied at least partially (at least forty percent of the Units) by Low-Income Tenants.

We have assumed with your permission and without independent verification (i) the genuineness of certificates, records and other documents (collectively, “documents”) submitted to us and the accuracy and completeness of the statements contained therein; (ii) the due authorization, execution and delivery of the Indenture by the parties thereto, and the validity and binding effect of the Indenture on such parties; (iii) that all documents submitted to us as originals are accurate and complete; (iv) that all documents submitted to us as copies are true and correct copies of the originals thereof; and (v) that all information submitted to us and on which we have relied was accurate and complete.

The scope of our representation extends solely to an examination of the facts and law incident to rendering an opinion with respect to the legality and validity of the Bonds and the security therefor and with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes. We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and we express no opinion relating thereto (excepting only the matters set forth as our supplemental opinion of Bond Counsel of even date herewith). We have not assumed any responsibility with respect

to the financial condition or capability of the Issuer or the Borrower, or the disclosure thereof. We have participated in the preparation of and have examined a transcript of certain materials pertaining to the Bonds, including certain certified proceedings of the Issuer, the State of Texas, the Trustee and the Borrower, and customary certificates, opinions, affidavits and other documents executed by officers, agents and representatives of the Issuer, the State of Texas, the Trustee, the Borrower and others. We have also examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, Treasury Regulations and published rulings of the Internal Revenue Service (the "Service") as we have deemed relevant. We have also examined the fully-executed Bond numbered I-1.

Based on said examination, and subject to the assumptions, qualifications and limitations set forth herein, it is our opinion that, under existing law:

1. The Issuer has duly authorized the issuance, execution and delivery of the Bonds. The Bonds constitute legal, valid and binding special limited obligations of the Issuer and are entitled to the benefit and security of the Indenture.

2. Interest on the Bonds is excludable from gross income for federal income tax purposes, except with respect to the interest on any Bond for any period during which such Bond is held by a "substantial user" of the Development or a "related person" of such a "substantial user," as those terms are defined for purposes of Section 147(a) of the Code.

3. Interest on the Bonds is not an item of tax preference includable in alternative minimum taxable income for purposes of determining a taxpayer's alternative minimum tax liability.

In providing the opinions set forth in paragraphs 2 and 3 above, we have relied on, and assumed the accuracy and completeness of, representations made as of the date hereof by, among others, the Issuer, the Borrower and Stifel, Nicolaus & Company, Incorporated, as underwriter, with respect to matters solely within the respective knowledge of such parties, which matters we have not independently verified. Furthermore, in providing the opinions set forth in paragraphs 2 and 3 above, we have also assumed that there will be continuing compliance with the procedures, safeguards and covenants in the Indenture, the Financing Agreement, the Regulatory Agreement and the Tax Exemption Certificate and Agreement pertaining to those sections of the Code that affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete or the Issuer or the Borrower fails to comply with the foregoing procedures, safeguards and covenants, interest on the Bonds could become includable in gross income for federal income tax purposes from the date of original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Certain actions may be taken or omitted subject to the terms and conditions set forth in the Indenture and related documents, upon the advice or with an approving opinion of Bond Counsel. We hereby express no opinion with respect to our ability to render an opinion that such actions, if taken or omitted, will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

We express no opinion as to the priority or perfection of the security interest granted by the Issuer in the Trust Estate.

The enforceability of certain provisions of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors. Furthermore, availability of equitable remedies under the Bonds may be limited by general principles of equity that permit the exercise of judicial discretion.

Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase

or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the “branch profits” tax on their effectively connected earnings and profits, including tax exempt interest such as interest on the Bonds.

The opinions set forth above speak only as of their date and only in connection with the Bonds and may not be applied to any other transaction. Such opinions are specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer and the Borrower have each covenanted in the Indenture, the Financing Agreement and the Tax Exemption Certificate and Agreement not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Very truly yours,

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY __, 2019

NEW ISSUE – Book-Entry Only

**EXPECTED RATING: S&P “AA+”
SEE “RATING” herein.**

In the opinion of Bracewell LLP, assuming compliance with certain covenants and based on certain representations, under existing law, (i) interest on the Bonds is excludable from gross income for federal income tax purposes, except with respect to interest on any Bond for any period during which it is held by a “substantial user” of the Project (as defined below) or a “related person” of such a “substantial user” within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended, and (ii) interest on the Bonds is not an item of tax preference includable in alternative minimum taxable income for purposes of determining a taxpayer’s alternative minimum tax liability. See “TAX MATTERS” herein for a discussion of Bracewell LLP’s opinion.

\$2,880,000*

**Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(Park Yellowstone), Series 2019 B**

Dated: Date of Delivery
Initial Interest Rate: ____%
Initial Offering Price: 100%

Maturity Date: February 1, 2022*
Initial Mandatory Tender Date: February 1, 2021*
CUSIP: _____

Texas Department of Housing and Community Affairs (the “Issuer”) is issuing its Multifamily Housing Revenue Bonds (Park Yellowstone), Series 2019 B (the “Bonds”) pursuant to a Trust Indenture dated as of January 1, 2019 (the “Indenture”), by and between the Issuer and U.S. Bank National Association, Dallas, Texas, as trustee (the “Trustee”). Proceeds of the Bonds will be loaned to Yellowstone Boulevard, LLC, a Texas limited liability company (the “Borrower”), to enable the Borrower to pay a portion of the cost of acquiring, rehabilitating and equipping a 210-unit multifamily residential rental facility located in Houston, Texas (the “Project”). See “THE PROJECT” herein.

The Bonds will bear interest at the Initial Interest Rate indicated above (the “Initial Interest Rate”) from their date to, but not including, the Initial Mandatory Tender Date indicated above (the “Initial Mandatory Tender Date”), payable on each February 1 and August 1, commencing August 1, 2019*. See “THE BONDS” herein. The Bonds will be issued as fully registered bonds in denominations of \$5,000 and integral multiples of \$5,000 in excess thereof. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. DTC will act as securities depository of the Bonds. Purchases will be made only in book-entry form through DTC participants in the aforesaid authorized denominations, and no physical delivery of Bonds will be made to purchasers. Payments of principal of and premium, if any, and interest on the Bonds will be made to purchasers by DTC through its participants. See “BOOK-ENTRY ONLY SYSTEM” herein.

The Indenture requires the Bonds to be secured at all times by Eligible Investments or other Eligible Funds sufficient, without need for reinvestment, to pay all of the interest on the Bonds when due and to pay the principal of the Bonds on the earlier of any Redemption Date or any Mandatory Tender Date, as further described herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

Simultaneously with the issuance of the Bonds, the Issuer is issuing its Multifamily Housing Tax-Exempt Mortgage-Backed Bonds (M-TEMS) (Park Yellowstone), Series 2019 (FN) in the principal amount of \$12,500,000* (the “Long-Term Bonds”), the proceeds of which will be used to make a loan to the Borrower to finance a portion of the acquisition, rehabilitation and equipping of the Project. The Long-Term Bonds are not being offered pursuant to this Official Statement. Closing of the Bonds is contingent on the closing of the Long-Term Bonds.

The Bonds are subject to mandatory tender for purchase, subject to satisfaction of the applicable terms and conditions set forth in the Indenture, on the Initial Mandatory Tender Date. All Bondholders must tender their Bonds for purchase on the Initial Mandatory Tender Date. The Bonds may be remarketed and a new interest rate for the Bonds may be determined on the Initial Mandatory Tender Date in accordance with the terms of the Indenture. If the Bonds are remarketed on the Initial Mandatory Tender Date, the terms of the Bonds after such date may differ materially from the description provided in this Official Statement. Therefore, prospective purchasers of the Bonds on and after the Initial Mandatory Tender Date cannot rely on this Official Statement, but rather must rely upon any disclosure documents prepared in connection with such remarketing.

The Bonds are subject to redemption prior to maturity as set forth herein. See “THE BONDS — Redemption” herein.

NOTWITHSTANDING ANYTHING IN THE INDENTURE TO THE CONTRARY, ANY OBLIGATION THAT THE ISSUER MAY INCUR UNDER THE INDENTURE OR UNDER ANY INSTRUMENT EXECUTED IN CONNECTION THEREWITH THAT SHALL ENTAIL THE EXPENDITURE OF MONEY SHALL NOT BE A GENERAL OBLIGATION OF THE ISSUER, BUT SHALL BE A SPECIAL LIMITED OBLIGATION PAYABLE SOLELY FROM THE TRUST ESTATE ESTABLISHED UNDER THE INDENTURE. THE BONDS SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE HOLDERS THEREOF AGAINST THE TRUST ESTATE, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS (THE “BOND SERVICE CHARGES”) AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THE INDENTURE. THE BONDS, TOGETHER WITH INTEREST THEREON, SHALL BE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER GIVING RISE TO NO CHARGE AGAINST THE ISSUER’S GENERAL CREDIT AND PAYABLE SOLELY FROM, AND CONSTITUTE CLAIMS OF THE HOLDERS THEREOF AGAINST ONLY, THE TRUST ESTATE. THE BOND SERVICE CHARGES SHALL NOT BE DEEMED TO CONSTITUTE DEBT OF THE ISSUER (EXCEPT TO THE EXTENT OF THE TRUST ESTATE). THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS (THE “STATE”), OR ANY POLITICAL SUBDIVISION THEREOF, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH OR CREDIT OR TAXING POWER OF THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER.

The Bonds are offered for delivery when, as and if issued and received by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) and subject to the approval of legality by Bracewell LLP, Austin, Texas, Bond Counsel, and by the Attorney General of the State of Texas and certain other conditions. Certain legal matters will be passed upon for the Underwriter by its counsel, Tiber Hudson LLC, Washington, D.C., for the Borrower by its counsel, Locke Lord LLP, Austin, Texas, and for the Issuer by McCall, Parkhurst & Horton L.L.P. and Mahomes Bolden PC, Dallas, TX. Certain financial advisory services will be provided to the Issuer by George K. Baum & Company. It is expected that the Bonds will be available in book-entry form through the facilities of DTC in New York, New York on or about _____, 2019.

* Preliminary; subject to change.

This Preliminary Official Statement and certain of the information contained herein is in a form deemed final for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for the omission of certain information permitted to be omitted under Rule 15c2-12(b)(1)). The information herein is subject to revision, completion or amendment in a final Official Statement. The Bonds may not be sold, nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

This cover page contains limited information for ease of reference only. It is not a summary of the Bonds or the security therefor. The entire Official Statement, including the Appendices, must be read to obtain information essential to make an informed investment decision.

STIFEL

Date: _____, 2019

No broker, dealer, salesman or other person has been authorized by the Issuer to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale prior to the registration or qualification under the securities laws of any such jurisdiction. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made under the Indenture shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or owners of any of the Bonds. All statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The cover page hereof, inside front cover, and the appendices attached hereto are part of this Official Statement. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds shall under any circumstances create any implication that there has been no change in the affairs of the Issuer since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

U.S. Bank National Association, in each of its capacities, including but not limited to Trustee, bond registrar and paying agent, has not participated in the preparation of this Official Statement and assumes no responsibility for its content.

No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission (the "Commission") or with any state securities agency. The Bonds have not been approved or disapproved by the Commission or any state securities agency, nor has the Commission or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of the holders of the Bonds. The Issuer is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions.

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OFFICIAL STATEMENT

\$2,880,000*

**Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(Park Yellowstone), Series 2019 B**

INTRODUCTION

This Official Statement (this “Official Statement”), including the Appendices, has been prepared in connection with the issuance of the above-captioned Bonds (the “Bonds”) by the Texas Department of Housing and Community Affairs (the “Issuer”), a public and official agency of the State of Texas (the “State”). The Governing Board of the Issuer has authorized the issuance of the Bonds by a resolution adopted December 6, 2018 (the “Bond Resolution”), and the Bonds are issued pursuant to a Trust Indenture dated as of January 1, 2019 (the “Indenture”), by and between the Issuer and U.S. Bank National Association, as trustee (the “Trustee”). Certain capitalized terms that are used in this Official Statement and not otherwise defined shall have the definitions ascribed to them in “APPENDIX A – DEFINITIONS OF CERTAIN TERMS” hereto.

The Bonds are to be issued pursuant to the provisions of Chapter 2306, Texas Government Code, as amended (the “Act”), for the purpose of providing funds to make a loan (the “Loan”) to Yellowstone Boulevard, LLC, a Texas limited liability company (the “Borrower”), to enable the Borrower to pay a portion of the cost of acquiring, rehabilitating and equipping an 210-unit multifamily residential rental facility located in Houston, Texas, known as Park Yellowstone Apartments (the “Project”). See “PRIVATE PARTICIPANTS” and “THE PROJECT” herein.

The Loan will be made to the Borrower under a Loan Agreement dated as of January 1, 2019 (the “Loan Agreement”), by and between the Issuer and the Borrower. Pursuant to the Loan Agreement, the Borrower has agreed to make payments to the Issuer in amounts sufficient to pay the principal of, premium, if any, and interest on the Bonds when due (the “Bond Service Charges”) to the extent that amounts otherwise available for such payment are insufficient therefor. The Loan will be evidenced by a promissory note, together in the aggregate principal amount of \$2,880,000* (the “Note”) from the Borrower to the Issuer and assigned by the Issuer to the Trustee.

The Indenture establishes certain funds (collectively, the “Special Funds”), including a fund for the receipt and disbursement of Bond proceeds (the “Project Fund”), a fund for the receipt of amounts required to be received in exchange for disbursement of Bond proceeds (the “Collateral Fund”) and a fund for the payment of the Bonds (the “Bond Fund”) to pay interest on the Bonds. Amounts on deposit in the Special Funds are required to be invested in Eligible Investments (as defined in Appendix A). It is required that the aggregate funds on deposit in the Project Fund and the Collateral Fund will, at all times, equal the principal amount of Bonds Outstanding. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

At all times, the Bonds will be secured by amounts on deposit under the Indenture, which shall constitute Eligible Funds and shall be invested in Eligible Investments and such amounts shall be sufficient, without need for reinvestment, to pay all of the interest on the Bonds when due and to pay principal of the Bonds on the Initial Mandatory Tender Date or any Redemption Date, as further described herein.

The Bonds shall bear interest on the outstanding principal amount thereof at a rate equal to the Initial Interest Rate set forth on the cover page hereof (the “Initial Interest Rate”) from their date to, but not including, the Initial Mandatory Date, payable on each February 1 and August 1, commencing August 1, 2019* (each an “Interest Payment Date”).

The Bonds are subject to mandatory tender for purchase, subject to satisfaction of the applicable terms and conditions set forth in the Indenture, on the Initial Mandatory Tender Date. All Bondholders must tender their Bonds for purchase on the Initial Mandatory Tender Date. The Bonds may be remarketed and a new interest rate for the Bonds may be determined on the Initial Mandatory Tender Date in accordance with the terms of the Indenture. If the

* Preliminary; subject to change.

Bonds are remarketed on the Initial Mandatory Tender Date, the terms of the Bonds after such date may differ materially from the description provided in this Official Statement. Therefore, prospective purchasers of the Bonds on and after the Initial Mandatory Tender Date cannot rely on this Official Statement, but rather must rely upon any disclosure documents prepared in connection with such remarketing.

The Bonds are subject to optional and mandatory redemption prior to maturity as set forth herein under “THE BONDS.”

Prior to the disbursement of amounts drawn from the Project Fund to pay costs of the Project, a like amount of Eligible Funds on behalf of the Borrower must be deposited into the Collateral Fund. It is anticipated that, over time, the Lender will deliver Eligible Funds in an amount equal to all or a portion of such disbursement to the Trustee for deposit into the Collateral Fund as security for the Bonds in exchange for a like amount of Bond proceeds from the Project Fund, which is to be disbursed by the Trustee to or at the direction of the Lender for purposes of paying costs of the Project, all in accordance with the Loan Agreement and the Indenture.

Notwithstanding any provision of the Loan Agreement or the Indenture to the contrary, the Trustee will not disburse funds from the Project Fund, other than to pay Bond Service Charges on the Bonds, unless and until (i) an amount equal to or greater than the requested disbursement amount has been deposited in the Collateral Fund in accordance with the provisions of the Indenture and (ii) the Trustee has determined that the sum of the amount then held in the Collateral Fund and the amount then on deposit in the Project Fund, less the anticipated amount of the disbursement from the Project Fund, is at least equal to the then outstanding principal amount of the Bonds. Upon receipt of Eligible Funds, subject to the foregoing provisions, Trustee may disburse Bond proceeds for use by the Borrower to pay costs of the Project, in accordance with the terms of the Loan Agreement.

Simultaneously with the issuance of the Bonds, the Issuer is issuing its Multifamily Housing Tax-Exempt Mortgage-Backed Bonds (M-TEMS) (Park Yellowstone), Series 2019 (FN) in the principal amount of \$12,500,000* (the “Long-Term Bonds”), the proceeds of which will be used to make a loan to the Borrower to finance a portion of the acquisition, rehabilitation and equipping of the Project. The Long-Term Bonds are not being offered pursuant to this Official Statement. Closing of the Bonds is contingent on the closing of the Long-Term Bonds.

The Project is subject to a Regulatory and Land Use Restriction Agreement (the “Regulatory Agreement”) dated as of January 1, 2019, by and among the Borrower, the Issuer and the Trustee. The Regulatory Agreement requires that at least 40% of Available Units (as defined therein) of the Project be occupied by persons or families having incomes at or below 60% of area median gross income during the longer of the Qualified Project Period or as long as any of the Bonds remain outstanding, in accordance with Section 142(d) of the Code. Failure to comply with these requirements could result in the loss of the federal tax exemption of the Bonds retroactive to their date of issuance. The Regulatory Agreement will also require that for the State Restrictive Period (as defined therein), 100% of the dwelling units in the Project (except for dwelling units reserved for a resident manager, security personnel and maintenance personnel) are reserved for tenants whose combined Annual Income (as defined therein) does not exceed 60% of the Multifamily Tax Subsidy Program Income Limit (as defined therein), which is adjusted for family size. The Regulatory Agreement further requires that 5% of the units within the Project will be available for occupancy by Persons with Special Needs (as defined therein). See “TAX MATTERS” and “APPENDIX D — SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT.” In addition to the rental restrictions imposed upon the Project by the Regulatory Agreement, the Project will be further encumbered by a tax credit restrictive covenant), to be executed by the Borrower in connection with the federal low income housing tax credits (the “Federal Tax Credits”) anticipated to be granted for the Project (and allocated to the Investor Member in its capacity as a member of the Borrower) and in compliance with the requirements of Section 42 of the Code, and by the agreements entered into with regard to rental assistance payments applicable to the Project. See “THE PROJECT” and “THE PRIVATE PARTICIPANTS” herein.

Brief descriptions of the Issuer, the Borrower, the Lender, the Investor Member, the Project, the Bonds, the security for the Bonds, the Indenture, the Loan Agreement and the Regulatory Agreement are included in this Official Statement. The summaries herein do not purport to be complete and are qualified in their entirety by reference to such documents, agreements and programs as may be referred to herein, and the summaries herein of the Bonds are further qualified in their entirety by reference to the form of the Bonds included in the Indenture and the provisions with respect thereto included in the aforesaid documents.

THE ISSUER

General

The Issuer, a public and official governmental agency of the State and a body corporate and politic, was created pursuant to the Act, effective September 1, 1991. The Issuer is the successor agency to the Texas Housing Agency (the “Agency”) and the Texas Department of Community Affairs, both of which were abolished by the Act and their functions and obligations transferred to the Issuer. One of the purposes of the Issuer is to provide assistance to individuals and families of low and very low income and families of moderate income and persons with special needs to obtain decent, safe and sanitary housing. Pursuant to the Act, the Issuer may issue bonds, notes or other obligations to finance or refinance residential housing and to refund bonds previously issued by the Agency, the Issuer or certain other quasi-governmental issuers. The Act specifically provides that the revenue bonds of the Agency become revenue bonds of the Issuer.

The Issuer is subject to the Texas Sunset Act (Chapter 325, Texas Government Code, as amended, hereinafter referred to as the “Sunset Act”), and its continued existence is subject to a periodic review process that resulted in passage of legislation in the 2013 Texas legislative session which continues the Issuer in existence until September 1, 2025, at which time it will again be subject to review. The Sunset Act, however, recognizes the continuing obligation of the State to provide for the payment of bonded indebtedness incurred by a State agency abolished under the provisions thereof and provides that the Governor will designate an appropriate State agency to continue to carry out all covenants with respect to any bonds outstanding, including the payment of any bonds from the sources provided in the proceedings authorizing such bonds.

In the Act, the State also pledges and agrees with the holders of any bonds issued under the Act (such as the Bonds) that the State will not limit or alter the rights vested in the Issuer to fulfill the terms of any agreements made with the holders thereof that would in any way impair the rights and remedies of such holders until such bonds, together with the interest thereon, interest on any unpaid installments of interest and all costs and expenses incurred in connection with any action or proceeding by or on behalf of such holders are fully met and discharged.

Organization and Membership

Governing Board. The Issuer is governed by a governing board (the “Board”) consisting of seven public members appointed by the Governor, with the advice and consent of the State Senate. Board members hold office for six-year staggered terms. Each member serves until his or her successor is appointed and qualified. Each member is eligible for reappointment. Members serve without compensation, but are entitled to reimbursement for actual expenses incurred in performing their duties of office. The Act requires the Governor to make appointments so that the places on the Board are occupied by persons who have a demonstrated interest in issues related to housing and support services and who broadly reflect the geographic, economic, cultural and social diversity of the State, including ethnic minorities, persons with disabilities, and women.

The Governor designates a member of the Board to serve as the presiding officer (the “Chair”) of the Board at the pleasure of the Governor. The Chair presides at all meetings and performs such other duties as may be prescribed from time to time by the Board and by the Act. In addition, the members of the Board elect one of its members as assistant presiding officer (the “Vice Chair”) to perform the duties of the Chair when the Chair is not present or is incapable of performing such duties. The Board also elects a Secretary and a Treasurer (which offices may be held by one individual, neither of which is required to be a Board member) to perform the duties prescribed by the Board.

One seat on the Board is currently vacant. The current members of the Board, their occupations and their terms of office are as follows:

J.B. GOODWIN, Chair and Board Member. CEO of JB Goodwin Realtors, Austin, Texas. His term expires on January 31, 2021.

LESLIE BINGHAM ESCAREÑO, Vice Chair and Board Member. Chief Executive Officer of Valley Baptist Medical Center-Brownsville, Brownsville, Texas. Her term expires January 31, 2019.

PAUL A. BRADEN, Board Member. Partner and Head of Public Finance for the United States at Norton Rose Fulbright, Dallas, Texas. His term expires January 31, 2023.

ASUSENA RESÉNDIZ, Board Member. Dallas/Fort Worth, Texas. Member of U.S. Global Leadership Coalition Texas Advisory Council. Her term expires January 31, 2019.

SHARON THOMASON, Board Member. President of Lubbock Land Company, Wolfforth, Texas. Her term expires January 31, 2021.

LEO VASQUEZ, Board Member. Executive Vice President of Cadeco Industries, Houston, Texas. His term expires January 31, 2023.

All of the above Board members have been appointed by the Governor and confirmed by the State Senate. Texas law requires that confirmations of any such appointment be considered at the next legislative session, whether regular or special. Pursuant to Article XVI, Section 17, of the Texas Constitution, any Board member whose term has expired continues to serve until his or her successor has been appointed.

Administrative Personnel. The Act provides that the Issuer is to be administered by an Executive Director to be employed by the Board with the approval of the Governor. The Executive Director serves at the pleasure of the Board, but may also be removed by a newly elected Governor who did not approve the Executive Director's appointment by action taken within 90 days after such Governor takes office. The Executive Director is responsible for administering the Issuer and its personnel. The Executive Director may employ other employees necessary for the discharge of the duties of the Issuer, subject to the annual budget and the provisions of any resolution authorizing the issuance of the Issuer's bonds.

Currently, the Issuer has 280 employees. The following is a biographical summary of certain of the Issuer's senior staff members who have responsibility with respect to multi-family housing bond matters:

TIMOTHY IRVINE, Executive Director. Mr. Irvine joined the Issuer in January 2009, as Chief of Staff. On September 16, 2011, the Issuer selected Mr. Irvine to serve as Executive Director. He has responsibility for the oversight of all of the Issuer's activities. His previous experience includes serving as general counsel for several large financial institutions, general counsel of the Texas Savings and Mortgage Lending Department, Executive Director of the Issuer's Manufactured Housing Division, Administrator at the Texas Real Estate Commission, and Commissioner of the Texas Appraiser Licensing and Certification Board. He obtained his B.A. from Claremont McKenna College, and M.A. from Claremont Graduate University, and a J.D. from Willamette University. He has also practiced as a partner in a major law firm.

MONICA GALUSKI, Director of Bond Finance and Chief Investment Officer. Ms. Galuski has over 20 years of experience in municipal finance, including 14 years as a single family housing banker. She joined the Department in 2014. She is responsible for single family debt and portfolio management and oversees the Department's Single Family Mortgage Revenue Bond Program and Taxable Mortgage Program, which finance the Department's single family homeownership programs. She is also responsible for ongoing compliance and monitoring, as well as disclosure requirements related to the Department's investments and single family and multifamily bond programs. Ms. Galuski received a Bachelor of Science in Financial Management from Arizona State University.

JAMES "BEAU" ECCLES, General Counsel. J. Beau Eccles joined the Issuer in June 2015 as its General Counsel and is responsible for coordination of all internal and external legal counsel for the Issuer. Before joining the Issuer, Mr. Eccles served as an Assistant Texas Attorney General for thirteen years, including five years as Deputy Chief, then two years as Chief, of the General Litigation Division. Mr. Eccles is a graduate of the Texas Tech School of Law, and received his B.A. from the University of Texas at Austin.

The offices of the Issuer are located at 221 East 11th Street, Austin, Texas 78701-2410, and the telephone number for the Issuer is 512/475-3800 or toll-free 800/525-0657.

THE BONDS, TOGETHER WITH INTEREST THEREON, ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES, RECEIPTS AND SECURITY PLEDGED THEREFOR UNDER THE INDENTURE. NONE OF THE UNITED STATES OF AMERICA, THE STATE, THE ISSUER, OR ANY OTHER POLITICAL SUBDIVISION OR BODY CORPORATE AND POLITIC OF THE STATE OR ANY AGENCY OF THE UNITED STATES OF AMERICA OR ANY ISSUER THEREOF, WILL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER OF THE ISSUER, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS WILL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF THE UNITED STATES OF AMERICA, THE STATE, THE ISSUER, OR ANY OTHER POLITICAL SUBDIVISION OR BODY CORPORATE AND POLITIC OF THE STATE, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE BONDS ARE NOT AN OBLIGATION, DEBT OR LIABILITY OF THE STATE, AND DO NOT CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH, CREDIT, OR TAXING POWER OF THE STATE.

Other Indebtedness of the Issuer

Single Family Mortgage Revenue Bonds. Since 1979, the year of creation of the Agency, through July 31, 2018, there have been issued by the Agency or the Issuer thirty-six series of Residential Mortgage Revenue Bonds, two series of GNMA Collateralized Home Mortgage Revenue Bonds, fifty-eight series of Single Family Mortgage Revenue Bonds, four series of Junior Lien Single Family Mortgage Revenue Bonds, eleven series of Collateralized Home Mortgage Revenue Bonds, and ten series of Single Family Mortgage Revenue Bonds (Collateralized Home Mortgage Revenue Bonds). As of July 31, 2018, the aggregate outstanding principal amount of bonded indebtedness of the Issuer for single-family purposes was \$462,930,948.

Multifamily Housing Revenue Bonds. The Issuer and the Agency, through July 31, 2018, have issued two-hundred twenty-seven series of multifamily housing revenue bonds which have been issued pursuant to separate trust indentures and are secured by individual trust estates which are separate and distinct from each other. As of July 31, 2018, the aggregate outstanding principal amount of multifamily housing revenue bonds was \$938,189,389.

THE BONDS

The Bonds are available in book-entry only form. See "BOOK-ENTRY ONLY SYSTEM" below. So long as Cede & Co., as nominee of The Depository Trust Company, is the registered owner of the Bonds, references herein to the Bondholders or holders or registered owner or owners of the Bonds mean Cede & Co. and not the beneficial owners of the Bonds.

General

The Bonds shall be issued in Authorized Denominations and shall mature on February 1, 2022* (the "Maturity Date"). The Bonds are dated their date of delivery and shall bear interest at the Initial Interest Rate from their date of delivery to but not including the Initial Mandatory Tender Date, payable on each Interest Payment Date, commencing August 1, 2019* and on each Redemption Date and on each Mandatory Tender Date. Interest will be calculated and be due on the basis of a 360-day year consisting of twelve 30-day months for the actual number of days elapsed. Principal of and interest on the Bonds will be payable by the Trustee to Cede & Co. as nominee of DTC. See "BOOK-ENTRY ONLY SYSTEM" below.

Special Obligations

NOTWITHSTANDING ANYTHING IN THE INDENTURE TO THE CONTRARY, ANY OBLIGATION THAT THE ISSUER MAY INCUR UNDER THE INDENTURE OR UNDER ANY INSTRUMENT EXECUTED IN CONNECTION THEREWITH THAT SHALL ENTAIL THE EXPENDITURE OF MONEY SHALL NOT BE A GENERAL OBLIGATION OF THE ISSUER, BUT SHALL BE A SPECIAL LIMITED OBLIGATION

* Preliminary; subject to change.

PAYABLE SOLELY FROM THE TRUST ESTATE ESTABLISHED UNDER THE INDENTURE. THE BONDS SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE HOLDERS THEREOF AGAINST THE TRUST ESTATE, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE BOND SERVICE CHARGES AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THE INDENTURE. THE BONDS, TOGETHER WITH INTEREST THEREON, SHALL BE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER GIVING RISE TO NO CHARGE AGAINST THE ISSUER'S GENERAL CREDIT AND PAYABLE SOLELY FROM, AND CONSTITUTE CLAIMS OF THE HOLDERS THEREOF AGAINST ONLY, THE TRUST ESTATE. THE BOND SERVICE CHARGES SHALL NOT BE DEEMED TO CONSTITUTE DEBT OF THE ISSUER (EXCEPT TO THE EXTENT OF THE TRUST ESTATE). THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH OR CREDIT OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER.

Redemption

Optional Redemption. The Bonds are subject to optional redemption in whole or in part by the Issuer at the written direction of the Borrower or any date on or after the later to occur of (i) the date a Project is placed in service or (ii) February 1, 2021* (the "Optional Redemption Date"), at a redemption price equal to 100% of the principal amount of the Bonds, plus accrued interest to the Redemption Date.

Mandatory Redemption. The Bonds shall be redeemed in whole at a redemption price of 100% of the principal amount of such Bonds, plus accrued interest to the Redemption Date, on any Mandatory Tender Date upon the occurrence of any of the following events: (i) the Borrower has previously elected not to cause the remarketing of the Bonds, (ii) the conditions to remarketing set forth in the Indenture have not been met by the dates and times set forth in the Indenture, or (iii) the proceeds of a remarketing on deposit in the Remarketing Proceeds Account at 11:00 a.m. Local Time on the Mandatory Tender Date are insufficient to pay the purchase price of the Outstanding Bonds on such Mandatory Tender Date. Bonds subject to redemption in accordance with this paragraph shall be redeemed from (i) amounts on deposit in the Collateral Fund, (ii) amounts on deposit in the Negative Arbitrage Account of the Bond Fund, if any, (iii) amounts on deposit in the Project Fund, and (iv) any other Eligible Funds available or made available for such purpose at the written direction of the Borrower.

Notice of Redemption

Notices of redemption are to be given as described in the Indenture. Unless waived by any Holder of Bonds to be redeemed, at least 30 days prior to the date fixed for redemption, the Trustee is to send official notice of redemption by first class mail, postage prepaid, to the Holder of each Bond to be redeemed, at the address of such Holder shown on the Register at the opening of business on the fifth day prior to such mailing. With respect to a mandatory redemption pursuant to the Indenture, the notice of Mandatory Tender provided to Holders pursuant to the Indenture shall serve as the notice of redemption described in this paragraph and shall satisfy the requirements of the Indenture and no further notice of redemption will be required to the Holders. A second notice of redemption is to be given, as soon as practicable, by first class mail to the Holder of each Bond that has been so called for redemption (in whole or in part) but has not been presented and surrendered to the Trustee within 30 days following the date fixed for redemption. So long as DTC is the registered owner of the Bonds, notice of any redemption with respect to Bonds will be given only to DTC or its nominee in the manner required by DTC. Any failure of DTC to notify the Beneficial Owners of any such notice and its contents or effect will not affect the validity of such notice of any proceedings for the redemption of such Bonds. Failure to receive notice by mailing, or any defect in that notice regarding any Bond, shall not affect the validity of the proceedings for the redemption of any other Bond.

Mandatory Tender

Purchase of Bonds on Mandatory Tender Dates. All Outstanding Bonds shall be subject to Mandatory Tender by the Holders for purchase in whole and not in part on each Mandatory Tender Date. The purchase price for each such Bond shall be payable in lawful money of the United States of America by wire, check or draft, shall equal 100% of the principal amount to be purchased and accrued interest, if any, to the Mandatory Tender Date, and shall be paid in full on the applicable Mandatory Tender Date.

Holding of Tendered Bonds. While tendered Bonds are in the custody of the Trustee pending purchase pursuant to the Indenture, the tendering Holders thereof shall be deemed the owners thereof for all purposes, and interest accruing on tendered Bonds through the day preceding the applicable Mandatory Tender Date is to be paid as if such Bonds had not been tendered for purchase.

Effect of Prior Redemption. Notwithstanding anything in the Indenture to the contrary, any Bond tendered under the Indenture will not be purchased if such Bond matures or is redeemed on or prior to the applicable Mandatory Tender Date.

Purchase of Tendered Bonds. The Trustee shall utilize amounts representing proceeds of remarketed Bonds on deposit in the Remarketing Proceeds Account to pay the principal amount, plus accrued interest, of Bonds tendered for purchase not later than 11:30 a.m. Local Time on the Mandatory Tender Date.

Cancellation of Remarketing. In the event the Bonds must be redeemed as a result of the occurrence of any of the events described above under the caption “Redemption – Mandatory Redemption,” the remarketing shall be cancelled and all Bonds Outstanding on the Mandatory Tender Date shall be redeemed as described under the above caption “Redemption – Mandatory Redemption.”

Undelivered Bonds. Bonds shall be deemed to have been tendered for purposes of the Indenture whether or not the Holders shall have delivered such Undelivered Bonds to the Trustee, and subject to the right of the Holders of such Undelivered Bonds to receive the purchase price of such Bonds on the Mandatory Tender Date, such Undelivered Bonds shall be null and void. If such Undelivered Bonds are to be remarketed, the Trustee shall authenticate and deliver new Bonds in replacement thereof pursuant to the remarketing of such Undelivered Bonds.

Notice of Mandatory Tender

Notice to Holders. No later than the 30th day prior to a Mandatory Tender Date, the Trustee shall give written notice of a mandatory tender on the Mandatory Tender Date to the Holders of the Bonds then Outstanding (with a copy to the Borrower, the Issuer, the Investor Member and the Remarketing Agent) by first class mail, postage prepaid, at their respective addresses appearing on the Register stating:

- (i) the Mandatory Tender Date and that (A) if certain conditions are met, all Outstanding Bonds are subject to Mandatory Tender for purchase on the Mandatory Tender Date, (B) all Outstanding Bonds must be tendered for purchase no later than 9:00 a.m., Local Time, on the Mandatory Tender Date and (C) Holders will not have the right to elect to retain their Bonds;
- (ii) the address of the Designated Office of the Trustee at which Holders should deliver their Bonds for purchase and the date of the required delivery;
- (iii) that all Outstanding Bonds will be purchased on the Mandatory Tender Date at a price equal to the principal amount of the Outstanding Bonds plus interest accrued to the Mandatory Tender Date;
- (iv) that if, in the event that the conditions to remarketing set forth in the Indenture are not met as set forth therein, or, if proceeds from the remarketing are insufficient to pay the purchase price of the Bonds on the Mandatory Tender Date, all of the Bonds will be redeemed, without further notice, on the Mandatory Tender Date; and
- (v) that any Bonds not tendered will nevertheless be deemed to have been tendered and will cease to bear interest from and after the Mandatory Tender Date.

Second Notice. In the event that any Bond required to be delivered to the Trustee for payment of the purchase price of such Bond shall not have been delivered to the Trustee on or before the 30th day following a Mandatory Tender Date, the Trustee shall mail a second notice to the Holder of the Bond at its address as shown on the Register setting forth the requirements set forth in the Indenture for delivery of the Bond to the Trustee and stating that delivery

of the Bond to the Trustee (or compliance with the provisions of the Indenture concerning payment of lost, stolen or destroyed Bonds) must be accomplished as a condition to payment of the purchase price applicable to the Bond.

Any notice required under the Indenture with respect to Bonds held under a Book Entry System shall be given by the Trustee only to the Depository, or its nominee, as the Holder of such Bonds in the manner required by the Depository.

Failure to Give Notice. Neither failure to give or receive any notice described in the Indenture, nor the lack of timeliness of such notice or any defect in any notice (or in its content) shall affect the validity or sufficiency of any action required or provided for in the Indenture.

No Additional Parity Bonds

The Indenture does not permit the Issuer to issue additional indebtedness prior to or on a parity with the Bonds.

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or its agent.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized

representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividends ("debt charges payments") on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Issuer or Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions or dividends ("debt charges") to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information above in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer and the Underwriter take no responsibility for the accuracy thereof. The Issuer has no role in the purchases, transfers or sales of book entry interests. The rights of Beneficial Owners to transfer or pledge their interests, and the manner of transferring or pledging those interests, may be subject to applicable state law. Beneficial Owners may want to discuss with their legal advisers the manner of transferring or pledging their book-entry interests. The Issuer has no responsibility or liability for any aspects of the records or notices relating to, or payments made on account of, beneficial ownership, or for maintaining, supervising or reviewing any records relating to that ownership. The Issuer cannot and does not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute to the Beneficial Owners payments of debt charges on the Bonds made to DTC as the registered owner, or any redemption, if any, or other notices, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve or act in a manner described in this Official Statement.

Direct Participants and Indirect Participants may impose service charges on Beneficial Owners in certain cases. Purchasers of book-entry interests should discuss that possibility with their brokers.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

The Bonds will be secured by amounts on deposit under the Indenture, which shall constitute Eligible Funds and shall be invested in Eligible Investments and such amounts shall be sufficient, without need for reinvestment, to pay all of the interest on the Bonds when due and to pay principal of the Bonds on the earlier of the Initial Mandatory Tender Date or any Redemption Date, as further described herein.

General

The Indenture requires the Bonds to be secured at all times by Eligible Investments or other Eligible Funds sufficient, without need for reinvestment, to pay all of the interest on the Bonds when due and to pay the principal of the Bonds on the earlier of any Redemption Date or any Mandatory Tender Date, as further described herein.

To the extent provided in and except as otherwise permitted by the Indenture, the Bonds will be secured by all right, title and interest of the Issuer in the Trust Estate (as defined below), including, but not limited to (i) the Revenues, including, without limitation, all Loan Payments, Eligible Funds and other amounts receivable by or on behalf of the Issuer under the Loan Agreement in respect of repayment of the Loan, (ii) the Special Funds, including all accounts in those Special Funds and all money and securities deposited therein and (except for the Rebate Amount (as defined in the Tax Exemption Agreement required to be rebated to the United States of America under the Code in connection with the Bonds, as described in the Tax Exemption Agreement) the investment earnings thereon and the proceeds derived therefrom, (iii) the proceeds derived from the sale of the Bonds (subject to the provisions of the Bond Resolution), (iv) the Loan Agreement, including all amendments, extensions and renewals of the terms thereof, if any, (v) the Note, including all amendments, extensions and renewals thereof, if any, (vi) the Bond Mortgage, including all amendments, extensions and renewals thereof, if any, and (vii) any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind pledged, assigned or transferred, as and for additional security under the Indenture by the Issuer or by anyone in its behalf, or with its written consent, to the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture, except for the Reserved Rights (the foregoing collectively referred to as the "Trust Estate"). Revenues include the payments required to be made by the Borrower under the Loan Agreement and the Note; the Eligible Funds to be received by the Trustee as a prerequisite to the advance of Bond proceeds in the Project Fund; all other money received or to be received by the Trustee in respect of repayment of the Loan, including without limitation, all money and investments in the Bond Fund; any money and investments in the Project Fund and the Collateral Fund; and all income and profit from the investment of the foregoing money. The term "Revenues" does not include any money or investments in the Rebate Fund.

Repayment of Loan

The Loan Agreement and the Note obligate the Borrower to cause to be paid to the Trustee amounts which shall be sufficient to pay Bond Service Charges coming due on each Bond Payment Date; however, at all times the Eligible Funds deposited into the Collateral Fund, amounts on deposit in the Bond Fund, and amounts on deposit in the Project Fund and the projected investment earnings thereon will be sufficient to pay such Bond Service Charges and such amounts will be a credit against the Borrower's payment obligations under the Loan Agreement and the Note.

Investment of Special Funds; Eligible Investments

On the Closing Date, all amounts on deposit in the Special Funds will be invested in Eligible Investments at the written direction of the Authorized Borrower Representative. It is anticipated that Bond Service Charges will be paid from amounts on deposit in the Special Funds and any investment earnings thereon.

PRIVATE PARTICIPANTS

The following information concerning the private participants has been provided by representatives of the private participants and has not been independently confirmed or verified by either the Underwriter or the Issuer. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Borrower

The Borrower is Yellowstone Boulevard, LLC, a Texas limited liability company (the “Borrower”). The Borrower is a single-purpose entity formed to acquire, construct and operate the Project. The Borrower’s managing member is Yellowstone Boulevard I, LLC, a Texas limited liability company (the “Managing Member”). The Borrower’s Special Member is Vesta Equity Yellowstone, LLC, a Connecticut limited liability company (the “Special Member”).

The Borrower has not acquired and does not intend to acquire any substantial assets or engage in any substantial business activities other than those related to the Project. However, affiliates of the Borrower may engage in the acquisition, development, ownership and management of other similar types of projects that may be competitive with the Project.

The Developer

The Developer is Hopmeadow Development, LLC, a Connecticut limited liability company located in Weatogue, Connecticut. The Developer is a wholly owned by Vesta Corporation. Vesta Corporation and its founders have over 35 years of experience in affordable housing and multifamily development. The Vesta Corporation has developed 20+ developments across four states and owns and/or operates 44 affordable housing communities totaling over 7,500 units. Vesta Corporation is in all aspects of affordable housing development, finance, and management including effective use of federal, state, and local government assistance programs including.

The Investor Member

Simultaneously with the issuance of the Bonds, the Borrower expects to admit PNC Real Estate Tax Credit Capital Institutional Fund 53, LLC as an investor member (the “Investor Member”) to the Borrower with a 99.99% ownership interest in the Borrower. The proceeds of the Federal LIHTC tax credit equity (the “Tax Credit Equity”) by the Investor Member are expected to total approximately \$8,504,720*. The funding levels and the timing of the funding are subject to numerous adjustments and conditions that could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the projections set forth above and no representation is made as to the availability of such funds.

The General Contractor

The general contractor for the project is BMS CAT, Inc. (the “General Contractor”). Based out of Haltom City, Texas, the General Contractor was formed in 1948 and is a Texas-licensed contractor. BMS CAT, Inc. specializes in the restoration and reconstruction of properties. BMS CAT, Inc. has over 60 years of experience renovating and restoring multi-family properties, including an existing Vesta property located in Texas in the TDHCA portfolio.

The Architect

The architect is Diamond Development Group (the “Architect”). Established in 2008, as the 25-year successor of Hawthorne Architects, Inc., Diamond Development has worked with corporate, government and private clients to design major public and resort spaces, health care, hospitality, assisted living, office and residential towers,

* Preliminary; subject to change.

industrial, specialty, and single-family residential projects across the United States and in more than a dozen foreign countries. Diamond Development Group has been involved in projects representing millions of square feet.

The Property Manager

Vesta Management TX, LLC, a Texas limited liability company (the “Property Manager”), will manage the Project following the acquisition and rehabilitation of the Project by the Borrower. The Property Manager presently manages 2,268 affordable housing units in Texas. The Property Manager is 100% owned by its parent, Vesta Management Corporation, which has 35 years of experience managing affordable housing supported by various federal, state and local subsidies including HUD, tax-exempt obligations and federal low-income housing tax credits.

Limited Assets and Obligation of Borrower, Managing Member and Investor Member

The Borrower has no substantial assets other than the Project and does not intend to acquire any other substantial assets or to engage in any substantial business activities other than those related to the ownership of the Project. However, the Managing Member, the Special Member, the Investor Member and their affiliates are engaged in and will continue to engage in the acquisition, development, ownership and management of similar types of housing projects. They may be financially interested in, as officers, partners or otherwise, and devote substantial times to, business and activities that may be inconsistent or competitive with the interests of the Project.

The Borrower and its members will not be personally liable for payments on the Note, the payments on which are to be applied to pay the principal of and interest on the Bonds; nor will the Borrower be personally liable under the other documents executed in connection with the issuance of the Bonds and the making of the Loan. Furthermore, no representation is made that the Borrower will have substantial funds available for the Project. Accordingly, neither the Borrower’s financial statements nor those of its members are included in this Official Statement.

THE PROJECT

The following information concerning the Project has been provided by representatives of the private participants and has not been independently confirmed or verified by either the Underwriter or the Issuer. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Project, known as Park Yellowstone, is located in Houston, Texas, on an approximately 21.15-acre site. The Project contains 210 apartment units located in 30 buildings. Rehabilitation of the Project is anticipated to commence in January 2019 and be completed approximately 17 months later.

The building construction consists of rehabilitating 33 buildings, including 210 residential units with community space. Common area improvements will include: installation of security gate with keyed access and state of the art camera system, site work to level and make paths accessible to common areas, creating a technology enriched Learning Center, repairs to the pool, and rehabilitation of the club house. Site amenities include: learning center, on-site management office, community room, swimming pool with covered patio area, grills, horseshoe pits, adult outdoor-exercise equipment, a community garden and on-site day care with outdoor play equipment. There are 346 parking spaces for resident use only.

The unit mix of the Project is as follows:

<u>Unit Type</u>	<u>Number</u>	<u>Approximate Square Feet</u>
1 BD	48	662 or 729 (32,848 net SF)
2 BD	98	976 (96,587 net SF)
3 BD	<u>64</u>	1,192 (76,270 net SF)
Total	210	205,705 Net Rentable SF

Project Regulation

In order to obtain low income housing tax credits, the Project will be operated as a qualified residential rental project with 100% of the residential units in the Project occupied by Qualified Tenants during the Qualified Project Period, in accordance with Section 142(d) of the Code. See “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT” herein.

In addition to the rental restrictions imposed upon the Project by the Regulatory Agreement (defined below), the Project will be further encumbered by a tax credit restrictive covenant, to be executed by the Borrower in connection with the low-income housing tax credits (the “LIHTCs”) anticipated to be granted for the Project and in compliance with the requirements of Section 42 of the Code. Section 42 of the Code will restrict the income levels of 100% of the residential units in the Project (the “Tax Credit Units”). Two hundred ten (210) of the Tax Credit Units shall be held available for rental to persons whose adjusted family income is equal to or less than 60% of the AMI adjusted for family size.

PLAN OF FINANCING

The following information concerning the plan of financing has been provided by representatives of the private participants and has not been independently confirmed or verified by either the Underwriter or the Issuer. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The estimated sources and uses for the Project are projected to be approximately as follows:

Sources of Funds*	
Bond Proceeds	\$12,500,000
Short-Term Bond Proceeds	2,880,000
Tax Credit Equity	8,504,720
Deferred Developer Fee	1,144,308
Cashflow from Operations	959,748
City of Houston Soft Loan	4,600,000
Developer Loan	1,667,981
Release of Reserves	<u>2,058,500</u>
TOTAL	<u>\$34,315,257</u>
Uses of Funds*	
Acquisition	\$10,750,000
Construction	9,491,264
Hard Cost Contingency	949,126
Developer Fee	2,288,615
Soft Costs	3,483,674
Construction Financing Costs	403,606

* Preliminary; subject to change.

Permanent Financing Costs	331,800
Reserves	976,993
Additional Security Features & Capital Improvements	410,179
Loan Assumption	2,350,000
Repayment of Short-Term Bonds	<u>2,880,000</u>
TOTAL	<u>\$34,315,257</u>

All costs of issuing the Bonds, including underwriter's fee, will be paid by the Borrower.

The Long-Term Bonds and the Mortgage Loan. The Project will utilize a mortgage loan (the "Mortgage Loan") from KeyBank Real Estate Capital (the "Lender"), in the maximum principal amount of \$12,500,000*. The obligation to repay the Mortgage Loan will be set forth in a promissory note (the "Mortgage Note") from the Borrower to the Lender, which Mortgage Note will have a term of not less than 204 months, will bear interest at a rate of 4.66%* and will amortize over 35 years. The Long-Term Bonds will be issued in an equal principal amount to the Mortgage Loan. Principal and interest on the Long-Term Bonds will be payable by the Trustee using funds received as payment of the principal or interest, as applicable, on the Mortgage Note.

The Tax Credit Equity. Simultaneously with the issuance of the Bonds, the Borrower expects to offer the Investor Member a 99.99% ownership interest in the Borrower. Pursuant to the sale, the funding of the Tax Credit Equity will total approximately \$8,504,720*, with an initial contribution of approximately \$1,700,944*, which will be funded at the initial closing of the issuance of the Bonds. The funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the projections set forth above and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.

The Short-Term Bonds. Simultaneously with the issuance of the Bonds, the Issuer is issuing its Multifamily Housing Revenue Bonds (Park Yellowstone) Series 2019 B in the principal amount of 2,880,000* (the "Short-Term Bonds"), the proceeds of which will be used to make a loan to the Borrower to finance a portion of the acquisition, rehabilitation and equipping of the Project. The Short-Term Bonds will be issued pursuant to an Indenture of Trust dated as of January 1, 2019, between the Issuer and the Trustee. The Short-Term Bonds are not being offered pursuant to this Official Statement. Closing on the Bonds is contingent on the closing of the Short-Term Bonds.

The City of Houston Loan. The Project will also utilize a loan (the "City Loan") from the City of Houston in the principal amount of \$4,600,000*. The obligation to repay the City Loan will be set forth in a promissory note (the "City Note") from the Borrower to the City of Houston and will be repayable out of cash flow and other non-Project sources on the terms and conditions set forth therein. The City Note will have a term of 20 years and will bear interest at the rate of 1.00%* per annum.

The Developer Loan. The Project will also utilize a loan (the "Developer Loan") from the Developer in the principal amount of \$1,667,981*. The obligation to repay the Developer Loan will be set forth in a promissory note (the "Developer Note") from the Borrower to the Developer and will be repayable out of cash flow and other non-Project sources on the terms and conditions set forth therein. The Developer Note will have a term of 20 years and will bear interest per annum at the Applicable Federal Rate published by the Internal Revenue Service.

CERTAIN BONDHOLDERS' RISKS

The following is a summary of certain risks associated with a purchase of the Bonds. There are other possible risks not discussed below. The Bonds are payable from the payments to be made by the Borrower under the Loan Agreement and the Note, and from amounts on deposit in the Special Funds and the interest earnings thereon. The Borrower's obligation to make payments pursuant to the Loan Agreement and the Note are nonrecourse obligations with respect to which the Borrower and its members have no personal liability (except as otherwise provided in the Note) and as to which the Borrower and its members have not pledged any of their respective assets.

* Preliminary; subject to change.

General

Payment of the Bond Service Charges, and the Borrower's obligations with respect to the Bond Service Charges, will be primarily secured by and payable from Bond proceeds held in the Project Fund and money deposited into the Collateral Fund and the Bond Fund. Although the Borrower will execute the Note to evidence its obligation to repay the Loan, it is not expected that any revenues from the Project or other amounts, except money in the Special Funds, will be available to satisfy that obligation. The Indenture requires the Trustee to verify, before any disbursement of funds from the Project Fund, that the sum of the funds on deposit in the Project Fund, less the requested disbursement amount, and the Collateral Fund is at least equal to the then outstanding principal amount of the Bonds. At all times, funds on deposit in the Collateral Fund, the Bond Fund and the Project Fund, and the interest earnings thereon will be sufficient to pay Bond Service Charges.

Limited Security for Bonds

The Bonds are special limited obligations of the Issuer payable solely from the Trust Estate, which includes certain funds pledged to and held by the Trustee pursuant to the Indenture.

The Bonds are offered solely on the basis of the amounts held under the Indenture and are not offered on the basis of the credit of the Borrower, the feasibility of the Project or any other security. As a consequence, limited information about the Project and no information about the financial condition or results of operations of the Borrower is included in this Official Statement. The Bonds are offered only to investors who, in making their investment decision, rely solely on the amounts held under the Indenture and not on the credit of the Borrower, the feasibility of the Project or any other security.

The principal of and interest on the Bonds are payable from and secured by certain revenues and funds pledged thereto under the Indenture. On the date of delivery of the Bonds, an amount equal to the principal amount of the Bonds is to be deposited in the Project Fund. Such amounts are to be invested in Eligible Investments pursuant to the Indenture.

The Trustee is required to invest amounts held in the Special Funds in Eligible Investments, as defined in the Indenture. See "THE INDENTURE — Investment of Funds." Debt Service on the Bonds has been scheduled assuming that the amounts held in the Special Funds earn no interest prior to the Maturity Date. Failure to receive a return of the amounts so invested could affect the ability to pay the principal of and interest on the Bonds.

The Bonds are secured by the Bond Mortgage, but any security provided by the Bond Mortgage is severely limited (see "Substantial Limitations on Bond Mortgage" below). Investors should look exclusively to amounts on deposit in the Special Funds under the Indenture and investment earnings on each as the source of payment of debt service on the Bonds.

Early Redemption of the Bonds

Any person who purchases a Bond should consider the fact that the Bonds are subject to redemption prior to their stated maturity date, upon the occurrence of certain events. See "THE BONDS – Redemption."

Future Determination of Taxability of the Bonds

The Bonds would not be subject to redemption, and the rate of interest on the Bonds would not be subject to adjustment, if the interest on the Bonds were to become included in gross income for purposes of federal income taxation. Such event could occur if the Borrower (or any subsequent owner of the Project) does not comply with the provisions of the Regulatory Agreement, the Tax Exemption Agreement and the Loan Agreement that are designed, if complied with, to satisfy the continuing compliance requirements of the Code in order for the interest on the Bonds to be excludable from gross income for purposes of federal income tax.

Enforceability of Remedies upon an Event of Default

The remedies available to the Trustee and the owners of the Bonds upon an Event of Default under the Indenture, the Loan Agreement, the Regulatory Agreement or any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited, and the Borrower will have no personal liability for the satisfaction of any obligation of the Borrower under such agreements or of any claim against the Borrower arising out of such agreements or the Indenture.

If a default in the payment of the Loan occurs and is continuing, the Issuer has agreed with the Borrower and the Lender not to commence foreclosure proceedings with respect to the Project or exercise any other rights or remedies it may have under the Note or the Loan Agreement, including, but not limited to, accelerating the Loan, without the Lender's prior written consent.

The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Secondary Markets and Prices

No representation is made concerning the existence of any secondary market for the Bonds. The Underwriter will not be obligated to repurchase any of the Bonds, nor can any assurance be given that any secondary market will develop following the completion of the offering of the Bonds. Further, there can be no assurance that the initial offering prices for the Bonds will continue for any period of time. Furthermore, the Bonds should be purchased for their projected returns only and not for any resale potential, which may or may not exist.

Eligible Investments

Proceeds of the Bonds deposited into the Project Fund and money received by the Trustee for deposit into the Collateral Fund are required to be invested in Eligible Investments at the direction of the Borrower. See "APPENDIX A — Definitions of Certain Terms" hereto and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein for the definition of Eligible Investments. There can be no assurance that there will not be a loss resulting from any investment held for the credit of the Project Fund or the Collateral Fund, and any failure to receive a return of the amounts so invested could affect the ability to pay the principal of and interest on the Bonds. In addition, any excess funds based on earnings from the Eligible Investments may be released on or prior to the maturity date of such Eligible Investments as required or otherwise permitted by Bond Counsel and the Rating Agency.

Future Legislation; IRS Examination

The Project, its operation and the treatment of interest on the Bonds are subject to various laws, rules and regulations adopted by the local, State and federal governments and their agencies. There can be no assurance that relevant local, State or federal laws, rules and regulations may not be amended or modified or interpreted in the future in a manner that could adversely affect the Bonds, the trust estate created under the Indenture, the Project, or the financial condition of or ability of the Borrower to comply with its obligations under the various transaction documents or the Bonds offered hereby.

In recent years, the Internal Revenue Service (the "Service") has increased the frequency and scope of its examination and other enforcement activity regarding tax-exempt bonds. Currently, the primary penalty available to the Service under the Code is a determination that interest on tax-exempt bonds is subject to federal income taxation. Such event could occur for a variety of reasons, including, without limitation, failure to comply with certain requirements imposed by the Code relating to investment restrictions, periodic payments of arbitrage profits to the United States of America, the timely and proper use of Bond proceeds and the Project and certain other matters. See "TAX MATTERS" herein. No assurance can be given that the Service will not examine the Issuer, the Borrower, the Project or the Bonds. If the Bonds are examined, it may have an adverse impact on their price and marketability.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement and the Appendices hereto.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) has entered into a Bond Purchase Agreement to purchase all of the Bonds, if any of the Bonds are to be purchased, at the price of par (100% of the original principal amount). The Bond Purchase Agreement provides that the Underwriter, for its services, will receive compensation from the Borrower in the amount of \$ _____ * plus \$ _____ * for certain fees and expenses. The obligations of the Underwriter to pay for the Bonds are subject to certain terms and conditions set forth in the Bond Purchase Agreement. The Borrower has agreed to indemnify the Underwriter and the Issuer as to certain matters in connection with the Bonds.

The Underwriter may offer and sell Bonds that it purchases to certain dealers including dealer banks and dealers depositing Bonds into investment trusts and others at prices lower than the public offering prices stated on the cover of this Official Statement. The initial public offering prices may be changed from time to time by the Underwriter.

The Underwriter does not guarantee a secondary market for the Bonds and is not obligated to make any such market in the Bonds. No assurance can be made that such a market will develop or continue. Consequently, investors may not be able to resell Bonds should they need or wish to do so for emergency or other purposes.

In addition to serving as Underwriter, Stifel, Nicolaus & Company, Incorporated has been designated to serve as the Remarketing Agent and will receive a fee for its remarketing services in connection with the remarketing of the Bonds on the Initial Mandatory Tender Date.

FINANCIAL ADVISOR

George K. Baum & Company (the “Financial Advisor”) has served as financial advisor to the Issuer for purposes of assisting the Issuer with the development and implementation of the bond program in connection with the Bonds. The Financial Advisor has not been engaged by the Issuer to compile, create or interpret any information in this Official Statement relating to the Issuer, including (without limitation) any of the Issuer’s financial and operating data, whether historical or projected. Any information contained in this Official Statement concerning the Issuer, any of its affiliates or contractors and any outside parties has not been independently verified by the Financial Advisor, and inclusion of such information is not and should not be construed as a representation by the Financial Advisor as to its accuracy or completeness or otherwise. The Financial Advisor is not a public accounting firm and has not been engaged by the Issuer to review or audit any information in this Official Statement in accordance with accounting standards.

The Financial Advisor does not assume any responsibility for the covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

* Preliminary; subject to change.

TAX MATTERS

Tax Exemption

In General

In the opinion of Bracewell LLP, assuming compliance with certain covenants and based on certain representations under existing law, (i) interest on the Bonds is excludable from gross income for federal income tax purposes, except with respect to interest on any Bond for any period during which it is held by a “substantial user” of the Project or a “related person” of such a “substantial user” within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not an item of tax preference includable in alternative minimum taxable income for purposes of determining a taxpayer’s alternative minimum tax liability.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include, among other things, limitations on the use of the bond-financed project, limitations on the use of bond proceeds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States, and a requirement that the Issuer file an information report with the Service. The Issuer and the Borrower have covenanted in the Indenture, the Loan Agreement, the Tax Exemption Agreement and the Regulatory Agreement that they will comply with these requirements.

Bracewell LLP’s opinion will assume continuing compliance with the covenants of the Indenture, the Loan Agreement, the Tax Exemption Agreement and the Regulatory Agreement pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the Issuer, the Borrower and the Underwriter with respect to matters solely within the knowledge of the Issuer, the Borrower and the Underwriter, respectively, which Bracewell LLP has not independently verified. If the Issuer or the Borrower should fail to comply with the covenants in the Indenture, the Loan Agreement, the Tax Exemption Agreement and the Regulatory Agreement or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income for federal income tax purposes from the date of original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Interest on the Bonds is not treated as an “item of tax preference” to be included in the computation of “alternative minimum taxable income” for purposes of determining a taxpayer’s alternative minimum tax liability.

Except as stated above, Bracewell LLP will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Indenture upon the advice or with the approving opinion of nationally-recognized bond counsel. Bracewell LLP will express no opinion with respect to Bracewell LLP’s future ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

Bracewell LLP’s opinions are based on existing law, which is subject to change. Such opinions are further based on Bracewell LLP’s knowledge of facts as of the date thereof. Bracewell LLP assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel’s attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bracewell LLP’s opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bracewell LLP’s legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer and the Holders may not have a right to participate in such audit. Public awareness of any future audit of the

Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

Operation of the Project

In the case of tax-exempt bonds used to provide “qualified residential rental projects,” such as the Bonds, Section 142 of the Code requires that such bonds satisfy the tenant eligibility requirements applicable to “qualified residential rental projects” under Section 142(d) of the Code. Subject to a transition period allowed to certain rehabilitation projects, Section 142(d) of the Code requires that, at all times during the “qualified project period,” a certain percentage of the available units (the “low-income set aside requirement”) in the Project be occupied by individuals with income below certain levels pursuant to the Issuer’s election made under Section 142(d)(1) of the Code. The “qualified project period” for the Project will commence on the first day on which 10% of the residential units in the Project are occupied (which date may be the Closing Date) and will end on the latest of the following: (1) the date that is 15 years after the date on which 50% of the residential units in the Project are occupied (which date may be the Closing Date); (2) the first day on which no tax-exempt private activity bond (as defined in Section 141 of the Code) with respect to the Project remains outstanding; or (3) the first date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937, as amended, terminates. Treasury Regulations (the “Regulations”) setting forth requirements for compliance with a comparable provision of the predecessor of Section 142 of the Code require, among other things, that (1) the low-income set aside requirement must be met on a continuous basis during the “qualified project period,” and (2) all of the units in the Project must be rented or available for rental to the general public on a continuous basis during such period. Under the Regulations, the failure to satisfy the foregoing requirements on a continuous basis or the failure to satisfy any of the other requirements of the Regulations, unless corrected within a reasonable period of not more than 60 days after such non-compliance is first discovered or would have been discovered by the exercise of reasonable diligence, will cause interest on the Bonds to be includable in gross income for federal income tax purposes as of the date of their original issue, irrespective of the date such non-compliance actually occurred.

The Issuer has established requirements, procedures and safeguards that it believes to be sufficient to ensure compliance with the requirements of the Code and the Regulations with respect to the Project. Such requirements, procedures and safeguards are incorporated into the Regulatory Agreement, the Loan Agreement and the Indenture. In addition, the Issuer and the Trustee have each covenanted in the Indenture to follow and enforce such procedures to ensure compliance with such requirements. However, no assurance can be given that in the event of a breach of any of the provisions or covenants described above, the remedies available to the Issuer and the Trustee can be judicially enforced in such manner as to assure compliance with the Code and therefore to prevent the loss of the exclusion from gross income for federal income tax purposes of the interest on the Bonds. Furthermore, if the Borrower fails to comply with the Regulatory Agreement, the Tax Exemption Agreement or the Loan Agreement, the enforcement remedies available to the Issuer, the Trustee and the Owners are severely limited and may be inadequate to prevent the loss of the excludability from gross income for federal income tax purposes of the interest on the Bonds retroactive to the date of issuance of the Bonds. In such event, there is no provision for acceleration or redemption of the Bonds, and the holders of the Bonds may be required to hold the Bonds until maturity bearing interest that is includable in gross income for federal income tax purposes.

Bracewell LLP’s opinions assume continuous compliance with all covenants and requirements set forth in the Regulatory Agreement pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. Bracewell LLP expresses no opinion as to the initial and continuing exclusion of interest on the Bonds from gross income for federal income tax purposes in the event that the Regulatory Agreement terminates as the result of a foreclosure of the Project.

Tax Legislative Changes

Public Law No. 115-97 (i.e., Tax Cuts and Jobs Act), which makes significant changes to the Code, including changing certain provisions affecting tax-exempt obligations, such as the Bonds, was signed into law on December 22, 2017. The changes include, among others, changes to the federal income tax rates for individuals and corporations and the alternative minimum tax for tax years beginning after December 31, 2017. Further, current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value

and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any recently enacted, proposed, pending or future legislation.

Additional Federal Income Tax Considerations

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the new “branch profits tax” on their effectively-connected earnings and profits, including tax-exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the taxable year.

RATING

S&P Global Ratings (“S&P”) is expected to assign to the Bonds the rating set forth on the cover hereof. The rating assigned to the Bonds reflects only the view of S&P at the time the rating was received, and an explanation of the significance of such rating may be obtained from S&P at 55 Water Street, 38th Floor, New York, NY 10041-0003. There is no assurance that the rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P if in the judgment of S&P circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

The Underwriter and the Issuer have undertaken no responsibility after issuance of the Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

CONTINUING DISCLOSURE

Prior to the issuance of the Bonds, the Borrower will execute and deliver a Continuing Disclosure Agreement pursuant to which the Borrower will agree to provide ongoing disclosure pursuant to the requirements of Rule 15c2-12 of the Securities and Exchange Commission (the Rule). Financial statements will be provided at least annually to the Municipal Securities Rulemaking Board (the MSRB) and notices of certain events will be issued pursuant to the Rule. Information will be filed with the MSRB through its Electronic Municipal Market Access (EMMA) system, unless otherwise directed by the MSRB. A form of the Continuing Disclosure Agreement is attached hereto as Appendix E.

A failure by the Borrower to comply with the Continuing Disclosure Agreement will not constitute an Event of Default under the Indenture. Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by a broker or dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price and the ability of the Issuer to issue and sell bonds in the future.

The Borrower has not previously been subject to the continuing disclosure requirements of the Rule.

CERTAIN LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the Bonds will be subject to the approval of legality by Bracewell LLP, Austin, Texas, Bond Counsel, and by the Attorney General of the State of Texas. The form of the opinion of Bond Counsel is attached hereto as Appendix F. Certain legal matters will be passed upon for the Borrower by Locke Lord LLP, Austin, Texas, for the Underwriter by Tiber Hudson LLC, Washington, D.C., and

for the Issuer by McCall, Parkhurst & Horton L.L.P. and Mahomes Bolden PC, Dallas, TX. Payment of the fees of certain counsel to the transaction is contingent upon the issuance and delivery of the Bonds as described herein.

ABSENCE OF LITIGATION

The Issuer

It is a condition to the Underwriter's acceptance of the Bonds on the date of delivery that the Issuer deliver a certificate to the effect that there is no litigation pending or, to the knowledge of the Issuer, threatened, against the Issuer that in any way questions or affects the validity of the Bonds or any proceedings or transactions relating to their issuance.

The Borrower

It is a condition to the Underwriter's acceptance of the Bonds on the date of delivery that the Borrower delivers a certificate to the effect that there are no legal proceedings pending or, to the Borrower's knowledge threatened, to restrain or enjoin the issuance, sale or delivery of the Bonds or the payment, collection or application of the proceeds thereof or of the revenues and other money and securities pledged or to be pledged under the Indenture or in any way contesting or affecting any authority for or the validity of the Bonds or the Indenture.

ADDITIONAL INFORMATION

The summaries and explanation of, or references to, the Act, the Indenture and the Bonds included in this Official Statement do not purport to be comprehensive or definitive. Such summaries, references and descriptions are qualified in their entirety by reference to each such document, copies of which are on file with the Trustee.

The information contained in this Official Statement is subject to change without notice and no implication shall be derived therefrom or from the sale of the Bonds that there has been no change in the affairs of the Issuer from the date hereof.

This Official Statement is submitted in connection with the offering of the Bonds and may not be reproduced or used, as a whole or in part, for any other purpose. Any statements in the Official Statement involving matters of opinion or estimate, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Issuer and the owners of any of the Bonds.

The execution and delivery of this Official Statement and the incorporation of the appendices hereto have been duly authorized by the Borrower.

YELLOWSTONE BOULEVARD, LLC,
a Texas limited liability company

By: Vesta Equity Yellowstone, LLC,
its Special Member

By: Vesta Equity Corporation,
its Managing Member

By: Vesta Corporation,
Sole Shareholder

By: _____
Arthur N.K. Greenblatt, President

[Borrower Signature Page to Official Statement]

APPENDIX A

DEFINITIONS OF CERTAIN TERMS

Certain capitalized terms used in this Official Statement are defined below. The following is subject to all the terms and provisions of the Indenture, to which reference is hereby made and copies of which are available from the Issuer or the Trustee.

“*Act*” means Chapter 2306, Texas Government Code, as amended from time to time, and other applicable provisions of law.

“*Act of Bankruptcy*” means written notice to the Trustee at its Designated Office that the Borrower has become insolvent or has failed to pay its debts generally as such debts become due or has admitted in writing its inability to pay any of its indebtedness or has consented to or has petitioned or applied to any court or other legal authority for the appointment of a receiver, liquidator, trustee or similar official for itself or for all or any substantial part of its properties or assets or that any such trustee, receiver, liquidator or similar official has been appointed or that a petition in bankruptcy, insolvency, reorganization or liquidation proceedings (or similar proceedings) have been instituted by or against the Borrower; provided that, if in the case of an involuntary proceeding, such proceeding is not dismissed within 90 days after commencement thereof.

“*Administrative Expenses*” means the Ordinary Trustee Fees and Expenses, the Dissemination Agent Fee and the Issuer’s Fees.

“*Affiliate*” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control” when used with respect to any specified Person means the power to direct the policies of such Person, directly or indirectly, whether through the power to appoint and remove its directors, the ownership of voting securities, by contract, or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“*Authorized Borrower Representative*” means any person who, at any time and from time to time, is designated as the Borrower’s authorized representative by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by or on behalf of any authorized general partner of the Borrower if the Borrower is a general or limited partnership, by any authorized managing member of the Borrower if the Borrower is a limited liability company, or by any authorized officer of the Borrower if the Borrower is a corporation, which certificate may designate an alternate or alternates. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Borrower Representative is an Authorized Borrower Representative until such time as the Borrower files with it (with a copy to the Issuer) a written certificate revoking such person’s authority to act in such capacity.

“*Authorized Denomination*” means \$5,000, or any integral multiple of \$5,000 in excess thereof.

“*Bankruptcy Code*” means Title 11 of the United States Code entitled “Bankruptcy,” as in effect now and in the future, or any successor statute.

“*Beneficial Owner*” means, with respect to the Bonds, the Person owning the Beneficial Ownership Interest therein, as evidenced to the satisfaction of the Trustee.

“*Beneficial Ownership Interest*” means the right to receive payments and notices with respect to the Bonds held in a Book Entry System.

“*Bond Counsel*” means any counsel nationally recognized as having an expertise in connection with the exclusion of interest on obligations of states and local governmental units from the gross income of the holders thereof for federal income tax purposes, and initially shall mean Bracewell LLP, as bond counsel.

“*Bond Fund*” means the Bond Fund created in the Indenture.

“*Bond Mortgage*” means the Subordinate Short Term Fourth Multifamily Deed of Trust, Security Agreement and Fixture Filing, dated of even date with the Indenture, from the Borrower to Brian T. Jensen for the benefit of the Trustee and the Issuer, as amended or supplemented from time to time.

“*Bond Payment Date*” means each Interest Payment Date and any other date Bond Service Charges on the Bonds are due, including any Redemption Date or any Mandatory Tender Date.

“*Bond Purchase Agreement*” means the Bond Purchase Agreement, dated January __, 2019, among the Underwriter, the Issuer and the Borrower.

“*Bond Resolution*” means the certain resolution relating to the issuance and sale of the Bonds, adopted by the governing Board of the Issuer on December 6, 2018*.

“*Bond Service Charges*” means, for any period or payable at any time, the principal of, premium, if any, and interest on the Bonds for that period or payable at that time whether due at maturity or upon redemption, Mandatory Tender or acceleration.

“*Bonds*” means the Issuer’s Multifamily Housing Revenue Bonds (Park Yellowstone Apartments), Series 2019 B authorized in the Bond Resolution and the Indenture in the original aggregate principal amount of \$2,880,000*.

“*Book Entry Form*” or “*Book Entry System*” means, with respect to the Bonds, a form or system, as applicable, under which (a) physical Bond certificates in fully registered form are issued only to a Depository or its nominee, with the physical Bond certificates “immobilized” in the custody of the Depository and (b) the ownership of book entry interests in Bonds and Bond Service Charges thereon may be transferred only through a book entry made by others than the Issuer or the Trustee. The records maintained by others than the Issuer or the Trustee constitute the written record that identifies the owners, and records the transfer, of book entry interests in those Bonds and Bond Service Charges thereon.

“*Borrower*” means Yellowstone Boulevard, LLC, a Texas limited liability company.

“*Borrower Documents*” means the Financing Documents to which the Borrower is a party.

“*Business Day*” means a day that is not a Saturday or a Sunday, or a day on which (a) banking institutions in the City of New York or in the city in which the Designated Office of the Trustee or Remarketing Agent is located are authorized or obligated by law or executive order to be closed, or (b) The New York Stock Exchange is closed, and on which the United States Government makes payments of principal and interest on its Treasury obligations.

“*Cash Flow Projection*” means a cash flow projection prepared by an Independent firm of certified public accountants, a financial advisory firm, a law firm or other Independent third party qualified and experienced in the preparation of cash flow projections for structured finance transactions similar to the Bonds, designated by the Borrower and acceptable to the Remarketing Agent and the Rating Agency, establishing, to the satisfaction of the Remarketing Agent and the Rating Agency, the sufficiency of (a) the amount on deposit in the Special Funds, (b) projected investment income to accrue on amounts on deposit in the Special Funds during the applicable period and (c) any additional Eligible Funds delivered to the Trustee by or on behalf of the Borrower to pay Bond Service Charges and the Administrative Expenses, in each instance, when due and payable, including, but not limited to, any cash flow projection prepared in connection with (i) the initial issuance and delivery of the Bonds, (ii) a proposed remarketing of the Bonds, and (iii) a release of Eligible Funds from the Negative Arbitrage Account as provided in the Indenture.

“*City Lender*” means the City of Houston, Texas.

“*City Loan*” means the subordinate loan from the City Lender to the Borrower in the principal amount of \$4,600,000.*

* Preliminary; subject to change.

“*Closing Date*” means January __, 2019.

“*Code*” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import enacted after the date of the Indenture, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“*Collateral Fund*” means the Collateral Fund created in the Indenture.

“*Completion Certificate*” means the certificate of the Borrower in the form attached as an exhibit to the Loan Agreement.

“*Completion Date*” means the date the Project is substantially completed and available and suitable for use as multifamily housing, as set forth in the Completion Certificate.

“*Continuing Disclosure Agreement*” means the Continuing Disclosure Agreement dated as of January 1, 2019, between the Borrower and the Dissemination Agent, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“*Costs of Issuance*” means costs to the extent incurred in connection with, and allocable to, the issuance of the Bonds within the meaning of Section 147(g) of the Code. For example, Costs of Issuance include the following costs, but only to the extent incurred in connection with, and allocable to, the borrowing: underwriters’ spread; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; trustee fees; paying agent fees; bond registrar, certification and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than qualified guarantees; and similar costs directly incurred in connection with the borrowing.

“*Costs of Issuance Fund*” means the Costs of Issuance Fund created in the Indenture.

“*Depository*” means, with respect to the Bonds, DTC, until a successor Depository shall have become such pursuant to the applicable provisions of the Indenture, and thereafter, Depository shall mean the successor Depository. Any Depository shall be a securities depository that is a clearing agency under a federal law operating and maintaining, with its participants or otherwise, a Book Entry System to record ownership of book entry interests in Bonds or Bond Service Charges thereon, and to effect transfers of book entry interests in Bonds.

“*Designated Office*” means, with respect to the Trustee or the Remarketing Agent, the office of the Trustee or the Remarketing Agent at the respective notice address set forth in the Indenture or, solely for purposes of presentation for transfer, payment or exchange of the Bonds, the designated corporate trust operations or agency office of the Trustee in St. Paul, Minnesota, or at such other address as may be specified in writing by the Trustee or the Remarketing Agent, as applicable, as provided in the Indenture.

“*Dissemination Agent*” means the Trustee, or any successor, as Dissemination Agent under the Continuing Disclosure Agreement.

“*Dissemination Agent Fee*” means the fee payable to the Dissemination Agent as compensation for its services and expenses in performing its obligations under the Continuing Disclosure Agreement; payable annually in advance on each January 1, beginning January 1, 2020* initially in an amount equal to \$500*; provided that, on the Closing Date, the Borrower will pay the Dissemination Agent Fee in advance to the Dissemination Agent for the period from the Closing Date to January 1, 2020*; and provided further that, the amount of the Dissemination Agent Fee payable under the Indenture is limited to money withdrawn from the Expense Fund and the Borrower will be responsible to pay the remaining amount of the Dissemination Agent Fee pursuant to the Loan Agreement.

* Preliminary; subject to change.

“*Eligible Funds*” means, as of any date of determination, any of:

- (a) the proceeds of the Bonds and any other amounts received by the Trustee from the Underwriter;
- (b) money received by the Trustee representing advances to the Borrower (or an Affiliate) of funds from other third parties representing loans or grants of money earmarked for the Project, including proceeds of the City Loan;
- (c) remarketing proceeds of the Bonds (including any additional amount paid by the Remarketing Agent received from the Remarketing Agent or any purchaser of Bonds (other than funds provided by the Borrower, the Issuer, or any Affiliate of either the Borrower or the Issuer));
- (d) any other amounts, including the proceeds of refunding bonds, for which the Trustee has received an Opinion of Counsel (which opinion may assume that no Holder or Beneficial Owner of Bonds is an “insider” within the meaning of the Bankruptcy Code) to the effect that (A) the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court and (B) payments of such amounts to Holders would not be avoidable as preferential payments under Section 547 or 550 of the Bankruptcy Code should the Issuer or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;
- (e) the proceeds of draws by the Trustee on any letter of credit provided to the Trustee for the benefit of the Borrower;
- (f) any payments made by the Borrower and held by the Trustee for a continuous period of 123 days, provided that no Act of Bankruptcy has occurred during such period; and
- (g) investment income derived from the investment of the money described in (a) through (f).

“*Eligible Investments*” means any of the following investments to the extent authorized under State law which mature (or are redeemable at the option of the Trustee without penalty) at such time or times as to enable timely disbursements to be made from the fund in which such investment is held or allocated in accordance with the terms of the Indenture:

- (a) Government Obligations; and
- (b) to the extent authorized in the Indenture, shares or units in any money market mutual fund rated “AAAm” by S&P at the time of purchase and whose investment portfolio consists solely of Government Obligations including, without limitation, any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, advisor, administrator, shareholder, servicing agent and/or custodian or subcustodian.

Eligible Investments will not include the following: (1) any investment with a final maturity or any agreement with a term ending later than the earliest of (i) the Maturity Date, (ii) the current Mandatory Tender Date in effect at the time of investment, and (iii) the Optional Redemption Date (except (A) obligations that provide for the optional or mandatory tender, at par, by the holder of such obligations at any time and (B) Government Obligations irrevocably deposited with the Trustee for payment of Bonds), and (2) any investment which may be prepaid or called at a price less than its purchase price prior to stated maturity.

“*Event of Default*” means any of the events described as an Event of Default in the Indenture or the Loan Agreement.

“*Expense Fund*” means the Expense Fund created in the Indenture.

“*Extraordinary Services*” and “*Extraordinary Expenses*” mean all services rendered and all reasonable expenses properly incurred by the Trustee under the Indenture or the other Financing Documents, other than Ordinary Services and Ordinary Expenses. Extraordinary Services and Extraordinary Expenses shall specifically include but

are not limited to services rendered or expenses incurred by the Trustee in connection with, or in contemplation of, an Event of Default.

“*Favorable Opinion of Bond Counsel*” means, with respect to any action, or omission of any action, the taking or omission of which requires such an opinion, an unqualified written opinion of Bond Counsel to the effect that such action or omission will not adversely affect the Federal Tax Status of the Bonds (subject to the inclusion of any exceptions contained in the opinion delivered upon the original issuance of the Bonds or such other customary exceptions that are acceptable to the recipient(s) thereof).

“*Federal Tax Status*” means, as to the Bonds, the status of the interest on the Bonds as excludable from gross income for federal income tax purposes under existing law (except on any Bond for any period during which it is held by a “substantial user” of the Project or a “related person” to such a “substantial user,” each within the meaning of Section 147(a) of the Code).

“*Financing Documents*” means the Indenture, the Bonds, the Loan Agreement, the Note, the Bond Mortgage, the Tax Exemption Agreement, the Regulatory Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Remarketing Agreement and any other instrument or document executed in connection with the Bonds, together with all modifications, extensions, renewals and replacements thereof.

“*Government Obligations*” means direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury), and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by the United States of America.

“*Holder*” or “*Holder of a Bond*” means the Person in whose name a Bond is registered on the Register.

“*Indenture*” means the Trust Indenture, dated as of January 1, 2019, between the Issuer and the Trustee, as amended or supplemented from time to time.

“*Initial Interest Rate*” means ____% per annum.

“*Initial Mandatory Tender Date*” means February 1, 2021*.

“*Initial Remarketing Date*” means the Initial Mandatory Tender Date, but only if the conditions for remarketing the Bonds on such date as provided in the Indenture are satisfied.

“*Interest Payment Date*” means (a) February 1 and August 1 of each year beginning August 1, 2019*, (b) each Redemption Date and (c) each Mandatory Tender Date. In the case of payment of defaulted interest, “*Interest Payment Date*” also means the date of such payment established pursuant to the Indenture.

“*Interest Rate*” means the Initial Interest Rate to but not including the Initial Mandatory Tender Date, and thereafter the applicable Remarketing Rate.

“*Investor Member*” means PNC Real Estate Tax Credit Capital Institutional Fund 53 LLC, and its lawful successors and assigns.

“*Issuer*” means the Texas Department of Housing and Community Affairs, a public and official agency of the State, and its successors and assigns.

“*Issuer Administration Fee*” means the fee payable annually in advance to the Issuer on each January 1, in the amount of 0.10% per annum of the aggregate principal amount of Bonds Outstanding at the inception of each payment period. On the Closing Date, the Borrower will pay the Issuer Administration Fee in advance to the Issuer for the period from the Closing Date to December 31, 2020. The Trustee will remit to the Issuer (upon receipt of an

* Preliminary; subject to change.

invoice from the Issuer), payable solely from funds provided by the Borrower, all payments of the Issuer Administration Fee due on or after January 1, 2021.

“*Issuer Compliance Fee*” means the fee payable annually in advance to the Issuer on each January 1, in the amount of \$25 per Low-Income Unit in the Project. The first annual compliance fee shall be paid on the Closing Date. The Trustee will remit to the Issuer (upon receipt of an invoice from the Issuer), solely from funds provided by the Borrower, all payments of the Issuer Compliance Fee due on or after January 1, 20___. The Issuer Compliance Fee is for bond compliance only, and an additional fee may be charged for tax credit compliance.

“*Issuer’s Fees*” means, collectively, the Issuer Administration Fee and the Issuer Compliance Fee.

“*Loan*” means the mortgage loan secured by the Bond Mortgage by the Issuer to the Borrower of the proceeds received from the sale of the Bonds.

“*Loan Agreement*” means the Loan Agreement dated as of January 1, 2019, between the Issuer and the Borrower and assigned by the Issuer, except for Reserved Rights, to the Trustee, as amended or supplemented from time to time.

“*Loan Payments*” means the amounts required to be paid by the Borrower in repayment of the Loan pursuant to the provisions of the Loan Agreement, the Note and the Bond Mortgage.

“*Local Time*” means central time (daylight or standard, as applicable) in Austin, Texas.

“*Long-Term Indenture*” means the Indenture of Trust, dated as of January 1, 2019, between the Issuer and the Long-Term Trustee, with respect to the Issuer’s Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN), as amended or supplemented from time to time.

“*Long-Term Trustee*” means U.S. Bank National Association, a national banking association, organized and existing under the laws of the United States and authorized to conduct business in the State, with a corporate trust office in Dallas, Texas and its successor or successors in the trust created by the Long-Term Indenture.

“*Managing Member*” means Yellowstone Boulevard I, LLC, a Texas limited liability company.

“*Mandatory Tender*” means a tender of Bonds required by the Indenture.

“*Mandatory Tender Date*” means (a) the Initial Mandatory Tender Date and (b) if the Bonds Outstanding on the Initial Mandatory Tender Date or on any subsequent Mandatory Tender Date are remarketed pursuant to the Indenture for a Remarketing Period that does not extend to the final maturity of the Bonds, the day after the last day of the Remarketing Period.

“*Maturity Date*” means February 1, 2022*.

“*Negative Arbitrage Account*” means the Negative Arbitrage Account of the Bond Fund created in the Indenture.

“*Nonpurpose Investment*” means any “investment property,” within the meaning of Section 148(b) of the Code, that is not a purpose investment acquired to carry out the governmental purpose of the Bonds.

“*Note*” means the promissory note of the Borrower, dated as of January 1, 2019 in connection with the Bonds, in the form attached to the Loan Agreement as an exhibit and in the aggregate principal amount of \$2,880,000*, evidencing the obligation of the Borrower to make Loan Payments.

* Preliminary; subject to change.

“*Opinion of Counsel*” means an opinion from an attorney or firm of attorneys, acceptable to the Trustee, with experience in the matters to be covered in the opinion.

“*Optional Redemption Date*” means February 1, 2021*.

“*Ordinary Services*” and “*Ordinary Expenses*” mean those services normally rendered, and those expenses normally incurred, by a trustee under instruments similar to the Indenture.

“*Ordinary Trustee Fees and Expenses*” means amounts due to the Trustee for the Ordinary Services and the Ordinary Expenses of the Trustee incurred in connection with its duties under the Indenture, payable annually in advance on each January 1, beginning January 1, 2019 and ending on the Redemption Date of the Bonds, initially in an amount equal to \$2,500*; provided that, the amount of Ordinary Trustee Fees and Expenses payable under the Indenture is limited to money withdrawn from the Expense Fund, and the Borrower will be responsible to pay the remaining amount of the Ordinary Trustee Fees and Expenses pursuant to the Loan Agreement. The Trustee’s first annual fee shall be paid on the Closing Date for the period through December 31, 2019. In addition, all amounts due to the Trustee for Extraordinary Services and all Extraordinary Expenses of the Trustee will be paid as provided in the Indenture or directly by the Borrower pursuant to the Loan Agreement.

“*Organizational Documents*” means the First Amended and Restated Operating Agreement, dated as of January __, 2019.

“*Outstanding Bonds*,” “*Bonds Outstanding*” or “*Outstanding*” as applied to Bonds mean, as of the applicable date, all Bonds which have been authenticated and delivered, or which are being delivered by the Trustee under the Indenture, except:

- (a) Bonds cancelled upon surrender, exchange or transfer, or cancelled because of payment on or prior to that date;
- (b) Bonds, or the portion thereof, for the payment or for cancellation of which sufficient money has been deposited and credited with the Trustee on or prior to that date for that purpose (whether upon or prior to the maturity of those Bonds);
- (c) Bonds, or the portion thereof, which are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of the Indenture; and
- (d) Bonds in lieu of which others have been authenticated under the Indenture.

“*Person*” or words importing persons mean firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, corporations, limited liability companies, public or governmental bodies, other legal entities and natural persons.

“*Project*” means the 210-unit residential rental housing development known as Park Yellowstone Townhomes, located at 3322 Yellowstone Boulevard, Houston, Texas.

“*Project Fund*” means the Project Fund created in the Indenture.

“*Rating Agency*” means any national rating agency then maintaining a rating on the Bonds, and initially means S&P.

“*Rebate Amount*” has the meaning specified for such term in the Tax Exemption Agreement.

“*Rebate Fund*” means the Rebate Fund created in the Indenture.

“*Redemption Date*” means any date under the Indenture on which Bonds are to be redeemed, including (a) the Maturity Date, (b) the date of acceleration of the Bonds or (c) as otherwise set forth in the Indenture.

“*Register*” means the books kept and maintained by the Trustee for registration and transfer of Bonds pursuant to the Indenture.

“*Regular Record Date*” means, with respect to any Bond, the close of business on the 5th day of the calendar month next preceding each Interest Payment Date, whether or not such date is a Business Day.

“*Regulations*” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“*Regulatory Agreement*” means the Regulatory and Land Use Restriction Agreement, dated as of January 1, 2019, by and among the Issuer, the Trustee and the Borrower, as amended or supplemented from time to time.

“*Remarketing Agent*” means initially Stifel, Nicolaus & Company, Incorporated, and thereafter any successor Remarketing Agent (which meets the requirements of the Indenture) that may be appointed by the Authorized Borrower Representative.

“*Remarketing Agreement*” means the Remarketing Agreement, dated as of January 1, 2019, by and between the Borrower and the Remarketing Agent, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

“*Remarketing Date*” means the Initial Remarketing Date and, if the Bonds Outstanding on such date or on any subsequent Remarketing Date are remarketed pursuant to the Indenture for a Remarketing Period that does not extend to the final maturity of the Bonds, the day after the last day of the Remarketing Period.

“*Remarketing Period*” means the period beginning on a Remarketing Date and ending on the last day of the term for which Bonds are remarketed pursuant to the Indenture or the final Maturity Date of the Bonds, as applicable.

“*Remarketing Proceeds Account*” means the Remarketing Proceeds Account of the Bond Fund created in the Indenture.

“*Remarketing Rate*” means the interest rate or rates established pursuant to the Indenture and borne by the Bonds then Outstanding from and including each Remarketing Date to, but not including, the next succeeding Remarketing Date or the final Maturity Date of the Bonds, as applicable.

“*Reserved Rights*” of the Issuer means (a) all of the Issuer’s right, title and interest in and to all reimbursement, costs, expenses and indemnification; (b) the right of the Issuer to amounts payable to it pursuant to the Loan Agreement, including the Issuer’s Fees; (c) all rights of the Issuer to receive any Rebate Amount; (d) all rights of the Issuer to receive notices, reports or other information, and to make determinations and grant approvals or consent under the Indenture and under the other Financing Documents; (e) all rights of the Issuer of access to the Project and documents related thereto and to specifically enforce the representations, warranties, covenants and agreements of the Borrower set forth in the Tax Exemption Agreement and in the Regulatory Agreement; (f) any and all rights, remedies and limitations of liability of the Issuer set forth in the Indenture, the Loan Agreement, the Tax Exemption Agreement, the Regulatory Agreement, the Bond Mortgage or the Note, as applicable, regarding (1) the negotiability, registration and transfer of the Bonds, (2) the loss or destruction of the Bonds, (3) the limited liability of the Issuer as provided in the Act, the Indenture, the Loan Agreement, the Tax Exemption Agreement, the Regulatory Agreement, the Bond Mortgage or the Note, (4) the maintenance of insurance by the Borrower, (5) no liability of the Issuer to third parties, and (6) no warranties of suitability or merchantability by the Issuer; (g) all rights of the Issuer in connection with any amendment to or modification of the Indenture, the Loan Agreement, the Tax Exemption Agreement, the Regulatory Agreement, the Bond Mortgage and the Note, (h) any and all limitations of the Issuer’s liability and the Issuer’s disclaimers of warranties set forth in the Indenture, the Regulatory Agreement, the Tax Exemption Agreement or the Loan Agreement, and the Issuer’s right to inspect and audit the books, records and permits of the Borrower and the Project, and (i) any and all rights under the Loan Agreement and the Regulatory Agreement required for the Issuer to enforce or to comply with Section 2306.186 of the Texas Government Code.

“*Revenues*” means (a) the Loan Payments, (b) Eligible Funds, (c) all other money received or to be received by the Trustee in respect of repayment of the Loan, including without limitation, all money and investments in the Bond Fund, (d) any money and investments in the Project Fund and the Collateral Fund, and (e) all income and profit from the investment of the foregoing money. The term “Revenues” does not include any money or investments in the Rebate Fund.

“*S&P*” means S&P Global Ratings, and its successors and assigns, or if it shall for any reason no longer perform the functions of a securities rating agency, then any other nationally recognized rating agency designated by the Borrower and acceptable to the Trustee and the Remarketing Agent.

“*Special Funds*” means, collectively, the Bond Fund, the Project Fund and the Collateral Fund, and any accounts therein, all as created in the Indenture.

“*Special Record Date*” means, with respect to any Bond, the date established by the Trustee in connection with the payment of overdue interest or principal on that Bond.

“*State*” means the State of Texas.

“*Supplemental Indenture*” means any indenture supplemental to the Indenture entered into between the Issuer and the Trustee in accordance with the requirements of the Indenture.

“*Tax Exemption Agreement*” means the Tax Exemption Certificate and Agreement, dated as of even date with the Indenture, by and among the Issuer, the Trustee and the Borrower as amended and supplemented from time to time.

“*Tendered Bond*” means any Bond which has been tendered for purchase pursuant to a Mandatory Tender.

“*Trust Estate*” means the property rights, money, securities and other amounts pledged and assigned to the Trustee under the Indenture pursuant to the Granting Clauses thereof.

“*Trustee*” means U.S. Bank National Association, until a successor Trustee shall have become such pursuant to the applicable provisions of the Indenture, and thereafter, “Trustee” shall mean the successor Trustee.

“*Undelivered Bond*” means any Bond that is required under the Indenture to be delivered to the Remarketing Agent or the Trustee for purchase on a Mandatory Tender Date or a Redemption Date but that has not been received on the date such Bond is required to be so delivered

“*Underwriter*” means Stifel, Nicolaus & Company, Incorporated.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Indenture, copies of which are on file with the Issuer and the Trustee.

Creation of Funds

The following funds are to be established and maintained by the Trustee under the Indenture:

- (a) the Bond Fund (including the Negative Arbitrage Account and the Remarketing Proceeds Account therein, but only at such times as money is to be deposited or held in such accounts as provided in the Indenture);
- (b) the Project Fund;
- (c) the Costs of Issuance Fund;
- (d) the Collateral Fund;
- (e) the Rebate Fund; and
- (f) the Expense Fund.

Each fund and account therein shall be maintained by the Trustee as a separate and distinct trust fund or account to be held, managed, invested, disbursed and administered as provided in the Indenture and the Tax Exemption Agreement. All money deposited in the funds and accounts created under the Indenture shall be used solely for the purposes set forth in the Indenture and the Tax Exemption Agreement. The Trustee shall keep and maintain adequate records pertaining to each fund and account, and all disbursements therefrom, in accordance with its general practices and procedures in effect from time to time. The Trustee in its sole discretion may also terminate funds and accounts that are no longer needed.

The Trustee shall, at the written direction of an Authorized Borrower Representative, and may, in its sole discretion, establish such additional accounts within any fund, and subaccounts within any of the accounts, as the Issuer or the Trustee may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that fund and its accounts, or for the purpose of complying with the requirements of the Code, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of the Indenture with respect to a deposit or use of money in the Special Funds or the Rebate Fund, or result in commingling of funds not permitted under the Indenture.

Pursuant to the Tax Exemption Agreement, the Trustee shall cause to be kept and maintained adequate records pertaining to the investment of all proceeds of the Bonds sufficient to permit the Borrower, on behalf of the Issuer, to determine the Rebate Amount, if any, with respect to the Bonds required to be paid to the United States of America pursuant to Section 148 of the Code. The Trustee shall have no responsibility to make such determination.

Bond Fund

So long as there are any Outstanding Bonds, to the extent the Borrower has not received a credit against Loan Payments, all Loan Payments under the Loan Agreement are to be paid on or before each Bond Payment Date directly to the Trustee, and deposited in the Bond Fund, in at least the amount necessary to pay the Bond Service Charges due on the Bonds on such Bond Payment Date.

The Bond Fund (and the account therein for which provision is made in the Indenture) and the money and Eligible Investments therein are to be used solely and exclusively for the payment of Bond Service Charges as they become due.

Bond Service Charges will be payable as they become due, in the following order: (i) from money on deposit in the Negative Arbitrage Account of the Bond Fund (but only to pay the interest portion of any Bond Service Charges), (ii) from money on deposit in the Bond Fund, other than the Negative Arbitrage Account, (iii) from money on deposit in the Collateral Fund and transferred as necessary to the Bond Fund, (iv) from money on deposit in the Project Fund and transferred as necessary to the Bond Fund and (v) from money on deposit in the Negative Arbitrage Account of the Bond Fund (to pay all Bond Service Charges).

Upon receipt of (a) a Confirmation of Rating provided by the Rating Agency and (b) a Cash Flow Projection provided on behalf of the Borrower, but no more than once prior to the Optional Redemption Date, the Trustee is authorized by the Indenture to release from the Negative Arbitrage Account the amount set forth in the Cash Flow Projection to or at the written direction of the Borrower.

Project Fund

Money in the Project Fund is to be disbursed in accordance with the provisions of the Indenture and the Loan Agreement. Upon the deposit of Eligible Funds into the Collateral Fund as provided in the Indenture, the Trustee may disburse the Bond proceeds on deposit in the Project Fund in accordance with the Loan Agreement for use by the Borrower to pay costs of the Project.

All amounts on deposit in the Project Fund shall be applied to pay costs of the Project set forth in the Loan Agreement prior to the application of any amounts on deposit in the Bond Proceeds Fund of the Long-Term Indenture to pay Project Costs (as defined in the Long-Term Indenture).

To the extent money is not otherwise available to the Trustee, including money on deposit in the Bond Fund or the Collateral Fund, the Trustee is to transfer from the Project Fund to the Bond Fund sufficient money to pay Bond Service Charges, if any, on each Bond Payment Date without further written direction.

Notwithstanding any provision of the Loan Agreement or any other provision of the Indenture to the contrary, the Trustee is not to disburse money from the Project Fund, other than to pay Bond Service Charges on the Bonds, unless and until Eligible Funds in an amount equal to or greater than the requested disbursement amount have been deposited into the Collateral Fund. Prior to making any disbursement (except to pay Bond Service Charges), the Trustee shall determine that the aggregate amount that will be held in (a) the Collateral Fund and (b) the Project Fund, after the anticipated disbursement, is at least equal to the then-Outstanding principal amount of the Bonds; provided, however, notwithstanding any provision to the contrary in the Indenture or in the other Financing Documents, that upon receipt of Eligible Funds, the Trustee shall be obligated to either (i) disburse Bond proceeds in like amount, or (ii) within one Business Day after receipt of the Eligible Funds, return the Eligible Funds to the party that provided such Eligible Funds.

On any Redemption Date, the Trustee will transfer any amounts then on deposit in the Project Fund into the Bond Fund to pay Bond Service Charges on the Bonds. The Trustee shall have no liability for any losses incurred in connection with Eligible Investments.

Upon the occurrence and continuance of an Event of Default under the Indenture because of which the principal amount of the Bonds has been declared to be due and immediately payable, any money remaining in the Project Fund is to be promptly transferred by the Trustee to the Bond Fund.

Any money in the Project Fund remaining after the Completion Date and payment, or provision for payment, in full of the costs of the Project, at the written direction of the Authorized Borrower Representative, promptly shall be promptly paid into the Bond Fund and used to redeem Bonds on the earliest date on which such Bonds are subject to optional redemption.

Collateral Fund

The Trustee is to deposit into the Collateral Fund all Eligible Funds received pursuant to the Loan Agreement and any other Eligible Funds received by the Trustee for deposit into the Collateral Fund. The Loan Agreement requires the Borrower to cause Eligible Funds to be delivered to the Trustee for deposit into the Collateral Fund in a principal amount equal to, and as a prerequisite to the disbursement of, an equal amount of Bond proceeds on deposit in the Project Fund to be disbursed by the Trustee to pay costs of the Project.

The Eligible Funds deposited into the Collateral Fund will be promptly invested in their entirety by the Trustee, solely and exclusively, in Eligible Investments by reallocating such Eligible Investments from the Project Fund to the Collateral Fund pursuant to the Indenture. Upon reallocation, such Eligible Funds shall be deemed deposited into the Collateral Fund, and the Trustee shall transfer funds, in the amount of such Eligible Funds, to the Project Fund for disbursement pursuant to the Indenture. Each deposit into the Collateral Fund will constitute an irrevocable deposit solely for the benefit of the Holders, subject to the provisions of the Indenture.

The Trustee shall transfer money in the Collateral Fund on each Bond Payment Date, to the Bond Fund, in an amount necessary to pay Bond Service Charges due on such Bond Payment Date (to the extent money is not otherwise available to the Trustee, including money on deposit in the Bond Fund).

Amounts on deposit in the Collateral Fund in excess of the amount required to pay Bond Service Charges after payment in full of the Bonds may be transferred to the Project Fund and used to pay costs of the Project.

The Bonds shall not be, and shall not be deemed to be, paid or prepaid by reason of any deposit into the Collateral Fund unless and until the amount on deposit in the Collateral Fund is transferred to the Bond Fund and applied to the payment of the principal of any of the Bonds or the principal component of the redemption price of any of the Bonds, or of the tender price of any of the Bonds, all as provided in the Indenture.

Investment of Special Funds and Rebate Fund

Money in the Special Funds and the Rebate Fund is to be invested and reinvested by the Trustee at the written direction of the Authorized Borrower Representative in Eligible Investments. In the absence of written direction of the Authorized Borrower Representative, the Trustee shall be required to invest such funds in the First American Funds Government Obligations Class Y (which is an Eligible Investment described in clause (b) of the definition of Eligible Investments), or, if such investment is not available or no longer qualifies as an Eligible Investment, solely in Eligible Investments described in clause (b) of the definition of Eligible Investments. At no time is the Authorized Borrower Representative to direct that any funds constituting Gross Proceeds of the Bonds (as defined in the Tax Exemption Agreement) be used in any manner that would constitute failure of compliance with Section 148 of the Code.

Investments of money in the Bond Fund and the Collateral Fund are to be made as directed by the Authorized Borrower Representative only in investments which are Eligible Investments that mature or are redeemable at the option of the Trustee at the times and in the amounts necessary to provide money to pay Bond Service Charges on the Bonds as they become due on each Bond Payment Date.

Any investments may be purchased from or sold to the Trustee, or any bank, trust company or savings and loan association which is an affiliate of the Trustee. The Trustee is to sell or redeem investments credited to the Bond Fund to produce sufficient money applicable to and at the times required for the purposes of paying Bond Service Charges when due as aforesaid, and is to do so without necessity for any order on behalf of the Issuer and without restriction by reason of any order.

Investments of money in the Bond Fund and the Collateral Fund shall mature or be redeemable at the times and in the amounts necessary to provide money to pay Bond Service Charges on the Bonds as they become due on each Bond Payment Date.

All gains resulting from the sale of, or income from, any investment made from moneys credited to the Special Funds shall be credited to and become part of the Special Fund from which the investment was made.

All investment earnings, gains resulting from the sale of, or income from, any investment made from amounts on deposit in the Rebate Fund shall be retained therein. The Trustee shall not be liable for losses on investments or any other act or omission related to investments made in compliance with the provisions of the Indenture.

Ratings of Eligible Investments shall be determined at the time of purchase of such Eligible Investments and without regard to ratings subcategories. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees. Although each of the Issuer and the Borrower recognize that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, confirmations of Eligible Investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month. The Trustee may conclusively rely upon the Authorized Borrower Representative's written instructions as to both the suitability and legality of the directed investments.

Allocation and Reallocation of Government Obligations Deposited to the Collateral Fund and the Project Fund

On the Closing Date, the Trustee shall allocate ownership of the Government Obligations acquired pursuant to the Indenture and deposited for the benefit of the Project Fund and the Collateral Fund as follows: The Trustee shall allocate to the Collateral Fund a percentage of such Government Obligations equal to the amount of Available Money presented to the Trustee for deposit into the Collateral Fund on the Closing Date divided by the aggregate Outstanding principal amount of the Bonds and multiplied by 100 (the "Initial Collateral Fund Percentage") and the remainder (i.e., 100% minus the Initial Collateral Fund Percentage, referred to as the "Initial Project Fund Percentage") shall be allocated to the Project Fund. On each subsequent month when additional Available Money is presented to the Trustee for deposit to the Collateral Fund (the "Subsequent Allocation Date"), the dollar amount of such Available Money shall be added to all prior Available Money so deposited, and the percentage of such Government Obligations allocated to the Collateral Fund shall be adjusted to that percentage equal to the aggregate Available Money so deposited through such date divided by the aggregate Outstanding principal amount of the Bonds and multiplied by 100 (the "Collateral Fund Percentage") and the remainder (i.e., 100% minus the Collateral Fund Percentage, referred to as the "Project Fund Percentage") shall be allocated to the Project Fund. On each Subsequent Allocation Date, the Trustee shall be deemed to have liquidated that portion of the Government Obligations allocated to the Project Fund and purchased equivalent Government Obligations to be allocated to the Collateral Fund.

Defaults; Events of Default

Each of the following is an "Event of Default" under the Indenture:

- (a) Payment of any interest on any Bond is not made when and as that interest becomes due and payable;
- (b) Payment of the principal of any Bond is not made when and as that principal becomes due and payable, whether at stated maturity, upon Mandatory Tender, upon redemption, acceleration or otherwise;
- (c) Failure by the Issuer to observe or perform any other covenant, agreement or obligation on its part required to be observed or performed as set forth in the Indenture, the Tax Exemption Agreement or in the Bonds, which failure has continued for a period of 30 days after notice of default in accordance with the Indenture specifying the failure and requiring that it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Holders of not less than 25% in aggregate principal amount of Bonds then outstanding; and
- (d) The occurrence and continuance of an Event of Default as defined in the Loan Agreement.

The term "default" or "failure" as used above means (i) a default or failure by the Issuer in the observance or performance of any of the covenants, agreements or obligations on its part to be observed or performed contained in

the Indenture or in the Bonds, or (ii) a default or failure by the Borrower under the Loan Agreement, exclusive of any period of grace or notice required to constitute an Event of Default, as provided in the Loan Agreement.

Acceleration

Upon the occurrence of an Event of Default described in (a) and (b) under the caption “Events of Default” above, the Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding must, subject to the terms of the Indenture, by a written notice delivered to the Borrower, the Rating Agency and the Issuer, declare the principal of all Bonds then Outstanding (if not then due and payable), and the interest accrued thereon, to be due and payable immediately; provided, however, that the Trustee is to make such declaration only if the Trustee has determined that it will have sufficient funds available to pay the full amount of principal and accrued but unpaid interest to the Holders as of the date of acceleration. If the Trustee is unable to determine that sufficient funds will be available, the Trustee is to declare the principal of the Bonds immediately due and payable only upon written direction of all Holders of the Bonds then Outstanding. Upon the occurrence of any Event of Default other than those described in (a) and (b) under the caption “Events of Default” above, the Trustee may, and upon the written request of all Holders of Bonds then Outstanding, must, subject to the terms of the Indenture, declare by a notice in writing delivered to the Borrower and the Issuer, the principal of all Bonds then Outstanding (if not then due and payable), and the interest thereon, to be due and payable immediately. Upon such declaration, principal and interest will become and be due and payable immediately. Interest on the Bonds will accrue to the date determined by the Trustee for the tender of payment to the Holders pursuant to that declaration; provided that interest on any unpaid principal of Bonds Outstanding will continue to accrue from the date determined by the Trustee for the tender of payment to the Holders of those Bonds.

The provisions described in the preceding paragraph are subject, however, to the condition that if, at any time after declaration of acceleration and prior to the entry of a judgment in a court for enforcement under the Indenture (after an opportunity for hearing by the Issuer and the Borrower), (i) all sums payable under the Indenture (except the principal of and interest on Bonds that have not reached their stated maturity dates but which are due and payable solely by reason of that declaration of acceleration), plus interest to the extent permitted by law on any overdue installments of interest at the rate borne by the Bonds in respect of which the Event of Default has occurred, have been duly paid or provision has been duly made therefor by deposit with the Trustee, and (ii) all existing Events of Default have been cured, then and in every case, the Trustee is to waive the Event of Default and its consequences and rescind and annul that declaration. No waiver or rescission and annulment will extend to or affect any subsequent Event of Default or shall impair any rights consequent thereon.

The Investor Member shall be entitled to cure any default or Event of Default under the Indenture within the time frame provided to the Borrower under the Indenture. The Issuer and the Trustee have agreed in the Indenture that a cure of any default or Event of Default made or tendered by the Investor Member shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Other Remedies; Rights of Holders

With or without taking action described under the caption “Acceleration” above, upon the occurrence and continuance of an Event of Default, the Trustee may pursue any available remedy, including without limitation actions at law or equity to enforce the payment of Bond Service Charges or the observance and performance of any other covenant, agreement or obligation under the Indenture, the Loan Agreement, the Regulatory Agreement or the Note or any other instrument providing security, directly or indirectly, for the Bonds.

If, upon the occurrence and continuance of an Event of Default, the Trustee is requested so to do by the Holders of at least a majority in aggregate principal amount of Bonds Outstanding, the Trustee (subject to the provisions of the Indenture), is to exercise any rights and powers conferred by the Indenture.

No remedy conferred upon or reserved to the Trustee (or to the Holders) by the Indenture is intended to be exclusive of any other remedy. Each remedy is to be cumulative and in addition to every other remedy given under the Indenture or otherwise to the Trustee or to the Holders.

No delay in exercising or omission to exercise any remedy, right or power accruing upon any default or Event of Default is to impair that remedy, right or power or is to be construed to be a waiver of any default or Event of Default or acquiescence therein. Every remedy, right and power may be exercised from time to time and as often as may be deemed to be expedient.

No waiver of any default or Event of Default under the Indenture, whether by the Trustee or by the Holders, is to extend to or is to affect any subsequent default or Event of Default or is to impair any remedy, right or power consequent thereon.

Right of Holders to Direct Proceedings

The Holders of a majority in aggregate principal amount of Bonds then Outstanding will have the right at any time to direct, by an instrument or document in writing executed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or any other proceedings thereunder; provided, that (a) any direction is not to be other than in accordance with the provisions of law and of the Indenture, (b) the Trustee is indemnified as provided in the Indenture, and (c) the Trustee may take any other action that it deems to be proper and that is not inconsistent with the direction.

Application of Money

If at any time after the occurrence of an Event of Default, the money held by the Trustee under the Indenture (other than amounts in the Rebate Fund) is not sufficient to pay the principal of and interest on the Bonds as the same become due and payable, such moneys, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of remedies in the Indenture or otherwise, is to be applied by the Trustee as described below. After payment of any costs, expenses, liabilities and advances paid, incurred or made by the Trustee in the collection of money and to all Ordinary Trustee Fees and Expenses and fees of the Trustee for Extraordinary Services and Extraordinary Expenses pursuant to any right given or action taken under the provisions of the Indenture, all money received by the Trustee on deposit in the Special Funds is to be applied as follows, subject to the Indenture:

(a) Unless the principal of all of the Bonds has become, or has been declared to be, due and payable, all of such money is to be deposited in the Bond Fund and applied:

First — To the payment to the Holders entitled thereto of all installments of interest then due on the Bonds, in the order of the dates of maturity of the installments of that interest, beginning with the earliest date of maturity and, if the amount available is not sufficient to pay in full any particular installment, then to the payment thereof ratably, according to the amounts due on that installment, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds; and

Second — To the payment to the Holders entitled thereto of the unpaid installments of principal of any of the Bonds that has become due, in the order of their due dates, beginning with the earliest due date, with interest on those Bonds from the respective dates upon which they became due at the rates specified in those Bonds, and if the amount available is not sufficient to pay in full all Bonds due on any particular date, together with that interest, then to the payment thereof ratably, according to the amounts of principal due on that date, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

(b) If the principal of all of the Bonds has become due or has been declared to be due and payable pursuant to the Indenture, all of such money is to be deposited into the Bond Fund and applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest, of interest over principal, of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal

and interest, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

(c) If the principal of all of the Bonds has been declared to be due and payable, and if that declaration thereafter has been rescinded and annulled, subject to the provisions described in paragraph (b) above in the event that the principal of all of the Bonds becomes due and payable later, such money on deposit in the Special Funds is to remain in such funds and be applied in accordance with the provisions of the Indenture.

(d) Whenever money on deposit in the Special Funds is to be applied pursuant to the provisions described under this caption, such money is to be applied at such times, and from time to time, as the Trustee determines, having due regard to the amount of money available for application and the likelihood of additional money becoming available for application in the future. Whenever the Trustee directs the application of such money, it is to fix the date upon which the application is to be made, and upon that date, interest will cease to accrue on the amounts of principal, if any, to be paid on that date, provided the money is available therefor. The Trustee is to give notice of the deposit with it of any money and of the fixing of that date, all consistent with the requirements of the Indenture for the establishment of, and for giving notice with respect to, a Special Record Date for the payment of overdue interest. The Trustee will not be required to make payment of principal of a Bond to the Holder thereof until the Bond is presented to the Trustee for appropriate endorsement or for cancellation if it is paid fully.

Rights and Remedies of Holders

A Holder will not have any right to institute any suit, action or proceeding for the enforcement of the Indenture, for the execution of any trust under the Indenture, or for the exercise of any other remedy under the Indenture, unless:

(a) there has occurred and is continuing an Event of Default of which the Trustee has been notified, as provided in the Indenture, or of which it is deemed to have notice under the Indenture,

(b) the Holders of at least a majority in aggregate principal amount of Bonds then Outstanding have made written request to the Trustee and have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers granted under the Indenture or to institute the suit, action or proceeding in its own name, and have furnished indemnity to the Trustee as provided in the Indenture, and

(c) the Trustee thereafter shall have failed or refused to exercise the remedies, rights and powers granted under the Indenture or to institute the suit, action or proceeding in its own name.

At the option of the Trustee, that notification (or notice), request, opportunity and furnishing of indemnity are conditions precedent, in every case, to the institution of any suit, action or proceeding described above.

No one or more Holders of the Bonds will have any right to affect, disturb or prejudice in any manner whatsoever the security or benefit of the Indenture by its or their action, or to enforce, except in the manner provided therein, any remedy, right or power under the Indenture. Any suit, action or proceedings are to be instituted, had and maintained in the manner provided in the Indenture for the benefit of the Holders of all Bonds then Outstanding. Nothing in the Indenture is to affect or impair, however, the right of any Holder to enforce the payment of the Bond Service Charges on any Bond owned by that Holder at and after the maturity thereof, at the place, from the sources and in the manner expressed in that Bond.

Waivers of Events of Default

Except for those Events of Default described in (a) or (b) under “Events of Default” above, at any time, in its discretion, the Trustee may waive any Event of Default and its consequences and may rescind and annul any declaration of maturity of principal or of interest on the Bonds, and the Trustee must do so upon the written request of the Holders of at least a majority in aggregate principal amount of all Bonds then Outstanding.

There is not to be so waived, any Event of Default described in (a) or (b) under “—Events of Default” above or any declaration of acceleration in connection therewith rescinded or annulled, unless, at the time of that waiver or rescission and annulment, payments of the amounts provided in the Indenture for waiver and rescission and annulment in connection with acceleration of maturity have been made or provision has been made therefor. In the case of the waiver or rescission and annulment, or in case any suit, action or proceedings taken by the Trustee on account of any Event of Default have been discontinued, abandoned or determined adversely to it, the Issuer, the Trustee and the Holders are to be restored to their former positions and rights under the Indenture, respectively. No waiver or rescission is to extend to any subsequent or other Event of Default or impair any right consequent thereon.

Supplemental Indentures Not Requiring Consent of Holders

Without the consent of, or notice to, any of the Holders, the Issuer and the Trustee may enter into indentures supplemental to the Indenture which shall not, in the opinion of the Issuer, be inconsistent with the terms and provisions of the Indenture for any one or more of the following purposes:

- (a) to cure any ambiguity, inconsistency or formal defect or omission in the Indenture;
 - (b) to grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that lawfully may be granted to or conferred upon the Holders or the Trustee;
 - (c) to assign additional revenues under the Indenture;
 - (d) to accept additional security and instruments and documents of further assurance with respect to the Project;
 - (e) to add to the covenants, agreements, obligations and rights of the Issuer under the Indenture, other covenants, agreements and obligations to be observed or rights to be exercised for the protection of the Holders, or to surrender or limit any right, power or authority reserved to or conferred upon the Issuer in the Indenture;
 - (f) to evidence any succession to the Issuer and the assumption by its successor of the covenants, agreements and obligations of the Issuer under the Indenture, the Loan Agreement and the Bonds;
 - (g) to facilitate (i) the transfer of Bonds issued by the Issuer under the Indenture and held in Book Entry Form from one Depository to another and the succession of Depositories, or (ii) the withdrawal of Bonds issued by the Issuer under the Indenture and delivered to a Depository for use in a Book Entry System and the issuance of replacement Bonds in fully registered form and in the form of physical certificates to others than a Depository;
 - (h) to permit the Trustee to comply with any obligations imposed upon it by law;
 - (i) to specify further the duties and responsibilities of the Trustee;
 - (j) to achieve compliance of the Indenture with any applicable federal securities or tax law;
- and
- (k) to make amendments to the provisions of the Indenture relating to arbitrage matters under Section 148 of the Code, if, in the Opinion of Bond Counsel, those amendments would not adversely affect the Federal Tax Status of the Bonds, which amendments may, among other things, change the responsibility for making the relevant calculations, provided that in no event shall such amendment delegate to the Trustee, without its consent, in its sole discretion, the obligation to make or perform the calculations required under Section 148 of the Code.

Supplemental Indentures Requiring Consent of Holders

Exclusive of Supplemental Indentures described above and subject to the terms, provisions and limitations described below, and not otherwise, with the consent of the Holders of not less than a majority of the aggregate principal amount of the Bonds at the time Outstanding, evidenced as provided in the Indenture, and with the consent of the Borrower (if required by the Indenture), the Issuer and the Trustee may execute and deliver Supplemental Indentures adding any provisions to, changing in any manner or eliminating any of the provisions of the Indenture or any Supplemental Indenture or restricting in any manner the rights of the Holders. Nothing in the Indenture is to permit, however, or be construed as permitting:

(a) without the consent of the Holder of each Bond so affected: (i) an extension of the maturity of the principal of or the interest on any Bond, or (ii) a reduction in the principal amount of any Bond or the rate of interest thereon; or

(b) without the consent of the Holders of all Bonds then Outstanding, (i) the creation of a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (ii) a reduction in the aggregate principal amount of the Bonds required for consent to a Supplemental Indenture.

If the Issuer requests that the Trustee execute and deliver any Supplemental Indenture for any of the purposes described under this caption, upon (i) being satisfactorily indemnified with respect to its expenses in connection therewith, and (ii) if required by the Indenture, receipt of the Borrower's consent to the proposed execution and delivery of the Supplemental Indenture, the Trustee is to cause notice of the proposed execution and delivery of the Supplemental Indenture to be mailed by first-class mail, postage prepaid (or sent pursuant to the applicable procedures of the Depository), to all Holders of Bonds then Outstanding at their addresses as they appear on the Register at the close of business on the fifteenth day preceding such delivery.

The Trustee will not be subject to any liability to any Holder by reason of the Trustee's failure to mail, or the failure of the Depository to send, or the failure of any Holder to receive, the notice described above. Any failure of that nature will not affect the validity of the Supplemental Indenture when there has been consent thereto as described above. The notice is to set forth briefly the nature of the proposed Supplemental Indenture and state that copies thereof are on file at the Designated Office of the Trustee for inspection by all Holders.

If the Trustee receives, within a period prescribed by the Borrower, of not less than 60 days, but not exceeding one year, following the sending of the notice, an instrument or document or instruments or documents, in form to which the Trustee does not reasonably object, purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding (which instrument or document or instruments or documents refers to the proposed Supplemental Indenture in the form described in the notice and specifically consents to the Supplemental Indenture in substantially that form), the Trustee is to execute and deliver the Supplemental Indenture in substantially the form to which reference is made in the notice as being on file with the Trustee, without liability or responsibility to any Holder, regardless of whether that Holder has consented thereto.

Any consent will be binding upon the Holder of the Bond giving the consent and, anything in the Indenture to the contrary notwithstanding, upon any subsequent Holder of that Bond and of any Bond issued in exchange therefor (regardless of whether the subsequent Holder has notice of the consent to the Supplemental Indenture). A consent may be revoked in writing, however, by the Holder who gave the consent or by a subsequent Holder of the Bond by a revocation of such consent received by the Trustee prior to the execution and delivery by the Trustee of the Supplemental Indenture. At any time after the Holders of the required percentage of Bonds have filed their consents to the Supplemental Indenture, the Trustee is to make and file with the Issuer a written statement that the Holders of the required percentage of Bonds have filed those consents. That written statement will be conclusive evidence that the consents have been so filed.

If the Holders of the required percentage in aggregate principal amount of Bonds Outstanding have consented to the Supplemental Indenture, as described above, no Holder will have any right (a) to object to (i) the execution or delivery of the Supplemental Indenture, (ii) any of the terms and provisions contained therein, or (iii) the operation thereof, (b) to question the propriety of the execution and delivery thereof, or (c) to enjoin or restrain the Trustee or the Issuer from that execution or delivery or from taking any action pursuant to the provisions thereof.

Consent of Borrower

Anything contained in the Indenture to the contrary notwithstanding, a Supplemental Indenture that affects in any material respect any rights or obligations of the Borrower will not become effective unless and until the Borrower and Investor Member have consented in writing to the execution and delivery of that Supplemental Indenture.

Release of Indenture

If (a) the Issuer shall pay all of the Outstanding Bonds, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Holders of the Outstanding Bonds, all Bond Service Charges due or to become due thereon, and (b) provision also shall be made for the payment of all other sums payable under the Indenture or under the Loan Agreement, the Tax Exemption Agreement, the Regulatory Agreement and the Note, then the Indenture shall cease, determine and become null and void (except for those provisions surviving by reason of the Indenture in the event the Bonds are deemed paid and discharged pursuant to the caption "Payment and Discharge of Bonds" below), and the covenants, agreements and obligations of the Issuer under the Indenture shall be released, discharged and satisfied.

Thereupon, and subject to the provisions of the Indenture, if applicable,

(a) the Trustee shall release the Indenture (except for those provisions surviving by reason of the Indenture in the event the Bonds are deemed paid and discharged pursuant to the caption "Payment and Discharge of Bonds" below), and shall execute and deliver to the Issuer any instruments or documents in writing as shall be requisite to evidence that release and discharge or as reasonably may be requested by the Issuer, and

(b) the Trustee shall assign and deliver to the Issuer any property subject at the time to the lien of the Indenture which then may be in its possession, except amounts in the Bond Fund required (i) to be paid to the Borrower under the Indenture, or (ii) to be held by the Trustee under the Indenture or otherwise for the payment of Bond Service Charges.

Payment and Discharge of Bonds

All or any part of the Bonds shall be deemed to have been paid and discharged within the meaning of the Indenture, including without limitation, as described in the caption "Release of the Indenture" above, if the Trustee as paying agent shall have received, in trust for and irrevocably committed thereto (i) sufficient money or (ii) noncallable Government Obligations which are certified by an independent public accounting firm of national reputation to be of such maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient, together with any money described in clause (i) above, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so committed, except as provided in the Indenture), for the payment of all Bond Service Charges on those Bonds to their maturity.

Any money held by the Trustee as described under this caption may be invested by the Trustee only in noncallable Government Obligations having maturity dates, or having redemption dates which, at the option of the holder of those obligations, shall be not later than the date or dates at which money will be required for the purposes described above. To the extent that any income or interest earned by, or increment to, the investments held as described under this heading is determined from time to time by the Trustee to be in excess of the amount required to be held by the Trustee for the payment and discharge of the Bonds, that income, interest or increment shall be transferred at the time of that determination in the manner provided in the Indenture for transfers of amounts remaining in the Bond Fund.

If any Bonds shall be deemed paid and discharged as described under this caption, then within 15 days after such Bonds are so deemed paid and discharged the Trustee shall cause a written notice to be given to each Holder as shown on the Register on the date on which such Bonds are deemed paid and discharged. Such notice shall state the numbers of the Bonds deemed paid and discharged or state that all Bonds are deemed paid and discharged and set forth a description of any obligations held for payment of the Bonds.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Loan Agreement, copies of which are on file with the Issuer and the Trustee.

General Terms of the Financing

To provide funds to make the Loan, the Issuer will issue, sell and deliver the Bonds to the Underwriter. The Bonds will be issued pursuant to the Indenture in the aggregate principal amount, will bear interest, will be subject to redemption and mandatory tender, and will mature as set forth therein. Under the Loan Agreement, the Borrower approve the terms and conditions of the Indenture and the Bonds, and the terms and conditions under which the Bonds will be issued, sold and delivered.

Eligible Funds

The Borrower will cause certain Eligible Funds to be made available to the Trustee, from time to time, as required, for deposit into the Collateral Fund, and, upon each such deposit into the Collateral Fund, an equal amount of Bond proceeds will be disbursed from the Project Fund to or at the direction of the provider of such Eligible Funds to pay the costs set forth in an approved Disbursement Request; notwithstanding any provision to the contrary in the Loan Agreement or in the other Financing Documents, upon receipt of Eligible Funds, the Trustee shall be obligated either to (i) disburse Bond proceeds in a like amount, or (ii) within one Business Day after receipt of the Eligible Funds, return the Eligible Funds to the party that provided such Eligible Funds.

Disbursements from the Project Fund

Subject to the provisions described below and in the Tax Exemption Agreement and so long as no Event of Default under the Loan Agreement has occurred and is continuing for which the principal amount of the Bonds has been declared to be immediately due and payable pursuant to the Loan Agreement and the Indenture, and the Bonds have maintained their Federal Tax Status, disbursements from the Project Fund shall be made only to pay any of the following costs:

(a) Costs incurred directly or indirectly for or in connection with the acquisition, rehabilitation, improvement and equipping of the Project, including costs incurred in respect of the Project for preliminary planning and studies; architectural, legal, engineering, accounting, consulting, supervisory and other services; labor, services and materials; and recording of documents and title work.

(b) Premiums attributable to any surety bonds and insurance required to be taken out and maintained during the rehabilitation period with respect to the Project.

(c) Taxes, assessments and other governmental charges in respect of the Project that may become due and payable during the rehabilitation period.

(d) Costs incurred directly or indirectly in seeking to enforce any remedy against any contractor or subcontractor in respect of any actual or claimed default under any contract relating to the Project.

(e) Subject to the limitations set forth in the Loan Agreement, Costs of Issuance of the Bonds.

(f) Any other costs, expenses, fees and charges properly chargeable to the cost of acquisition, rehabilitation, improvement and equipping of the Project.

(g) Payment of interest on the Bonds during the rehabilitation period.

(h) Payments to the Rebate Fund.

Any disbursements from the Project Fund for the payment of costs described above shall be made by the Trustee only upon the receipt by the Trustee of: (a) a disbursement request in the form attached to the Loan Agreement as an exhibit and (b) the receipt of Eligible Funds in an amount equal to the amount of any such disbursement request for deposit in the Collateral Fund as provided in the Loan Agreement. The Borrower acknowledges and agrees that it shall submit disbursement requests to the Trustee no more frequently than once each calendar month. Each such disbursement request shall be consecutively numbered.

The Borrower's right to request disbursements from the Project Fund is limited to the principal amount of the Loan.

After the Completion Date and payment, or provision for payment, in full of the costs of the Project described above, the Authorized Borrower Representative promptly shall direct the Trustee to transfer any money remaining in the Project Fund to the Bond Fund, which money shall be used to redeem Bonds in accordance with the Indenture on the earliest date on which such Bonds are subject to optional redemption, as set forth in the Indenture.

Notwithstanding any provision of the Loan Agreement or any provision of the Indenture to the contrary, the Trustee shall not disburse funds from the Project Fund unless and until the Trustee confirms that amounts on deposit in the Collateral Fund plus amounts on deposit in the Project Fund, less the amount of the requested disbursement from the Project Fund, is at least equal to the then-Outstanding principal amount of the Bonds; provided, however, notwithstanding any provision to the contrary in the Loan Agreement or in the other Financing Documents, that upon receipt of Eligible Funds, the Trustee shall be obligated to either (i) disburse Bond proceeds in like amount, or (ii) within one Business Day after receipt of the Eligible Funds, return the Eligible Funds to the party that provided such Eligible Funds.

Deposits into the Collateral Fund

In consideration of and as a condition to the disbursement of Bond proceeds in the Project Fund for Project costs, and to secure the Borrower's obligation to make Loan Payments, the Borrower shall cause to be delivered to the Trustee at least one Business Day before each such disbursement, Eligible Funds equal to the amount of such disbursement from the Project Fund. All such Eligible Funds shall be paid to the Trustee for the account of the Issuer and shall be held in the Collateral Fund and disbursed in accordance with the provisions of the Indenture. Eligible Funds will not be used to pay for Project costs. Notwithstanding any provision to the contrary in the Loan Agreement or in the other Financing Documents, upon receipt of Eligible Funds, the Trustee shall be obligated to either (i) disburse Bond proceeds in like amount, or (ii) within one Business Day after receipt of the Eligible Funds, return the Eligible Funds to the party that provided such Eligible Funds.

Tax Matters

The Borrower represents, warrants and covenants in the Loan Agreement that it will not take any action or omit to take any action which, if taken or omitted, respectively, would adversely affect the Federal Tax Status of the Bonds.

Borrower's Obligation upon Tender of Bonds

If any Tendered Bond is not remarketed on any Mandatory Tender Date and a sufficient amount is not available in the Collateral Fund, the Negative Arbitrage Account of the Bond Fund, and the Project Fund as provided in the Indenture for the purpose of paying the purchase price of such Bond, the Borrower will cause to be paid to the Trustee by the applicable times provided in the Indenture, an amount equal to the amount by which the principal

amount of all Bonds tendered and not remarketed, together with interest accrued to the Mandatory Tender Date, exceeds the amount otherwise available pursuant to the Indenture.

Events of Default

Each of the following is an “Event of Default” with respect to either Borrower under the Loan Agreement:

(a) The Borrower fails to pay any Loan Payment on or prior to the date on which that Loan Payment is due and payable to the extent amounts on deposit in the Bond Fund, including amounts transferred from the Collateral Fund and the Project Fund, are insufficient to pay the Bond Service Charges due on the next Bond Payment Date;

(b) The Borrower fails to observe and perform any other agreement, term or condition contained in the Loan Agreement or any other Financing Document and the continuation of such failure for a period of 30 days after written notice thereof has been given to the Borrower and the Investor Member by the Issuer or the Trustee, or for such longer period as the Issuer and the Trustee may agree to in writing; provided, that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, that failure will not constitute an Event of Default so long as the Borrower institutes curative action within the applicable period and diligently pursue that action to completion, which must be resolved within 180 days after the aforementioned notice;

(c) The Borrower : (i) admits in writing its inability to pay their debts generally as they become due; (ii) has an order for relief entered in any case commenced by or against it under the federal bankruptcy laws, as now or hereafter in effect, which is not dismissed within 90 days; (iii) commences a proceeding under any other federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against them and either have an order of insolvency or reorganization entered against them or have the proceeding remain undismissed and unstayed for 90 days; (iv) make an assignment for the benefit of creditors; or (v) has a receiver or trustee appointed for them or for the whole or any substantial part of their property which appointment is not vacated within a period of 90 days;

(d) Any representation or warranty made by the Borrower in the Loan Agreement or any statement in any report, certificate, financial statement or other instrument furnished in connection with the Loan Agreement or with the purchase of the Bonds at any time proves to have been false or misleading in any adverse material respect when made or given; and

(e) There occurs an “Event of Default” (as defined in the Indenture) by the Borrower or an event of default beyond applicable notice and cure periods under the Regulatory Agreement.

Notwithstanding the foregoing, if, by reason of Force Majeure, the Borrower is unable to perform or observe any agreement, term or condition of the Loan Agreement which would give rise to an Event of Default under subsection (b) above, the Borrower shall not be deemed in default during the continuance of such inability. However, the Borrower shall promptly give notice to the Trustee and the Issuer of the existence of an event of Force Majeure and shall use commercially reasonable efforts to remove the effects thereof; provided that the settlement of strikes or other industrial disturbances shall be entirely within its discretion.

The term “Force Majeure” shall mean, without limitation, the following:

(i) acts of God; strikes, lockouts or other industrial disturbances; acts of terrorism or of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornados; storms; droughts; floods; arrests; restraint of government and people; explosions; breakage, malfunction or accident to facilities, machinery, transmission pipes or canals; partial or entire failure of utilities; shortages of labor, materials, supplies or transportation; or

(ii) any cause, circumstance or event not reasonably within the control of the Borrower.

The declaration of an Event of Default under subsection (c) above, and the exercise of remedies upon any such declaration, shall be subject to any applicable limitations of federal bankruptcy law affecting or precluding that declaration or exercise during the pendency of or immediately following any bankruptcy, liquidation or reorganization proceedings.

Amendments and Supplements

Except as otherwise expressly provided in the Loan Agreement or the Indenture, subsequent to the issuance of the Bonds and prior to all conditions provided for in the Indenture for release of the Indenture having been met, the Loan Agreement, the Regulatory Agreement and the Note may not be effectively amended, changed, modified, altered or terminated except in accordance with the provisions of the Indenture, as applicable.

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT

The following is a summary, which does not purport to be complete, of certain of the terms and provisions of the Regulatory Agreement; however, it is not a comprehensive description, and reference is made to the full text of the Regulatory Agreement for a complete recital of its terms.

Capitalized terms used but not defined herein shall have the meanings given to them in the Regulatory Agreement and the Indenture.

Tax-Exempt Status of the Bonds

The Borrower will not take any action or omit to take any action which, if taken or omitted, respectively, would adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes under existing law (subject to any exceptions contained in the opinion delivered upon the original issuance of the Bonds). With the intent not to limit the generality of the foregoing, the Borrower has covenanted and agreed that prior to the final maturity of the Bonds, unless it has received and filed with the Issuer and the Trustee a Favorable Opinion of Bond Counsel:

(a) that the Project will be owned, managed and operated as a “qualified residential rental project” within the meaning of Section 142(d) of the Code, on a continuous basis during the Qualified Project Period. In particular, the Borrower has covenanted and agreed, continuously during the Qualified Project Period, as follows:

(i) that the Project will be comprised of residential Units and facilities functionally related and subordinate thereto;

(ii) that each Unit will contain complete facilities for living, sleeping, eating, cooking and sanitation, e.g., a living area, a sleeping area, bathing and sanitation facilities, and cooking facilities equipped with a cooking range, refrigerator and sink, all of which are separate and distinct from other Units; provided that a Unit will not fail to meet these requirements merely because it is a single-room occupancy unit (within the meaning of Section 42 of the Code);

(iii) that the land and the facilities that are a part of the Project will be functionally related and subordinate to the Units comprising the Project and will be of a character and size that is commensurate with the character and size of the Project;

(iv) that at no time during the Qualified Project Period will any of the Units be utilized (A) on a transient basis by being leased or rented for a period of less than thirty days or (B) as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium, nursing home, rest home, or trailer park or court used on a transient basis;

(v) that the Project will consist of one or more proximate buildings or structures, together with any functionally related and subordinate facilities containing one or more similarly constructed Units, all of which (A) will be located on a single tract of land or two or more parcels of land that are contiguous except for the interposition of a road, street, stream or similar property or their boundaries meet at one or more points, (B) will be owned by the same person for federal income tax purposes, and (C) will be financed pursuant to a common plan;

(vi) that substantially all of the Project will consist of similarly constructed Units together with functionally related and subordinate facilities for use by Project tenants at no additional charge, such as swimming pools, other recreational facilities, parking areas, and other facilities that are reasonably required for the Project, such as heating and cooling equipment, trash disposal equipment, and Units for resident managers, security personnel or maintenance personnel;

(vii) that at no time during the Qualified Project Period will any Unit in any building or structure in the Project that contains fewer than five Units be occupied by the Borrower;

(viii) that each Unit will be rented or available for rental on a continuous basis to Eligible Tenants (subject to the limitations and exceptions contained in the Regulatory Agreement, the Tax Exemption Agreement and the Loan Agreement) at all times during the longer of (A) the term of the Bonds or (B) the Qualified Project Period, that the Borrower will not give preference in renting Units to any particular class or group of persons, other than Persons with Special Needs, Low-Income Tenants and other Eligible Tenants as provided in the Regulatory Agreement, and that at no time will any portion of the Project be exclusively reserved for use by a limited number of nonexempt persons in their trades or businesses;

(ix) that except, if applicable, during the 12-month “transition period” beginning on the Closing Date, as provided under Revenue Procedure 2004-39, 2004-2 C.B. 49, the Project will meet the Set Aside. For the purposes of this paragraph, a vacant Unit that was most recently occupied by a Low-Income Tenant is treated as rented and occupied by a Low-Income Tenant until reoccupied, at which time the character of such Unit must be redetermined. No tenant qualifying as a Low-Income Tenant will be denied continued occupancy of a Unit because, after the most recent Tenant Income Certification, such tenant’s Annual Income increases to exceed the qualifying limit for Low-Income Tenants; provided, however, that, should a Low-Income Tenant’s Annual Income, as of the most recent determination thereof, exceed 140% of the then applicable income limit for a Low-Income Tenant of the same family size and such Low-Income Tenant constitutes a portion of the Set Aside, then such tenant will only continue to qualify for so long as no Unit of comparable or smaller size in the same building (within the meaning of Section 42 of the Code) is rented to a tenant that does not qualify as a Low-Income Tenant;

(x) that the Borrower will obtain, complete and maintain on file (A) Tenant Income Certifications and supporting documentation from all Low-Income Tenants dated immediately prior to the initial occupancy of such Low-Income Tenants in the Project and (B) thereafter, annual certification regarding, at a minimum, information regarding household composition and student status in the form available on the Issuer’s website; provided that, if any of the Units in the Project are ever made available to tenants who are not Low-Income Tenants, then the Borrower will obtain, complete and maintain annual Tenant Income Certifications in accordance with Section 142(d)(3)(A) of the Code. The Borrower will obtain such additional information as may be required in the future by Section 142(d) of the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations that are tax-exempt private activity bonds described in Section 142(d) of the Code. The Borrower will make a diligent and good-faith effort to determine that the income information provided by an applicant in any certification is accurate by taking steps required under Section 142(d) of the Code pursuant to provisions of the Housing Act. As part of the verification, the Borrower will document income and assets in accordance with HUD Handbook 4350.3 and the Issuer’s Compliance Monitoring Rules;

(xi) that, on or before each March 31, the Borrower will submit to the Secretary of the Treasury, with a copy provided to the Issuer, the completed Internal Revenue Service Form 8703 or such other annual certification required by the Code to be submitted to the Secretary of the Treasury as to whether the Project continues to meet the requirements of Section 142(d) of the Code; and

(xii) that the Borrower will prepare and submit the Unit Status Report in the form available on the Issuer’s website at the time of such submission to the Issuer (via the electronic filing system available on the Issuer’s website). The Borrower will retain all documentation required by this paragraph until the date that is three years after the end of the Qualified Project Period.

(b) That the Borrower will maintain complete and accurate records pertaining to the Low-Income Units and will permit, at all reasonable times during normal business hours and upon reasonable notice, and subject to the rights of tenants in lawful possession, any duly authorized representative of the Issuer, the Trustee, the Department of the Treasury or the Internal Revenue Service to enter upon the Project Site to examine and inspect the Project and to inspect and photocopy the books and records of the Borrower pertaining to the Project, including those records

pertaining to the occupancy of the Low-Income Units. The Borrower will retain all records maintained in accordance with the requirements described under this caption until the date that is three years after the end of the Qualified Project Period.

(c) That the Borrower certifies that as of the Closing Date, 50% of the Units are occupied.

(d) That the Borrower will prepare and submit to the Issuer and the Trustee, within 60 days prior to the last day of the Qualified Project Period, a certificate setting forth the date on which the Qualified Project Period will end, which certificate must be in recordable form, however, failure to deliver such certificate shall not extend the Qualified Project Period.

Anything in the Regulatory Agreement to the contrary notwithstanding, it is expressly understood and agreed by the parties to the Regulatory Agreement that the Issuer and the Trustee may rely conclusively on the truth and accuracy of any certificate, opinion, notice, representation or instrument made or provided by the Borrower in order to establish the existence of any fact or statement of affairs solely within the knowledge of the Borrower, and which is required to be noticed, represented or certified by the Borrower under the Regulatory Agreement or in connection with any filings, representations or certifications required to be made by the Borrower in connection with the issuance and delivery of the Bonds.

Housing Development During the State Restrictive Period

The Issuer and the Borrower have recognized and declared their understanding and intent that the Project is to be owned, managed and operated as a "housing development," as such term is defined in Section 2306.004(13) of the Act, and in compliance with applicable restrictions and limitations as provided in the Act and the rules of the Issuer, until the expiration of the State Restrictive Period.

To the same end, the Borrower has represented, covenanted and agreed as follows during the State Restrictive Period:

(a) except for Units occupied or reserved for a resident manager, security personnel and maintenance personnel that are reasonably required for the Project, to assure that 100% of the Units are reserved for Eligible Tenants;

(b) to assure that the provisions of the Regulatory Agreement described in clauses (a)(viii) and (a)(ix) of the caption "Tax-Exempt Status of the Bonds" above continue in full force and effect until the end of the State Restrictive Period;

(c) to obtain a Tenant Income Certification from each tenant in the Project (other than resident managers, security personnel and maintenance personnel) not later than the date of such tenant's initial occupancy of a Unit in the Project, and, if required as described in the Regulatory Agreement, at least annually thereafter in the manner as described in the Regulatory Agreement, and to maintain a file of all such Tenant Income Certifications, together with all supporting documentation, for a period of not less than three years after the end of the State Restrictive Period;

(d) to obtain from each tenant in the Project (other than resident managers, security personnel and maintenance personnel), at the time of execution of the lease pertaining to the Unit occupied by such tenant, a written certification, acknowledgment and acceptance in such form provided by the Issuer to the Borrower from time to time that (i) such lease is subordinate to the mortgages securing the Regulatory Agreement, (ii) all statements made in the Tenant Income Certification submitted by such tenant are accurate, (iii) the family income and eligibility requirements of the Regulatory Agreement and the Loan Agreement are substantial and material obligations of tenancy in the Project, (iv) such tenant will comply promptly with all requests for information with respect to such requirements from the Borrower, the Trustee and the Issuer, and (v) failure to provide accurate information in the Tenant Income Certification or refusal to comply with a request for information with respect thereto will constitute a violation of a substantial obligation of the tenancy of such tenant in the Project;

(e) to cause to be prepared and submitted to the Issuer (via the electronic filing system available on the Issuer's website) by the tenth calendar day of each January, April, July and October or other schedule as determined by the Issuer with written notice to the Borrower, a certified quarterly Unit Status Report in a form available on the Issuer's website at the time of submission or in such other form as the Issuer may reasonably prescribe in writing to the Borrower with the first quarterly report due on the first quarterly reporting date after leasing activity commences;

(f) to the extent legally permissible and upon reasonable notice to permit any duly authorized representative of the Issuer or the Trustee to inspect the books and records of the Borrower pertaining to the Project or the incomes of Project tenants, including but not limited to tenant files, during regular business hours and to make copies therefrom if so desired and file such reports as are necessary to meet the Issuer's requirements;

(g) that the Borrower is qualified to be a "housing sponsor" as defined in the Act and will comply with all applicable requirements of the Act, including submitting (via the electronic filing system available on the Issuer's website) the Annual Owner's Compliance Report to the Issuer in the form available on the Issuer's website at the time of submission by April 30 of each year, commencing April 30, 2021;

(h) to provide social services which must meet the minimum point requirement and be chosen from the list of Tenant Supportive Services attached to the Regulatory Agreement as an exhibit and agreed to in writing by the Issuer. The Borrower must maintain documentation satisfactory to the Issuer of social services provided and such documentation will be reviewed during onsite visits beginning with the second onsite review and must be submitted to the Issuer upon request. The Borrower must provide the social services throughout the State Restrictive Period;

(i) to comply with Title 10, Part 1, Chapter 10, Subchapter F of the Texas Administrative Code, regarding tenant and manager selection, as such requirements may be amended from time to time;

(j) to maintain the property in compliance with HUD's Uniform Physical Condition Standards and to provide regular maintenance to keep the Project sanitary, safe and decent and to comply with the requirements of Section 2306.186 of the Texas Government Code; provided, however, that the Issuer must first provide notice of any default or breach to the Borrower and the Lender, and the Borrower will have 30 days to cure such default or breach;

(k) to renew any available rental subsidies which are sufficient to maintain the economic viability of the Project pursuant to Section 2306.185(c) of the Texas Government Code;

(l) the Borrower is not a party to and will not enter into a contract for the Project with, a housing developer that (i) is on the Issuer's debarred list, including any parts of that list that are derived from the debarred list of HUD; (ii) breached a contract with a public agency; or (iii) misrepresented to a subcontractor the extent to which the Borrower has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the Borrower's participation in contracts with the agency and the amount of financial assistance awarded to the Borrower by the agency;

(m) to cooperate fully with the Issuer with respect to its compliance and oversight requirements and to cause the manager of the Project to so comply;

(n) to ensure that Units intended to satisfy the Set Aside under the Regulatory Agreement will be distributed evenly throughout the Project and will include a reasonably proportionate amount of each type of Unit available in the Project; and

(o) to ensure that the Project conforms to the federal Fair Housing Act.

Sale or Transfer of the Project or Change in Managing Member

The Borrower has covenanted and agreed not to sell, transfer or otherwise dispose of the Project, prior to the expiration of the Qualified Project Period (other than pursuant to the lease of Units to Eligible Tenants), without (a) providing 30 days prior written notice to the Issuer, (b) complying with any applicable provisions of the Regulatory Agreement, the Loan Agreement, the Tax Exemption Agreement and the other Loan Documents and (c) obtaining the

prior written consent of the Issuer. Such consent of the Issuer will not be unreasonably withheld and will be given if certain conditions to the sale or other disposition set forth in the Regulatory Agreement are met or waived in writing by the Issuer: (A) there is delivered to the Trustee and the Issuer a written opinion of independent legal counsel reasonably satisfactory to the Trustee and the Issuer, addressed to the Trustee and the Issuer, concluding that the transferee has duly assumed all of the rights and obligations of the Borrower under the Regulatory Agreement, the Loan Agreement, the Tax Exemption Agreement and the other Loan Documents and that each of the documents executed by the transferee in connection therewith has been duly authorized, executed and delivered by the transferee and is a valid and enforceable obligation of the transferee, subject to customary qualifications, (B) the Issuer receives a Favorable Opinion of Bond Counsel, with a copy to the Trustee and the Borrower, which opinion will be furnished at the expense of the Borrower or the transferee, (C) the Issuer receives an assumption fee equal to 0.25% of the principal balance of the Bonds Outstanding at the time of such transfer, (D) the proposed purchaser or assignee executes any document requested by the Issuer with respect to assuming the obligations of the Borrower under the Regulatory Agreement, the Loan Agreement, the Tax Exemption Agreement and the other Loan Documents, and (E) the Issuer has performed a previous participation review on the proposed purchaser or assignee or any affiliated party, the results of which are satisfactory to the Issuer in accordance with Title 10, Part 1, Chapter 1, Subchapter C, Section 1.301, Texas Administrative Code, and the Issuer does not further have any reason to believe the proposed purchaser or assignee is incapable, financially or otherwise, of complying with, or may be unwilling to comply with, the terms of all agreements and instruments binding on such proposed purchaser or assignee relating to the Project, including but not limited to the Regulatory Agreement, the Loan Agreement, the Tax Exemption Agreement, the Security Instrument and other Loan Documents. The foregoing provisions do not apply to transfer by foreclosure or deed in lieu of foreclosure or other similar involuntary transfers, but such provisions apply to any transfer subsequent to such involuntary transfers. Notwithstanding anything to the contrary contained in the Regulatory Agreement, the following shall be permitted and shall not require the prior written approval of the Issuer or the Trustee, provided that written notice thereof has been provided to the Issuer, (a) the transfer by an Investor Member of its interest in the Borrower in accordance with the terms of the Organizational Documents, (b) the removal of the Managing Member of the Borrower in accordance with the Organizational Documents and the replacement thereof with the Investor Member or an affiliate thereof and, (c) any amendment to the Organizational Documents to memorialize the transfers or removal described above. The Borrower has expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of the provisions described under this heading will be ineffective to relieve the Borrower of its obligations under the Regulatory Agreement. Upon any sale, transfer or other disposition of the Project in compliance with the Regulatory Agreement, the Borrower so selling, transferring or otherwise disposing of the Project will have no further liability for obligations under the Loan Agreement, the Regulatory Agreement or any of loan document arising after the date of such disposition. The foregoing notwithstanding, the duties of the Borrower as set forth in the Loan Agreement, the Regulatory Agreement or any loan document with respect to matters arising prior to the date of such sale, transfer or other disposition will not terminate upon the sale, transfer or other disposition of the Project.

No transfer of the Project will release the Borrower from its obligations under the Regulatory Agreement arising prior to the date of such transfer, but any such transfer will relieve the Borrower of further liability for obligations under the Loan Agreement and the Regulatory Agreement arising after the date of such transfer.

Except as described above, the Borrower will not change its managing member by transfer, sale or otherwise without the prior written consent of the Issuer, which consent will not be unreasonably withheld. A change in the Borrower's managing member includes any transfer of any controlling ownership interest in the managing member other than by death or incapacity.

Term

The Regulatory Agreement and all and each of the provisions thereof will become effective upon its execution and delivery, will remain in full force and effect for the periods provided therein and, except as otherwise described under this heading, will terminate in its entirety at the end of the State Restrictive Period, it being expressly agreed and understood that the provisions of the Regulatory Agreement are intended to survive the retirement of the Bonds, discharge of the Loan, termination of the Loan Agreement and defeasance or termination of the Indenture; provided, however, that the provisions related to the Qualified Project Period that are not incorporated into the State Restrictive Period will terminate in their entirety at the end of the Qualified Project Period.

The terms of the Regulatory Agreement notwithstanding, the requirements set forth in the Regulatory Agreement will terminate, without the requirement of any consent by the Issuer or the Trustee, and be of no further force and effect in the event of involuntary noncompliance with the provisions of the Regulatory Agreement caused by fire, seizure, requisition, change in a federal or State law or an action of a federal agency after the Closing Date that prevents the Issuer or the Trustee from enforcing the provisions of the Regulatory Agreement, or foreclosure or transfer of title by deed in lieu of foreclosure or other similar involuntary transfer, condemnation or a similar event, but only if, within a reasonable period thereafter, either the Bonds are retired in full or amounts received as a consequence of such event are used to provide a “qualified residential rental project” that meets the requirements of the Code and State law including, but not limited to, the provisions set forth in the Regulatory Agreement. The provisions of the preceding sentence will cease to apply and the requirements referred to therein will be reinstated if, at any time during the Qualified Project Period, after the termination of such requirements as a result of involuntary noncompliance due to foreclosure, transfer of title by deed in lieu of foreclosure or similar event, the Borrower or any Related Person obtains an ownership interest in the Project for federal income tax purposes or for the purposes of State law.

Notwithstanding any other provision of the Regulatory Agreement, the Regulatory Agreement may be terminated upon agreement by the Issuer, the Trustee and the Borrower upon receipt of a Favorable Opinion of Bond Counsel.

Upon the termination of the terms of the Regulatory Agreement, the parties thereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms of the Regulatory Agreement; provided, however, that the execution and delivery of such instruments are not necessary or a prerequisite to the termination of the Regulatory Agreement in accordance with its terms. All costs, including fees and expenses, of the Issuer and the Trustee incurred in connection with the termination of the Regulatory Agreement will be paid by the Borrower and its successors in interest.

Covenants To Run With the Land

The Borrower has subjected the Project (including the Project Site) to the covenants, reservations and restrictions set forth in the Regulatory Agreement. The Issuer, the Trustee and the Borrower have declared that the covenants, reservations and restrictions set forth in the Regulatory Agreement are covenants running with the land and will pass to and be binding upon the Borrower’s successors in title to the Project; provided, however, that upon the termination of the Regulatory Agreement said covenants, reservations and restrictions will expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof prior to the termination of the Regulatory Agreement will conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

No breach of any of the provisions of the Regulatory Agreement will impair, defeat or render invalid the lien of any mortgage, deed of trust or like encumbrance made in good faith and for value encumbering the Project or any portion thereof.

APPENDIX E
FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

Dated as of January 1, 2019

by and between

YELLOWSTONE BOULEVARD, LLC,
as Borrower

and

U.S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

Relating to:

\$2,880,000*
Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(Park Yellowstone), Series 2019 B

* Preliminary; subject to change.

This Continuing Disclosure Agreement, dated as of January 1, 2019 (this “Continuing Disclosure Agreement”), is executed and delivered by Yellowstone Boulevard, LLC, a Texas limited liability company (the “Borrower”), and U.S. Bank National Association, as dissemination agent (the “Dissemination Agent”). The above-captioned bonds (the “Bonds”) are being issued pursuant to a Trust Indenture dated as of January 1, 2019 (the “Indenture”), between the Texas Department of Housing and Community Affairs (the “Issuer”) and U.S. Bank National Association (the “Trustee”). Pursuant to the Indenture and the Loan Agreement, dated as of January 1, 2019, among the Issuer, the Trustee and the Borrower (the “Loan Agreement”), the Dissemination Agent, the Trustee and the Borrower covenant and agree as follows:

Section 1. Purpose of the Continuing Disclosure Agreement. This Continuing Disclosure Agreement is being executed and delivered by the Borrower and the Dissemination Agent for the benefit of the holders of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (defined below). The Borrower and the Dissemination Agent acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Continuing Disclosure Agreement, and has no liability to any person, including any holder of the Bonds or Beneficial Owner, with respect to any such reports, notices or disclosures.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3 and 4 of this Continuing Disclosure Agreement.

“*Audited Financial Statements*” means, in the case of the Borrower, the annual audited financial statements prepared in accordance with generally accepted accounting principles, if any.

“*Beneficial Owner*” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*Disclosure Representative*” shall mean the administrator of the Project or his or her designee, or such other person as the Borrower shall designate in writing to the Dissemination Agent from time to time.

“*Dissemination Agent*” shall mean U.S. Bank National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Borrower and which has filed with the Trustee a written acceptance of such designation.

“*Listed Events*” shall mean any of the events listed in Section 5(a) of this Continuing Disclosure Agreement.

“*MSRB*” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934. All documents provided to the MSRB shall be in an electronic format and accompanied by identifying information, as prescribed by the MSRB. Initially, all document submissions to the MSRB pursuant to this Continuing Disclosure Agreement shall use the MSRB’s Electronic Municipal Market Access (EMMA) system at www.emma.msrb.org.

“*Participating Underwriter*” means Stifel, Nicolaus & Company, Incorporated, and its successors and assigns.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Borrower will, or will cause the Dissemination Agent to, not later than 180 days following the end of the Borrower's fiscal year, commencing with the fiscal year ending on December 31, 2019, provide to the MSRB an Annual Report which is consistent with the requirements described below. No later than 15 Business Days prior to said date, the Borrower will provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross reference other information, provided that the audited financial statements for the prior calendar year of the Borrower may be submitted separately from the balance of the Annual Report.

(b) If by 15 Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent will contact the Disclosure Representative to determine if the Borrower is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent will send in a timely manner a notice to the MSRB in substantially the form attached as Exhibit B to this Continuing Disclosure Agreement.

(d) The Dissemination Agent will file a report with the Borrower and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided.

Section 4. Content of Annual Reports. The Borrower's Annual Report will contain or incorporate by reference the following:

(a) Financial information with respect to the Project, provided at least annually, of the type included in Exhibit A hereto, which Annual Report may, but is not required to, include Audited Financial Statements. If the Borrower's Audited Financial Statements are not available by the time the Annual Report is required to be filed, the Annual Report will contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the Audited Financial Statements will be filed in the same manner as the Annual Report when and if they become available; and

(b) Tables setting forth the following information as of the end of such fiscal year:

(i) The original aggregate principal amount of the Bonds and the aggregate principal amount of the Bonds remaining Outstanding; and

(ii) With respect to the MBS relating to the Bonds, the MBS pool number, the MBS CUSIP number, the original principal amount and the principal amount outstanding of the MBS.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Borrower is an "Obligated Person" (as defined by the Rule), which have been filed with the MSRB. The Borrower will clearly identify each such other document so incorporated by reference.

Each annual report submitted hereunder shall be in readable portable document format ("PDF") or other acceptable electronic form.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events (each, a "Listed Event"):

(i) Principal and interest payment delinquencies;

- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulty;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulty;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Borrower. For purposes of this clause (xii), any such event shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or paying agent or the change of the name of a trustee or paying agent, if material;
- (xv) Any HAP Contract or other rental assistance or subsidy agreement for the Project has been terminated;
- (xvi) Any Regulatory Agreement with respect to the Project is in default;
- (xvii) The date when the Project is placed in service for purposes of Section 42 of the Internal Revenue Code of 1986, as amended;
- (xviii) The extension of the Mandatory Redemption Date as such date may be extended under the Indenture; and
- (xix) The delivery of the MBS and the MBS CUSIP number.

(b) The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any potential Listed Event, pursuant to subsection (c) of this Section 5 or otherwise, provide the Disclosure Representative with notice (by facsimile transmission confirmed by telephone or by email). While the

Dissemination Agent is also the Trustee, the Dissemination Agent shall be deemed to have actual knowledge of those items listed in clauses (i), (iii) (solely with respect to funds held by the Trustee), (iv), (v), (vii), (viii), (ix), (x) and (xiv) above without the Dissemination Agent having received notice of such event. While the Dissemination Agent is not also the Trustee, the Dissemination Agent shall not be deemed to have actual knowledge of any items listed in clauses (i) - (xiv) above without the Dissemination Agent having received written notice of such event. For purposes of providing notice to the Disclosure Representative, the Dissemination Agent shall assume that the unscheduled draws described in clauses (iii) and (iv) reflect financial difficulty.

(c) Whenever the Borrower obtains knowledge of the occurrence of a potential Listed Event, the Borrower shall, within five (5) Business Days of obtaining such knowledge and in any event no more than eight (8) Business Days after the occurrence of such event, determine if such event is in fact a Listed Event that is required by the Rule to be disclosed and provide the Dissemination Agent with notice and instructions pursuant to subsections (d) below.

(d) If the Borrower has determined that a Listed Event is required to be disclosed then the Borrower shall prepare a written notice describing the Listed Event and provide the same to the Dissemination Agent along with instructions to file the same pursuant to subsection (e) below.

(e) If the Dissemination Agent has been provided with a written notice describing a Listed Event pursuant to subsection (c) of this Section 5 or otherwise, and is instructed by the Borrower to report the occurrence of such Listed Event, the Dissemination Agent shall, within two (2) Business Days of its receipt of such written notice and in any event no more than ten (10) Business Days after the occurrence of the Listed Event, file the notice with the MSRB and send a copy to the Borrower.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Continuing Disclosure Agreement (and the Dissemination Agent will agree to any amendment so requested by the Borrower unless such amendment adversely affects its rights, duties, protections, immunities, indemnities or standard of care, as determined by the Dissemination Agent) and any provision of this Continuing Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions described under paragraph (a) under “Provision of Annual Reports,” “Contents of Annual Reports” or paragraph (a) under “Reporting of Listed Events,” it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of an Obligated Person (as defined in the Rule) with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the Borrower will describe such amendment in the next Annual Report and will include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information being presented by the Borrower. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change will be given in the same manner as for a Listed Event under Section 5(f) hereof and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Default. In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Continuing Disclosure Agreement, and such failure to comply continues beyond a period of thirty (30) days following written notice to the Borrower, the Borrower or any Holder or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking, or specific performance by court order, to cause the Borrower or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement will not be deemed an Event of Default under the Indenture or the Loan Agreement, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Continuing Disclosure Agreement will be an action to compel performance.

Section 8. Beneficiaries. This Continuing Disclosure Agreement will inure solely to the benefit of the Borrower, the Dissemination Agent, the Participating Underwriter and Holders from time to time of the Bonds and will create no rights in any other person or entity.

Section 9. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the Borrower shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Dissemination Agent as required by this Disclosure Agreement. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

Section 11. Notices. All notices, requests, demands or other communications to or upon the respective parties hereto shall be deemed to have been duly given or made when delivered personally or by mail (including electronic mail) to the party to which such notice, request, demand or other communication is required or permitted to be given or made under this Disclosure Agreement and addressed as set forth below or telecopied to the telecopier number of the recipient, with confirmation of transmission, indicated below:

If to the Borrower:

Yellowstone Boulevard, LLC
c/o Vesta Corporation
175 Powder Forest Drive
Weatogue, CT 06089
Attention: Steven Rice
Telephone: (860) 325-1744
Email: srice@vestacorp.com

If to the Dissemination Agent:

U.S. Bank National Association
13737 Noel Road, Suite 800
Dallas, TX 75240
Attention: Brian T. Jensen
Telephone: (972) 581-1623
Email : brian.jensen@usbank.com

Section 12. Governing Law. This Continuing Disclosure Agreement shall be governed by the laws of the State of Texas.

Section 13. Termination of this Continuing Disclosure Agreement. The Borrower, the Trustee or the Dissemination Agent may terminate this Continuing Disclosure Agreement by giving written notice to the other party at least 30 days prior to such termination. The Dissemination Agent shall be fully discharged at the time any such termination is effective. The Borrower's, the Trustee's and the Dissemination Agent's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Borrower shall give notice of such termination in a filing with the MSRB.

Section 14. Counterparts. This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Continuing Disclosure Agreement to be executed by their duly authorized representatives as of the date set forth above.

YELLOWSTONE BOULEVARD, LLC,
a Texas limited liability company

By: Vesta Equity Yellowstone, LLC,
its Special Member

By: Vesta Equity Corporation,
its Managing Member

By: Vesta Corporation,
Sole Shareholder

By: _____
Arthur N.K. Greenblatt, President

[Signatures continue on following page]

[Dissemination Agent's Signature Page to Continuing Disclosure Agreement]

U.S. BANK NATIONAL ASSOCIATION
as Dissemination Agent

By: _____
Authorized Officer

EXHIBIT A
ANNUAL REPORT

\$2,880,000*
Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(Park Yellowstone)
Series 2019 B

CUSIP: _____

Report for Period Ending _____

THE PROJECT

Name: Park Yellowstone

Address: 3322 Yellowstone Boulevard, Houston, Texas 77021

Number of Units: 210

Number of Units Occupied as of Report Date: _____ (excluding ___ manager's units)

OPERATING HISTORY OF THE PROJECT

The following table sets forth a summary of the operating results of the Project for fiscal year ended _____, as derived from the Borrower's [un]audited financial statements.

Revenues

Operating Expenses¹

Net Operating Income

Debt Service on the Bonds

Net Operating Income/(Loss)

After Debt Service

The average physical occupancy of the Project for the fiscal year ended [] was []% and the average economic occupancy of the Project for the fiscal year ended [] was []%.

¹Excludes depreciation and other non-cash expenses, includes management fee.

EXHIBIT B

**NOTICE OF FAILURE TO
FILE ANNUAL DISCLOSURE REPORT**

Name of Issuer: Texas Department of Housing and Community Affairs

Name of Issue: Multifamily Housing Revenue Bonds (Park Yellowstone) Series 2019
B

Name of Borrower: Yellowstone Boulevard, LLC

CUSIP: _____

Date of Issuance: January __, 2019

NOTICE IS HEREBY GIVEN that the above-referenced borrower (the "Borrower") has not provided an Annual Report with respect to the above-named Bonds as required by its Continuing Disclosure Agreement. The undersigned has been informed by the Borrower that it anticipates that Annual Report will be filed by _____.

DATED: _____

U.S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____
Authorized Officer

cc: Borrower

APPENDIX F

FORM OF BOND COUNSEL OPINION

The form of the approving legal opinion of Bracewell LLP, bond counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the bonds referred to therein and may vary from the form set forth below to reflect circumstances both factual and legal at the time of such delivery.

January __, 2019

Texas Department of Housing and
Community Affairs
Austin, Texas

U.S. Bank, National Association,
as Trustee
Dallas, Texas

Stifel, Nicolaus & Company, Incorporated
Atlanta, Georgia

Ladies and Gentlemen:

We have represented the Texas Department of Housing and Community Affairs (the “Issuer”) in connection with the issuance by the Issuer of its \$2,880,000 Multifamily Housing Revenue Bonds (Park Yellowstone) Series 2019 (the “Bonds”) pursuant to a resolution adopted by the Governing Board of the Issuer on December 6, 2018 (the “Bond Resolution”) and a Trust Indenture dated as of January 1, 2019 (the “Indenture”), by and between the Issuer and U.S. Bank, National Association, as trustee (the “Trustee”). The Bonds bear interest, mature on the date, and are subject to mandatory tender and redemption prior to maturity as provided in the Indenture. Capitalized terms used herein and not otherwise defined are used with the meanings assigned to such terms in the Indenture, in the Loan Agreement dated as of January 1, 2019 (the “Loan Agreement”) between the Issuer and Yellowstone Boulevard LLC, a Texas limited liability company (the “Borrower”), or in the Regulatory and Land Use Restriction Agreement dated as of January 1, 2019 (the “Regulatory Agreement”), among the Issuer, the Trustee, and the Borrower.

The Bonds are being issued for the purpose of obtaining funds to make a mortgage loan to the Borrower to finance the acquisition, equipping and rehabilitation of a multifamily residential rental development located in Houston, Harris County, Texas (the “Development”), to be occupied by individuals and families of low, very low and extremely low income and families of moderate income, as determined by the Issuer, all as required by the Act, and to be occupied at least partially (at least forty percent of the Units) by Low-Income Tenants.

We have assumed with your permission and without independent verification (i) the genuineness of certificates, records and other documents (collectively, “documents”) submitted to us and the accuracy and completeness of the statements contained therein; (ii) the due authorization, execution and delivery of the Indenture by the parties thereto, and the validity and binding effect of the Indenture on such parties; (iii) that all documents submitted to us as originals are accurate and complete; (iv) that all documents submitted to us as copies are true and correct copies of the originals thereof; and (v) that all information submitted to us and on which we have relied was accurate and complete.

The scope of our representation extends solely to an examination of the facts and law incident to rendering an opinion with respect to the legality and validity of the Bonds and the security therefor and with respect to the excludability of interest on the Bonds from gross income for federal income tax purposes. We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and we express no opinion relating thereto (excepting only the matters set forth as our supplemental opinion of Bond Counsel of even date herewith). We have not assumed any responsibility with respect to the financial condition or capability of the Issuer or the Borrower, or the disclosure thereof. We have participated in the preparation of and have examined a transcript of certain materials pertaining to the Bonds, including certain

certified proceedings of the Issuer, the State of Texas, the Trustee and the Borrower, and customary certificates, opinions, affidavits and other documents executed by officers, agents and representatives of the Issuer, the State of Texas, the Trustee, the Borrower and others. We have also examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, Treasury Regulations and published rulings of the Internal Revenue Service (the "Service") as we have deemed relevant. We have also examined the fully-executed Bond numbered I-1.

Based on said examination, and subject to the assumptions, qualifications and limitations set forth herein, it is our opinion that, under existing law:

1. The Issuer has duly authorized the issuance, execution and delivery of the Bonds. The Bonds constitute legal, valid and binding special limited obligations of the Issuer and are entitled to the benefit and security of the Indenture.

2. Interest on the Bonds is excludable from gross income for federal income tax purposes, except with respect to the interest on any Bond for any period during which such Bond is held by a "substantial user" of the Development or a "related person" of such a "substantial user," as those terms are defined for purposes of Section 147(a) of the Code.

3. Interest on the Bonds is not an item of tax preference includable in alternative taxable income for purposes of determining a taxpayer's alternative minimum tax liability.

In providing the opinions set forth in paragraphs 2 and 3 above, we have relied on, and assumed the accuracy and completeness of, representations made as of the date hereof by, among others, the Issuer, the Borrower, the Issuer's financial advisor and Stifel, Nicolaus and Company, Incorporated, as underwriter, with respect to matters solely within the respective knowledge of such parties, which matters we have not independently verified. Furthermore, in providing the opinions set forth in paragraphs 2 and 3 above, we have also assumed that there will be continuing compliance with the procedures, safeguards and covenants in the Indenture, the Loan Agreement, the Regulatory Agreement and the Tax Exemption Certificate and Agreement pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete or the Issuer or the Borrower fails to comply with the foregoing procedures, safeguards and covenants, interest on the Bonds could become includable in gross income for federal income tax purposes from the date of original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Certain actions may be taken or omitted subject to the terms and conditions set forth in the Indenture and related documents, upon the advice or with an approving opinion of Bond Counsel. We hereby express no opinion with respect to our ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

We express no opinion as to the priority or perfection of the security interest granted by the Issuer in the Trust Estate.

The enforceability of certain provisions of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors. Furthermore, availability of equitable remedies under the Bonds may be limited by general principles of equity that permit the exercise of judicial discretion.

Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance

premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the “branch profits” tax on their effectively connected earnings and profits, including tax exempt interest such as interest on the Bonds.

The opinions set forth above speak only as of their date and only in connection with the Bonds and may not be applied to any other transaction. Such opinions are specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer and the Borrower have each covenanted in the Indenture, the Loan Agreement and the Tax Exemption Certificate and Agreement not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Very truly yours,

When recorded return to:

Dameon M. Rivers, Esq.
Ballard Spahr LLP
1909 K Street, NW, 12th Floor
Washington, DC 20006-1157

PRIORITY AND SUBORDINATION AGREEMENT

This PRIORITY AND SUBORDINATION AGREEMENT (this “**Agreement**”) dated as of January 1, 2019, is executed by and among (i) **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**, a public and official agency of the State of Texas (“**Issuer**”), (ii) **U.S. BANK, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as Trustee (“**Trustee**”), (iii) **KEYBANK NATIONAL ASSOCIATION**, a national banking association (together with its successors and/or assigns “**First Mortgage Lender**”), (iv) **CITY OF HOUSTON, TEXAS**, a home-rule city organized under the laws of the State of Texas (“**City**”), (v) **VESTA CORPORATION**, a Connecticut corporation (“**Sponsor**”) and (vi) **YELLOWSTONE BOULEVARD LLC**, a Texas limited liability company (“**Borrower**”).

The Issuer, the Trustee, the First Mortgage Lender, the City, the Sponsor and Borrower are referred to herein each as a “**Party**” and collectively as the “**Parties**”. All of the Parties other than Borrower, and their respective successors in interest, are referred to herein, in each case for so long as the Mortgage of which that Party is a beneficiary or assignee remains a lien of record on the Mortgaged Property (as defined below), as “**Lenders**”.

RECITALS:

A. Borrower’s Interests. Borrower is the owner of certain land located in Houston, Texas described in Exhibit A attached hereto (the “**Land**”). The Land has been improved with a 210-unit affordable multifamily housing project (together with all other improvements now or hereafter on the Land, the “**Improvements**”). The Land, the Improvements and related personal property and any other property that is subject to any of the security interests described below, are collectively referred to herein as the “**Mortgaged Property**”).

B. Issuer’s, First Mortgage Lender’s and Trustee’s Interests. In connection with the renovation of the Mortgaged Property, Borrower has requested that Issuer issue its (i) Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN) in the amount of \$12,500,000 (the “**Senior Bonds**”) pursuant to that certain Trust Indenture dated January 1, 2019 by and between Issuer and Trustee (the “**Senior Indenture**”) and (ii) Multifamily Housing Revenue Bonds (Park Yellowstone), Series 2019 in the amount of \$[2,800,000] (the “**Subordinate Bonds**” and hereinafter referred to collectively with the Senior Bonds as the

“**Bonds**”) pursuant to that certain Trust Indenture dated January 1, 2019 by and between Issuer and Trustee (the “**Subordinate Indenture**” and hereinafter referred to collectively with the Senior Indenture as the “**Indenture**”). As more fully set forth in the Indenture, the Issuer has agreed to lend the proceeds of the sale of the Bonds to Borrower pursuant to a separate Loan Agreement executed with respect to each Indenture, dated as of the date hereof, by and between Issuer and Borrower (collectively, the “**Bond Loan Agreement**”). The indebtedness of Borrower to Issuer is evidenced by the following promissory notes (collectively, the “**Bond Notes**”): (1) that certain Multifamily Note, dated as of the date hereof, executed by Borrower in favor or Issuer in the maximum principal amount of \$[10,100,000] (the “**Fannie Mae Note**”); (2) that certain promissory note, dated as of the date hereof, executed by Borrower in favor or Issuer in the maximum principal amount of \$[2,400,000] (the “**Earnout Note**”) and (3) that certain promissory note, dated as of the date hereof, executed by Borrower in favor of Issuer in the maximum principal amount of \$[2,880,000] (the “**Short Term Bond Note**”). [Draft Note: Which highlighted amount is correct?]

In connection with the Bonds, Borrower, Issuer and Trustee have entered into a Regulatory and Land Use Restriction Agreement (the “**Bond Regulatory Agreement**”), dated as of the date hereof and recorded concurrently herewith in the land records of Harris County, Texas (the “**Recording Office**”), which imposes certain covenants and restrictions on the use of the Mortgaged Property.

The loan evidenced by the Fannie Mae Note (the “**Fannie Mae Loan**”) is secured by, among other things, a Multifamily Deed of Trust, Assignment of Leases and Rents and Security Agreement and Fixture Filing (the “**Fannie Mae Mortgage**”), dated as of the date hereof and recorded concurrently herewith in the Recording Office, encumbering the Mortgaged Property. The Fannie Mae Loan is being credit enhanced by a mortgaged back security (a “**MBS Security**”) issued by Federal National Mortgage Association (“**Fannie Mae**”). In connection therewith, the Borrower and Issuer are also entering into a Multifamily Loan and Security Agreement (Non-Recourse) dated as of the date hereof (the “**Fannie Mae Loan Agreement**”), which sets forth various other requirements with respect to the Fannie Mae Loan. In consideration for the issuance of the MBS Security, the Fannie Mae Note is being endorsed to, and the Fannie Mae Mortgage, the Fannie Mae Loan Agreement and all other documents executed or delivered by the Borrower or third parties in connection therewith (collectively, the “**Fannie Mae Loan Documents**”) are being assigned to, First Mortgage Lender on the date hereof and further [collaterally] assigned by the First Mortgage Lender to Fannie Mae as security for the Fannie Mae Loan.

The loan evidenced by the Short Term Bond Note is secured by a Multifamily Deed of Trust, Security Agreement and Fixture Filing (the “**Short Term Bond Fourth Mortgage**”), dated as of the date hereof and recorded concurrently herewith in the Recording Office, encumbering the Mortgaged Property. The loan evidenced by the Earnout Note is secured by a Multifamily Deed of Trust, Security Agreement and Fixture Filing (the “**Earnout Fifth Mortgage**”), dated as of the date hereof and recorded concurrently herewith in the Recording Office, encumbering the Mortgaged Property.

First Mortgage Lender has entered into a commitment with Borrower dated January [], 2019 (the “**Earnout Commitment**”) to evidence First Mortgage Lender’s commitment to,

subject to the terms and conditions stated in the Earnout Commitment, originate an additional loan (the “**Earnout Loan**”) in the maximum amount of \$[2,400,000], which Earnout Loan (if so originated) will be pari passu with the Fannie Mae Loan and credit enhanced by an additional MBS Security issued by Fannie Mae. The date that the Earnout Loan is originated, if at all, is hereinafter referred to as the “**Earnout Origination Date**”. On the Earnout Origination Date, (i) the Earnout Note will be assigned to First Mortgage Lender and subsequently amended and restated in the amount approved by First Mortgage Lender in accordance with the Earnout Commitment (which amount shall not exceed the maximum principal amount of the Earnout Note as of the date hereof), (ii) the Fannie Mae Mortgage will be amended and restated and will thereafter also secure the Earnout Note, (iii) Borrower and First Mortgage Lender shall execute a Multifamily Loan and Security Agreement (Non-Recourse) with respect to the Earnout Loan and (iv) certain other collateral documents will be executed or amended by Borrower and First Mortgage Lender, each in the form required to the Earnout Commitment. Concurrently with the foregoing, Issuer shall or shall cause Trustee to record a written release of the Earnout Fifth Mortgage in the Recording Office. All documents executed, delivered or amended on the Earnout Origination Date are hereinafter referred to collectively as the “**Earnout Loan Documents**”. Prior to the Earnout Origination Date, the term “**First Loan Mortgage Documents**” shall mean the Fannie Mae Loan Documents and any other documents executed or delivered by the Borrower or third parties in connection therewith and after the Earnout Origination Date, the term “**First Loan Mortgage Documents**” shall mean the Fannie Mae Loan Documents and the Earnout Loan Documents and any other documents executed or delivered by the Borrower or third parties in connection therewith.

C. The City’s Interests. The City has made a loan in the principal amount of \$4,600,000 (the “**City Loan**”) to the Borrower for the purpose of financing a portion of the costs of the acquisition of the Mortgaged Property, pursuant to a Loan Agreement dated as of January [], 2019 (the “**City Loan Agreement**”) between the City and the Borrower. The City Loan is evidenced by a Note dated January [], 2019 (the “**City Note**”) and secured by a Deed of Trust, Security Agreement and Financing Statement dated as of January [], 2019 and recorded concurrently herewith in the Recording Office (the “**City Second Mortgage**”), encumbering the Mortgaged Property. In connection with the City Loan, Borrower and the City have entered into a Declaration of Land Use Restrictions (Restrictive Covenants), dated as of January [], 2019 and recorded concurrently herewith in the Recording Office, with respect to the Mortgaged Property (the “**City Regulatory Agreement**”), which imposes certain covenants and restrictions on the use of the Mortgaged Property. The documents referred to in this Recital C and any other documents executed or delivered by the Borrower or third parties in connection with the City Loan are referred to collectively herein as the “**City Loan Documents**”, provided, however, the City Regulatory Agreement does not constitute a City Loan Document for purposes of this Agreement.

D. The Sponsor’s Loan. The Sponsor has made a loan to Borrower (the “**Sponsor Loan**”), as evidenced by a promissory note dated January [], 2019 (the “**Sponsor Note**”) and secured by a Deed of Trust, Security Agreement and Fixture Filing dated as of January [], 2019 and recorded concurrently herewith in the Recording Office (the “**Sponsor Third Mortgage**”), encumbering the Mortgaged Property. All documents identified in this Recital D, and all documents executed or delivered by Borrower in connection with the Sponsor Loan, are referred to collectively in this Agreement as the “**Sponsor Loan Documents**”.

E. The Sponsor's Option. Pursuant to the Amended and Restated Operating Agreement of Borrower dated as of January [], 2019 (the "**Operating Agreement**") and that certain [Option and Right of First Refusal Agreement] dated as of January [], 2019 (the "**Option Agreement**"), the Sponsor holds (i) an option to purchase the Mortgaged Property upon the terms and conditions set forth in the Operating Agreement and the Option Agreement and (ii) a right of first refusal with respect to the Mortgaged Property. The Sponsor's rights to acquire the Mortgaged Property and its right of first refusal under the Operating Agreement and Option Agreement are referred to collectively herein as the "**Option to Purchase**". The exercise of the Sponsor's rights under the Option Agreement and Option to Purchase to acquire the Mortgage Property shall be subject to the consent of the City under the City Loan Documents, which consent will not be unreasonably withheld.

The execution and delivery of this Agreement is in the mutual interests of the Parties.

AGREEMENTS:

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Recitals.

The recitals set forth above are incorporated herein by reference.

2. Definitions.

In addition to the terms defined in the Recitals to this Agreement, for purposes of this Agreement the following terms have the respective meanings set forth below:

"Affiliate" means, when used with respect to a Person, any corporation, partnership, joint venture, limited liability company, limited liability partnership, trust or individual Controlled by, under common Control with, or which Controls such Person, and in all cases any other Person that holds fifty percent (50%) or more of the ownership interests in such Person.

"Borrower" means the Person named as such in the first paragraph on page 1 of this Agreement, any successor or assign of Borrower, including without limitation, a receiver, trustee or debtor-in-possession and any other Person (other than Senior Lender) who acquires title to the Mortgaged Property after the date of this Agreement, provided that if a Lender acquires title to the Mortgage Property, it shall not by virtue of this Agreement be deemed to have assumed any notes, liens or other monetary obligations of Borrower to any other Lender(s) hereunder or taken subject to any Subordinate Mortgage.

"Business Day" means any day other than (a) a Saturday, (b) a Sunday, (c) a day on which Senior Lender is not open for business, or (d) a day on which the Federal Reserve Bank of New York is not open for business.

"City Loan" shall have the meaning assigned in Recital C above.

"City Loan Agreement" shall have the meaning assigned in Recital C above.

“**City Loan Documents**” shall have the meaning assigned in Recital C above.

“**City Note**” shall have the meaning assigned in Recital C above.

“**City Second Mortgage**” shall have the meaning assigned in Recital C above.

“**City Regulatory Agreement**” shall have the meaning assigned in Recital C above.

“**Condemnation Action**” means any action or proceeding, however characterized or named, relating to any condemnation or other taking, or conveyance in lieu thereof, of all or any part of the Mortgaged Property, whether direct or indirect.

“**Control**” (including with correlative meanings, the terms “Controlling,” “Controlled by” and “under common Control with”), as applied to any entity, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or operations of such entity, whether through the ownership of voting securities, ownership interests or by contract or otherwise.

“**Controlling Senior Lender**” means the Lender holding the Mortgage with the highest priority among all of the Mortgages, as provided in Section 3(b) hereof; provided that, so long as the First Mortgage Loan is outstanding, the First Mortgage Lender shall be deemed to be the Controlling Senior Lender.

“**Default Notice**” means: (a) a copy of any written notice from Senior Lender to Borrower and Subordinate Lender stating that a Senior Loan Default has occurred under the Senior Loan Documents; or (b) a copy of the written notice from Subordinate Lender to Borrower and Senior Lender stating that a Subordinate Loan Default has occurred under the Subordinate Loan Documents. Each Default Notice shall specify the default upon which such Default Notice is based.

“**Earnout Loan**” shall have the meaning assigned in Recital B above.

“**Earnout Loan Agreement**” means, (i) prior to the Earnout Origination Date, the applicable Bond Loan Agreement and (ii) from and after the Earnout Origination Date, the Multifamily Loan and Security Agreement (Non-Recourse) by and between Borrower and First Mortgage Lender.

“**Earnout Loan Documents**” shall have the meaning assigned in Recital B above.

“**Earnout Note**” shall have the meaning assigned in Recital B above.

“**Earnout Fifth Mortgage**” shall have the meaning assigned in Recital B above.

“**First Mortgage Loan**” means, (i) prior to the Earnout Origination Date, the Fannie Mae Loan and (ii) from and after the Earnout Origination Date, individually and collectively, the Fannie Mae Loan and the Earnout Loan.

“First Mortgage Loan Agreement” means, (i) prior to the Earnout Origination Date, the Fannie Mae Loan Agreement and (ii) from and after the Earnout Origination Date, individually and collectively, the Fannie Mae Loan Agreement and the Earnout Loan Agreement.

“First Mortgage Loan Documents” shall have the meaning assigned in Recital B above.

“First Mortgage” means, (i) prior to the Earnout Origination Date, the Fannie Mae Loan Mortgage in effect on the date hereof and (ii) from and after the Earnout Origination Date, the Fannie Mae Mortgage, as amended and restated on the Earnout Origination Date.

“First Mortgage Note” means, (i) prior to the Earnout Origination Date, the Fannie Mae Note and (ii) from and after the Earnout Origination Date, individually and collectively, the Fannie Mae Note and the Earnout Note.

“Mortgage(s)” means, individually and collectively, the First Mortgage, the City Second Mortgage, the Sponsor Third Mortgage, the Short Term Bond Fourth Mortgage and the Earnout Fifth Mortgage.

“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).

“Regulatory Agreement(s)” means, individually and collectively, the Bond Regulatory Agreement and the City Regulatory Agreement.

“Senior Indebtedness” means the principal of, interest on, all other amounts due under, and any reimbursement obligations owing at any time under or in respect of, any Senior Loan Document, including prepayment/substitution premiums, late charges, default interest, and advances to protect the security of Senior Loan Documents.

“Senior Lender” means the beneficiary of a Senior Mortgage, any successor or assign of Senior Lender, including without limitation, a receiver, trustee or debtor-in-possession and any other Person who becomes the legal holder of a Senior Note after the date of this Agreement.

“Senior Loan” means, individually and collectively, the loans secured by a Senior Mortgage in accordance with Section 3(b) hereof.

“Senior Loan Agreement” means any loan agreement executed in connection with a Senior Loan.

“Senior Loan Default” means a default or “Event of Default” by Borrower in performing or observing any of the terms, covenants or conditions in the Senior Loan Documents to be performed or observed by it, which continues beyond all applicable periods provided in the Senior Loan Documents for curing the default.

“Senior Loan Documents” means the promissory note, reimbursement agreement or documents evidencing the Senior Indebtedness referred to in a Senior Mortgage and any replacement thereof and all other documents at any time evidencing, securing, guaranteeing, or otherwise delivered in connection with any Senior Indebtedness, as the same may be amended from time to time..

“Senior Mortgage” means, individually and collectively, those Mortgages designated as a “Senior Mortgage” in accordance with Section 3(b) hereof.

“Senior Note” means, individually and collectively, all promissory notes that are secured by a Senior Mortgage.

“Short Term Bond Loan” means the loan evidenced by the Short Term Bond Note.

“Short Term Bond Loan Agreement” means the loan agreement executed in connection with the Short Term Bond Note.

“Short Term Bond Loan Documents” The Short Term Bond Loan Agreement, the Short Term Bond Note, the Short Term Bond Fourth Mortgage and any other documents executed by the Borrower or Sponsor in connection with the Short Term Bond Loan.

“Short Term Bond Note” shall have the meaning assigned in Recital B above.

“Short Term Bond Fourth Mortgage” shall have the meaning assigned in Recital B above.

“Sponsor Loan” shall have the meaning assigned in Recital D above.

“Sponsor Loan Documents” shall have the meaning assigned in Recital D above.

“Sponsor Note” shall have the meaning assigned in Recital D above.

“Sponsor Third Mortgage” shall have the meaning assigned in Recital D above.

“Subordinate Indebtedness” means all sums evidenced or secured or guaranteed by, or otherwise due and payable to a Subordinate Lender pursuant to, the Subordinate Loan Documents.

“Subordinate Lender” means the beneficiary of a Subordinate Mortgage, any successor or assign of Subordinate Lender, including without limitation, a receiver, trustee or debtor-in-possession and any other Person who becomes the legal holder of the Subordinate Note after the date of this Agreement.

“Subordinate Loan” means, individually and collectively, the loans secured by a Subordinate Mortgage in accordance with Section 3(b) hereof.

“Subordinate Loan Agreement” means any loan agreement executed in connection with a Subordinate Loan.

“Subordinate Loan Default” means a default or “Event of Default” by Borrower in performing or observing any of the terms, covenants or conditions in the Subordinate Loan Documents to be performed or observed by it, which continues beyond all applicable periods provided in the Subordinate Loan Documents for curing the default, provided that in the case of the City Loan, no default shall occur unless declared by the City, at its option.

“**Subordinate Loan Documents**” means the promissory note, reimbursement agreement or other documents evidencing the Subordinate Indebtedness referred to in a Subordinate Mortgage and any replacement thereof and all other documents at any time evidencing, securing, guaranteeing, or otherwise delivered in connection with any Subordinate Indebtedness, as the same may be amended from time to time.

“**Subordinate Mortgage**” means, individually and collectively, those mortgages designated as a “Subordinate Mortgage” in accordance with Section 3(b) hereof.

“**Subordinate Note**” means, individually and collectively, all promissory notes that are secured by a Subordinate Mortgage.

3. Permission to Place Mortgage Lien Against Mortgaged Property; Priorities of Covenants, Indebtedness and Liens.

(a) Permission to Place Mortgage Lien Against Mortgaged Property. Senior Lender agrees, notwithstanding the prohibition against inferior liens on the Mortgaged Property contained in the Senior Loan Documents and subject to the provisions of this Agreement, to permit Subordinate Lender to record the Subordinate Mortgage and other recordable Subordinate Loan Documents against the Mortgaged Property to secure Borrower’s obligation to repay the Subordinate Note and all other obligations, indebtedness and liabilities of Borrower to Subordinate Lender under and in connection with the Subordinate Loan.

(b) Priorities of Indebtedness and Regulatory Agreements. Regardless of the time each Party’s lien on or interest in the Mortgaged Property was or shall be created or recorded, the rights and interests of the Parties with respect to the Mortgaged Property shall have the following priorities:

(1) Priority of Regulatory Agreements. The Regulatory Agreements shall each take priority over all, and shall not be subject or subordinate to any, of the Mortgages. As among each other, the Regulatory Agreements shall have equal priority.

Without the prior written consent of the Controlling Senior Lender, neither the City nor the Issuer shall amend, modify, extend, renew or replace any provision of its respective Regulatory Agreement, provided that no consent shall be required in connection with an extension of the City Regulatory Agreement in connection with an extension of the City Loan as provided by the City Loan Agreement.

(2) Priority of Mortgages.

(A) All of the Mortgages shall be subject to the Regulatory Agreements, but, among each other, shall rank in the following lien priority (with “1st” being the most senior), as further provided in subsection (B) below:

- | | |
|-----|---------------------------------|
| 1st | First Mortgage |
| 2nd | City Second Mortgage |
| 3rd | Sponsor Third Mortgage |
| 4th | Short Term Bond Fourth Mortgage |

5th Earnout Fifth Mortgage

(B) The terms and conditions of priority among the Mortgages are as follows:

a. First Mortgage Loan: The First Mortgage Lender shall be a Senior Lender and the First Mortgage shall be a Senior Mortgage, respectively, relative to (i) the City and the City Second Mortgage, (ii) the Sponsor and the Sponsor Third Mortgage, (iii) the Issuer and the Short Term Bond Fourth Mortgage and (iv) the Issuer and the Earnout Fifth Mortgage.

b. City Loan: The City and the City Second Mortgage shall be a Subordinate Lender and a Subordinate Mortgage, respectively, relative to the First Mortgage Lender and the First Mortgage. However, the City and the City Second Mortgage shall be a Senior Lender and a Senior Mortgage, respectively, relative to the (i) the Sponsor and the Sponsor Third Mortgage, (ii) the Issuer and the Short Term Bond Fourth Mortgage and (iii) the Issuer and the Earnout Fifth Mortgage.

c. Sponsor Loan. The Sponsor and the Sponsor Third Mortgage shall be a Subordinate Lender and a Subordinate Mortgage, respectively, relative to (i) the First Mortgage Lender and the First Mortgage and (ii) the City and the City Second Mortgage. However, Sponsor and the Sponsor Third Mortgage shall be a Senior Lender and a Senior Mortgage, respectively, relative to (i) the Issuer and the Short Term Bond Fourth Mortgage and (ii) the Issuer and the Earnout Fifth Mortgage.

d. Short Term Bond Loan. The Issuer and the Short Term Bond Fourth Mortgage shall be a Subordinate Lender and a Subordinate Mortgage, respectively, relative to (i) the First Mortgage Lender and the First Mortgage, (ii) the City and the City Second Mortgage and (iii) the Sponsor and the Sponsor Third Mortgage. However, Issuer and the Short Term Bond Fourth Mortgage shall be a Senior Lender and a Senior Mortgage, respectively, relative to the Issuer and the Earnout Fifth Mortgage.

e. Earn Out Loan. The Issuer and the Earnout Fifth Mortgage shall be a Subordinate Lender and a Subordinate Mortgage, respectively, relative to (i) the First Mortgage Lender and the First Mortgage (ii) the City and the City Second Mortgage, (iii) the Sponsor and the Sponsor Third Mortgage and (iv) the Issuer and the Short Term Bond Fourth Mortgage.

(C) Subordination of Purchase Option. The Option to Purchase shall be subject and subordinate to the Regulatory Agreements and to the Mortgages, as the same may be amended, supplemented and/or restated, in all respects and events.

The Lenders have no obligation to each other to advance funds or to see to the application of their respective loan proceeds. Any application of such proceeds contrary to the terms of any loan documents shall not defeat the subordinations granted herein in whole or in part

4. Borrower's and Subordinate Lender's Representations and Warranties.

(a) Borrower and Subordinate Lender each makes the following representations and warranties to Senior Lender, it being understood that no Subordinate Lender shall be deemed hereunder to make a representation or warranty with respect to another Subordinate Lender or with respect to Subordinate Loan Documents applicable to another Subordinate Loan:

(1) Subordinate Loan Documents.

The Subordinate Loan is evidenced by the Subordinate Note and is secured by the Subordinate Mortgage, the Subordinate Loan Agreement and the Subordinate Loan Documents.

(2) Subordinate Note.

The Subordinate Note contains the following provision, provided that, in the case of the City Note, Borrower shall sign and City shall attach an allonge to the City Note which shall read as follows:

The indebtedness evidenced by this Note is and shall be subordinate in right of payment to the prior payment in full of the indebtedness evidenced by all "Senior Notes," as defined in and to the extent and in the manner provided in that certain Priority and Subordination Agreement dated January 1, 2019 by and between (i) TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas, (ii) U.S. BANK, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as Trustee, (iii) KEYBANK NATIONAL ASSOCIATION, a national banking association, (iv) CITY OF HOUSTON, TEXAS, a home-rule city organized under the laws of the State of Texas, (v) VESTA CORPORATION, a Connecticut corporation and (iii) YELLOWSTONE BOULEVARD, LLC, a Texas limited liability company (the "**Priority Agreement**"). The Deed of Trust (and any exhibits) securing this Note is and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the each "Senior Mortgage" as defined in and as more fully set forth in the Priority Agreement. The rights and remedies of the payee and each subsequent holder of this Note under the Deed of Trust (and any exhibits) securing this Note are subject to the restrictions and limitations set forth in the Priority Agreement. Each subsequent holder of this Note shall be deemed, by virtue of such holder's acquisition of the Note, to have agreed to perform and observe all of the terms, covenants and conditions to be performed or observed by Subordinate Lender under the Priority Agreement.

(3) Relationship of Borrower to Subordinate Lender and Senior Lender.

Sponsor is an Affiliate of Borrower. Each remaining Subordinate Lender is not an Affiliate of Borrower. No Subordinate Lender is in possession of any facts which would lead it to believe that Senior Lender is an Affiliate of Borrower.

(4) Term.

The term of the Subordinate Note does not end before the stated term of the Senior Note, provided that, in the case of the City Loan, the debt evidenced by the City Note may be released at the expiration of the Affordability Period (as defined in the City Loan Agreement).

(b) Borrower representations and warranties to Senior Lender that the executed Subordinate Loan Documents are substantially in the same forms as those submitted to, and approved by, Senior Lender prior to the date of this Agreement.

5. Deliveries.

Borrower shall submit the following items to Controlling Senior Lender the later of (a) ten (10) Business Days after the date on which the proceeds of the Subordinate Loan are disbursed to Borrower, and (b) the effective date of the Senior Loan Documents:

(a) Title Policy Endorsement.

The policy of title insurance, or an endorsement to the policy of title insurance, insuring the lien of the Senior Mortgage, which insures that (A) there are no liens or other encumbrances affecting the Mortgaged Property, other than "Permitted Encumbrances" (as defined in the Senior Mortgage), the Subordinate Mortgage, other Subordinate Loan Documents and the Regulatory Agreements filed or recorded against the Mortgaged Property, (B) the lien of the Subordinate Mortgage is subordinate to the lien of the Senior Mortgage while the Regulatory Agreements are superior to the lien of the Senior Mortgage, and (C) this Agreement has been recorded among the applicable land records.

(b) Certification.

A certification from Borrower to Controlling Senior Lender that the Subordinate Loan Documents do not contain any changes from the Subordinate Loan Documents submitted to, and approved by, Controlling Senior Lender prior to the date of this Agreement.

(c) Subordinate Loan Documents.

A complete set of the fully executed Subordinate Loan Documents, certified by Borrower to be true, correct and complete.

(d) Senior Loan Documents.

An executed copy of each of the Senior Loan Documents, certified by Borrower to be true, correct and complete.

6. Terms of Subordination.

(a) Agreement to Subordinate.

(1) Agreements Applicable as between First Mortgage Lender and the City. First Mortgage Lender and the City agree that (1) the indebtedness evidenced by City

Loan Documents is and shall be subordinated in right of payment, to the extent and in the manner provided in this Agreement, to the prior payment in full of the Senior Indebtedness evidenced by the First Mortgage Loan Documents (which will not prohibit payments as and when due under the City Loan Documents provided no Default Notice is then in effect); and (2) the liens, terms, covenants and conditions of the City Second Mortgage and the other City Loan Documents are and shall be subject and subordinate in all respects to (i) the liens, terms, covenants and conditions of the Senior Mortgage and the other First Mortgage Loan Documents and (ii) all advances related to the Mortgaged Property which may hereafter be made by Senior Lender pursuant to the Senior Mortgage and the other First Mortgage Loan Documents solely for the purposes of (A) protecting or further securing the lien of the Senior Mortgage, (B) curing defaults by Borrower under the First Mortgage Loan Documents or under the City Loan Documents, (C) performing any obligations of Borrower under the First Mortgage Loan Documents related to the Mortgaged Property which Senior Lender reasonably deems necessary to perform to protect Senior Lender's interest in the Mortgaged Property and which are expressly permitted by the First Mortgage Loan Documents or (D) constructing, renovating, repairing, furnishing, fixturing or equipping the Mortgaged Property as Senior Lender determines to be necessary or appropriate to keep the Mortgaged Property in good repair and marketable condition (including the replacement of Personalty and Fixtures with items of equal or better function and quality) and which are permitted by the First Mortgage Loan Documents, and, subject to provisions of the First Mortgage Loan Agreement, restoring or repairing promptly, in a good and workmanlike manner, any damaged part of the Mortgaged Property to the equivalent of its original condition or condition immediately prior to the damage.

(2) Agreements Applicable to all other Subordinate Loans. Senior Lender and Subordinate Lender (other than the City) agree that (1) the indebtedness evidenced by the Subordinate Loan Documents is and shall be subordinated in right of payment, to the extent and in the manner provided in this Agreement, to the prior payment in full of the Indebtedness evidenced by the Senior Loan Documents (which will not prohibit payments as and when due under the Subordinate Loan Documents provided no Default Notice is then in effect), and (2) the liens, terms, covenants and conditions of the Subordinate Mortgage and the other Subordinate Loan Documents are and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the Senior Mortgage and the other Senior Loan Documents and to all advances heretofore made or which may hereafter be made pursuant to the Senior Mortgage and the other Senior Loan Documents (including but not limited to, all sums advanced for the purposes of (A) protecting or further securing the lien of the Senior Mortgage, curing defaults by Borrower under the Senior Loan Documents or for any other purpose expressly permitted by the Senior Loan Documents, or (B) constructing, renovating, repairing, furnishing, fixturing or equipping the Mortgaged Property).

(b) Subordination of Subrogation Rights.

Subordinate Lender agrees that if, by reason of its payment of real estate taxes or other monetary obligations of Borrower, or by reason of its exercise of any other right or remedy under the Subordinate Loan Documents, it acquires by right of subrogation or otherwise a lien on the

Mortgaged Property which (but for this subsection) would be senior to the lien of the Senior Mortgage, then, in that event, such lien shall be subject and subordinate to the lien of the Senior Mortgage.

(c) Payments Before Senior Loan Default.

Until Subordinate Lender receives a Default Notice (or, in the case of all Subordinate Lenders other than the City, otherwise acquires actual knowledge) of a Senior Loan Default, Subordinate Lender shall be entitled to retain for its own account all payments made under or pursuant to the Subordinate Loan Documents.

(d) Payments After Senior Loan Default.

Borrower agrees that, after it receives a Default Notice (or otherwise acquires knowledge) of a Senior Loan Default, it will not make any payments under or pursuant to the Subordinate Loan Documents (including but not limited to principal, interest, additional interest, late payment charges, default interest, attorneys' fees, or any other sums secured by the Subordinate Loan Documents) without Controlling Senior Lender's prior written consent. Subordinate Lender agrees that, after it receives a Default Notice from Controlling Senior Lender with written instructions directing Subordinate Lender not to accept payments from Borrower on account of the Subordinate Loan, it will not accept any payments under or pursuant to the Subordinate Loan Documents (including but not limited to principal, interest, additional interest, late payment charges, default interest, attorneys' fees, or any other sums secured by the Subordinate Loan Documents) without Controlling Senior Lender's prior written consent. If Subordinate Lender receives written notice from Controlling Senior Lender that the Senior Loan Default which gave rise to Subordinate Lender's obligation not to accept payments has been cured, waived, or otherwise suspended by Controlling Senior Lender, the restrictions on payment to Subordinate Lender in this Section 6 shall terminate, and Controlling Senior Lender shall have no right to any subsequent payments made to Subordinate Lender by Borrower prior to Subordinate Lender's receipt of a new Default Notice from Controlling Senior Lender in accordance with the provisions of this Section 6(d).

(e) Remitting Subordinate Loan Payments to Senior Lender.

If, after Subordinate Lender receives a Default Notice from Senior Lender in accordance with Section 6(d), Subordinate Lender receives any payments under the Subordinate Loan Documents, Subordinate Lender agrees that such payment or other distribution will be received and held in trust for Controlling Senior Lender and unless Controlling Senior Lender otherwise notifies Subordinate Lender in writing, will be promptly remitted, in kind to Controlling Senior Lender, properly endorsed to Controlling Senior Lender, to be applied to the principal of, interest on and other amounts due under the Senior Loan Documents in accordance with the provisions of the Senior Loan Documents. By executing this Agreement, Borrower specifically authorizes Subordinate Lender to endorse and remit any such payments to Controlling Senior Lender, and specifically waives any and all rights to have such payments returned to Borrower or credited against the Subordinate Loan. Borrower and Controlling Senior Lender acknowledge and agree that payments received by Subordinate Lender, and remitted to Controlling Senior Lender under this Section 6, shall not be applied or otherwise credited against the Subordinate Loan, nor shall

the tender of such payment to Controlling Senior Lender waive any Subordinate Loan Default which may arise from the inability of Subordinate Lender to retain such payment or apply such payment to the Subordinate Loan. In case of any dispute or uncertainty as to the identity of the Controlling Senior Lender or the holder of the rights thereof hereunder, a Subordinate Lender may implead any such payment or delivery to the registry of a court of competent jurisdiction in accordance with applicable law, and shall thereafter be fully absolved of any further responsibility therefor.

(f) Notice of Payment from Other Persons.

Each Subordinate Lender (other than the City) agrees to notify (telephonically or via email, followed by written notice) Senior Lender of Subordinate Lender's receipt from any Person other than Borrower of a payment with respect to Borrower's obligations under the Subordinate Loan Documents, promptly after Subordinate Lender obtains knowledge of such payment.

(g) Agreement Not to Commence Bankruptcy Proceeding.

Subordinate Lender agrees that during the term of this Agreement it will not commence, or join with any other creditor in commencing any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings against or with respect to Borrower, without Controlling Senior Lender's prior written consent.

7. Default Under Subordinate Loan Documents.

(a) Notice of Subordinate Loan Default and Cure Rights.

(1) Agreements Applicable as between First Mortgage Lender and the City. The City shall deliver to First Mortgage Lender a Default Notice within five (5) Business Days in each case where the City has given a Default Notice to Borrower. Failure of the City to send a Default Notice to First Mortgage Lender shall not prevent the exercise of the City's rights and remedies under the Subordinate Loan Documents, subject to the provisions of this Agreement. First Mortgage Lender shall have the right, but not the obligation, to cure any Subordinate Loan Default within sixty (60) days following the date of such notice; provided, however that the City shall be entitled, during such sixty (60) day period, to continue to pursue its rights and remedies under the Subordinate Loan Documents. All amounts paid by First Mortgage Lender in accordance with the Senior Loan Documents to cure a Subordinate Loan Default shall be deemed to have been advanced by First Mortgage Lender pursuant to, and shall be secured by, the Senior Loan Agreement and the Senior Mortgage.

(2) Agreements Applicable to all other Subordinate Loans other than the City Loan. Subordinate Lender (excluding the City) shall deliver to Senior Lender a Default Notice within five (5) Business Days in each case where Subordinate Lender has given a Default Notice to Borrower. Senior Lender shall have the right, but not the obligation, to cure any Subordinate Loan Default. All amounts paid by Senior Lender in accordance with the Senior Loan Documents to cure a Subordinate Loan Default shall be deemed to

have been advanced by Senior Lender pursuant to, and shall be secured by, the Senior Loan Agreement and the lien of the Senior Mortgage.

(b) Subordinate Lender's Exercise of Remedies After Notice to Senior Lender.

(1) Agreements Applicable as between First Mortgage Lender and the City. If a Subordinate Loan Default occurs and is continuing, the City agrees that, without First Mortgage Lender's prior written consent, it will not commence foreclosure proceedings with respect to the Mortgaged Property under the Subordinate Loan Documents or exercise any other rights or remedies it may have under the Subordinate Loan Documents, including, but not limited to accelerating the Subordinate Loan (and enforcing any "due on sale" provision included in the Subordinate Loan Documents), collecting rents, appointing (or seeking the appointment of) a receiver or exercising any other rights or remedies thereunder unless and until it has given First Mortgage Lender at least sixty (60) days prior written notice; during such sixty (60) day period, however, the City shall be entitled to exercise and enforce all other rights and remedies available to the City under the Subordinate Loan Documents and/or under applicable laws, including without limitation, rights to enforce covenants and agreements of Borrower relating to income, rent, or affordability restrictions contained in any Regulatory Agreement.

(2) Agreements Applicable to all other Subordinate Loans. If a Subordinate Loan Default occurs and is continuing, Subordinate Lender (excluding the City) agrees that, without Controlling Senior Lender's prior written consent, it will not commence foreclosure proceedings with respect to the Mortgaged Property under the Subordinate Loan Documents or exercise any other rights or remedies it may have under the Subordinate Loan Documents, including, but not limited to accelerating the Subordinate Loan (and enforcing any "due on sale" provision included in the Subordinate Loan Documents), collecting rents, appointing (or seeking the appointment of) a receiver or exercising any other rights or remedies thereunder.

(c) Cross Default.

Borrower and Subordinate Lender agree that a Subordinate Loan Default shall constitute a Senior Loan Default under the Senior Loan Documents and Senior Lender shall have the right to exercise all rights or remedies under the Senior Loan Documents in the same manner as in the case of any other Senior Loan Default. If Subordinate Lender notifies Senior Lender in writing that any Subordinate Loan Default of which Senior Lender has received a Default Notice has been cured or waived, as determined by Subordinate Lender in its sole discretion, then provided that Senior Lender has not conducted a sale of the Mortgaged Property pursuant to its rights under the Senior Loan Documents, any Senior Loan Default under the Senior Loan Documents arising solely from such Subordinate Loan Default shall be deemed cured, and the Senior Loan shall be automatically reinstated, provided, however, that Senior Lender shall not be required to return or otherwise credit for the benefit of Borrower any default rate interest or other default related charges or payments received by Senior Lender during such Senior Loan Default.

8. Default Under Senior Loan Documents.

(a) Notice of Senior Loan Default and Cure Rights.

Senior Lender shall deliver to Subordinate Lender a Default Notice within five (5) Business Days in each case where Senior Lender has given a Default Notice to Borrower. Failure of Senior Lender to send a Default Notice to Subordinate Lender shall not prevent the exercise of Senior Lender's rights and remedies under the Senior Loan Documents, subject to the provisions of this Section 8(a), nor shall such failure constitute a default by Senior Lender under this Agreement. Subordinate Lender shall have the right, but not the obligation, to cure any such Senior Loan Default within sixty (60) days following the date of such Default Notice or, in the case of all Subordinate Lenders other than the City, the date on which Subordinate Lender otherwise acquires actual knowledge of Senior Loan Default; provided, however, that Senior Lender shall be entitled during such sixty (60) day period to continue to pursue its remedies under the Senior Loan Documents. Subordinate Lender may have up to ninety (90) days from the date of the Default Notice to cure a non-monetary default if during such ninety (90) day period Subordinate Lender keeps current all payments required by the Senior Loan Documents. In the event that such a non-monetary default creates an unacceptable level of risk relative to the Mortgaged Property, or Senior Lender's secured position relative to the Mortgaged Property, as determined by Senior Lender in its sole discretion, then Senior Lender may exercise during such ninety (90) day period all available rights and remedies to protect and preserve the Mortgaged Property and the rents, revenues and other proceeds from the Mortgaged Property. All amounts paid by Subordinate Lender to Senior Lender to cure a Senior Loan Default shall be deemed to have been advanced by Subordinate Lender pursuant to, and shall be secured by the applicable Subordinate Loan Agreement and the Subordinate Mortgage.

(b) Cross Default.

Subordinate Lender agrees that, notwithstanding any contrary provision contained in the Subordinate Loan Documents, a Senior Loan Default shall not constitute a default under the Subordinate Loan Documents (if no other default has occurred under the Subordinate Loan Documents) until either (1) Senior Lender has accelerated the maturity of the Senior Loan, or (2) Senior Lender has taken affirmative action to exercise its rights under the Senior Loan Documents to collect rent, to appoint (or seek the appointment of) a receiver or to foreclose on (or to exercise a power of sale contained in) the Senior Loan Documents. At any time after a Senior Loan Default is determined to constitute a default under the Subordinate Loan Documents, Subordinate Lender shall be permitted to pursue its remedies for default under the Subordinate Loan Documents, subject to the restrictions and limitations of this Agreement. If at any time Borrower cures any Senior Loan Default to the satisfaction of Senior Lender, as evidenced by written notice from Senior Lender to Subordinate Lender, any default under the Subordinate Loan Documents arising from such Senior Loan Default shall be deemed cured and the Subordinate Loan shall be retroactively reinstated as if such Senior Loan Default had never occurred.

9. Conflict.

Borrower, Senior Lender and Subordinate Lender each agrees that, in the event of any conflict or inconsistency between the terms of the Senior Loan Documents, the Subordinate Loan Documents and the terms of this Agreement, the terms of this Agreement shall govern and control solely as to the following: (a) the relative priority of the Regulatory Agreements, the security interests of Senior Lender and Subordinate Lender in the Mortgaged Property; (b) the timing of the exercise of remedies by Senior Lender and Subordinate Lender under the Senior Loan Documents and the Subordinate Loan Documents, respectively; and (c) solely as between Senior Lender and Subordinate Lender, the notice requirements, cure rights, and the other rights and obligations which Senior Lender and Subordinate Lender have agreed to as expressly provided in this Agreement. Borrower acknowledges that the terms and provisions of this Agreement shall not, and shall not be deemed to: extend Borrower's time to cure any Senior Loan Default or Subordinate Loan Default, as the case may be; give Borrower the right to notice of any Senior Loan Default or Subordinate Loan Default, as the case may be other than that, if any, provided, respectively under the Senior Loan Documents or the Subordinate Loan Documents; or create any other right or benefit for Borrower as against Senior Lender or Subordinate Lender.

10. Rights and Obligations of Subordinate Lender Under the Subordinate Loan Documents and of Senior Lender under the Senior Loan Documents.

Subject to each of the other terms of this Agreement, all of the following provisions shall supersede any provisions of the Subordinate Loan Documents covering the same subject matter:

(a) Protection of Security Interest.

Subordinate Lender shall not, without the prior written consent of Senior Lender in each instance, take any action which has the effect of increasing the indebtedness outstanding under, or secured by, the Subordinate Loan Documents, except that Subordinate Lender shall have the right to advance funds to cure Senior Loan Defaults pursuant to Section 8(a) and advance funds pursuant to the Subordinate Loan Documents for the purpose of paying real estate taxes and insurance premiums, making necessary repairs to the Mortgaged Property and curing other defaults by Borrower under the Subordinate Loan Documents.

(b) Condemnation or Casualty.

Following the occurrence of (1) a Condemnation Action, or (2) a fire or other casualty resulting in damage to all or a portion of the Mortgaged Property (collectively, a "**Casualty**"), at any time or times when the Senior Mortgage remains a lien on the Mortgaged Property the following provisions shall apply:

(A) Subordinate Lender hereby agrees that its rights (under the Subordinate Loan Documents or otherwise) to participate in any proceeding or action relating to a Condemnation Action or a Casualty, or to participate or join in any settlement of, or to adjust, any claims resulting from a Condemnation Action or a Casualty shall be and remain subject and subordinate in all respects to Controlling Senior Lender's rights under the Senior Loan Documents with respect

thereto, and Subordinate Lender shall be bound by any settlement or adjustment of a claim resulting from a Condemnation Action or a Casualty made by Controlling Senior Lender; provided, however, this subsection or anything contained in this Agreement shall not limit the rights of Subordinate Lender to file any pleadings, documents, claims or notices with the appropriate court with jurisdiction over the proposed Condemnation Action or Casualty; and

(B) all proceeds received or to be received on account of a Condemnation Action or a Casualty, or both, shall be applied (either to payment of the costs and expenses of repair and restoration or to payment of the Senior Loan) in the manner determined by Controlling Senior Lender in its sole discretion and otherwise in accordance with the terms of the Senior Loan Documents; provided, however, that if Controlling Senior Lender elects to apply such proceeds to payment of the principal of, interest on and other amounts payable under the Senior Loan, any proceeds remaining after the satisfaction in full of the principal of, interest on and other amounts payable under the Senior Loan shall be paid to, and may be applied by, Subordinate Lender in accordance with the applicable provisions of the Subordinate Loan Documents, provided however, Controlling Senior Lender agrees to consult with Subordinate Lender in determining the application of Casualty and Condemnation Action proceeds, provided further, however, that in the event of any disagreement between Controlling Senior Lender and Subordinate Lender over the application of Casualty proceeds, the decision of Controlling Senior Lender, in its sole discretion, shall prevail. For clarity purposes, if Controlling Senior Lender elects to apply such proceeds of a Casualty or Condemnation Action to payment of the principal of, interest on and other amounts payable under the Senior Loan, any residual proceeds shall be paid to the Subordinate Lenders in order of priority with each Senior Lender being paid in full prior to any Subordinate Lender.

(c) **Insurance.**

Subordinate Lender agrees that all original policies of insurance required pursuant to the Senior Mortgage shall be held by Controlling Senior Lender. The preceding sentence shall not preclude Subordinate Lender from requiring that it be named as a loss payee, as its interest may appear, under all policies of property damage insurance maintained by Borrower with respect to the Mortgaged Property, provided such action does not affect the priority of payment of the proceeds of property damage insurance under the Senior Mortgage, or that it be named as an additional insured under all policies of liability insurance maintained by Borrower with respect to the Mortgaged Property.

(d) **No Modification of Subordinate Loan Documents.**

Borrower and Subordinate Lender each agree that, until the principal of, interest on and all other amounts payable under the Senior Loan Documents have been paid in full, it will not, without the prior written consent of Senior Lender in each instance, increase the amount of the Subordinate Loan or increase the required payments due under the Subordinate Loan (except, in the case of the City Loan, to advance funds to cure Senior Loan Defaults pursuant to Section 8(a)

and advance funds pursuant to the Subordinate Loan Documents for the purpose of paying real estate taxes and insurance premiums, making necessary repairs to the Mortgaged Property and curing other defaults by Borrower under the Subordinate Loan Documents or as otherwise required under the City Loan Documents in the case of a refinancing or sale of the Mortgaged Property or the addition of interest to the principal amount of the City Loan), decrease the term of the Subordinate Loan, increase the interest rate on the Subordinate Loan (except in the case of the City Loan, as otherwise allowed under the City Loan Documents), or otherwise amend the Subordinate Loan terms in a manner that creates an adverse effect upon Senior Lender under the Senior Loan Documents except for amendments specifically allowed under the terms of the City Loan Documents with respect to the extension of the City Loan's term. Any amendment of the Subordinate Loan Documents or assignment of Subordinate Lender's interest in the Subordinate Loan without Senior Lender's consent shall be void ab initio and of no effect whatsoever.

11. Modification or Refinancing of Senior Loan.

Subordinate Lender consents to any agreement or arrangement in which Senior Lender waives, postpones, extends, reduces or modifies any provisions of the Senior Loan Documents, including any provision requiring the payment of money. Except where determined by Senior Lender to be necessary to resolve or mitigate a Senior Loan Default (or event which, with the passage of time or the giving of notice, or both, may result in a Senior Loan Default), Senior Lender does not anticipate any modification to the Senior Loan Documents which would increase the amount of the Indebtedness evidenced by the Senior Loan Documents (other than as a result of advances made by Senior Lender for the purposes identified in Section 6(a) above), increase the interest rate on the Senior Loan or increase the required payments due under the Senior Loan. Subordinate Lender further agrees that its agreement to subordinate hereunder shall extend to any new mortgage debt which is for the sole purpose of refinancing all or any part of the Senior Loan (including reasonable and necessary costs associated with the closing and/or the refinancing) but not to any additional indebtedness created thereby; and that all the terms and covenants of this Agreement shall inure to the benefit of any holder of any such refinanced debt; and that all references to the applicable Senior Loan, the Senior Note, the Senior Loan Agreement, the Senior Mortgage, the Senior Loan Documents and Senior Lender shall mean, respectively, the refinance loan, the refinance note loan agreement, the mortgage securing the refinance note, all documents evidencing securing or otherwise pertaining to the refinance note and the holder of the refinance note.

12. Default by Subordinate Lender or Senior Lender.

If Subordinate Lender or Senior Lender defaults in performing or observing any of the terms, covenants or conditions to be performed or observed by it under this Agreement, the other, non-defaulting lender shall have the right to all available legal and equitable relief.

13. Reinstatement.

To the extent that Borrower makes a payment to Senior Lender or Senior Lender receives any payment or proceeds of the collateral securing the Senior Loan for Borrower's benefit, which payment or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other

party under any bankruptcy law, state or federal law, common law or equitable doctrine, then to the extent of such payment or proceeds received and not retained by Senior Lender, (i) this Agreement shall be reinstated and continue in full force and effect until full and final payment shall have been made to Senior Lender; and (ii) Subordinate Lender agrees to hold in trust for Senior Lender and promptly remit to Senior Lender any payments received by Subordinate Lender after such invalidated, rescinded or returned payment was originally made until such sum is repaid to the Senior Lender.

14. Notices.

(a) Process of Serving Notice.

All notices under this Agreement shall be:

- (1) in writing and shall be:
 - (A) delivered, in person;
 - (B) mailed, postage prepaid, either by registered or certified delivery, return receipt requested;
 - (C) sent by overnight courier; or
 - (D) sent by electronic mail with originals to follow by overnight courier;
- (2) addressed to the intended recipient at the address(es) below the signature block [NEED TO ADD ADDRESSES BELOW THE SIGNATURE BLOCKS], as applicable; and
- (3) deemed given on the earlier to occur of:
 - (A) the date when the notice is received by the addressee; or
 - (B) if the recipient refuses or rejects delivery, the date on which the notice is so refused or rejected, as conclusively established by the records of the United States Postal Service or any express courier service.

(b) Change of Address.

Any party to Agreement may change the address to which notices intended for it are to be directed by means of notice given to the other parties identified in this Agreement.

(c) Receipt of Notices.

Senior Lender, Subordinate Lender or Borrower shall not refuse or reject delivery of any notice given in accordance with this Agreement. Each party is required to acknowledge, in writing (which may be via email), the receipt of any notice upon request by the other party.

15. General.

(a) Assignment/Successors.

This Agreement shall be binding upon Borrower, Senior Lender and Subordinate Lender and shall inure to the benefit of the respective legal successors, transferees and assigns of Borrower, Senior Lender and Subordinate Lender. Borrower shall not assign any of its rights and obligations under this Agreement without the prior written consent of Senior Lender.

(b) No Partnership or Joint Venture.

Senior Lender's permission for the placement of the Subordinate Loan does not constitute Senior Lender as a joint venturer or partner of Subordinate Lender. No Party hereto shall hold itself out as a partner, agent or Affiliate of any other Party hereto.

(c) Senior Lender's and Subordinate Lender's Consent.

Wherever Senior Lender's consent or approval is required by any provision of this Agreement, such consent or approval may be granted or denied by Senior Lender in its sole and absolute discretion, unless otherwise expressly provided in this Agreement. Wherever Subordinate Lender's consent or approval is required by any provision of this Agreement, such consent or approval may be granted or denied by Subordinate Lender in its sole and absolute discretion, unless otherwise expressly provided in this Agreement.

(d) Further Assurances.

Subordinate Lender, Senior Lender and Borrower each agrees, at Borrower's expense, to execute and deliver all additional instruments and/or documents reasonably required by any other Party to this Agreement in order to evidence that the Subordinate Mortgage is subordinate to the lien, covenants and conditions of the Senior Loan Documents, or to further evidence the intent of this Agreement. Upon the written request of First Mortgage Lender following the Borrower's failure to satisfy the terms and conditions of the Earnout Commitment, Issuer shall or shall cause Trustee to execute a written release of the Earnout Mortgage and record the same in the Recording Office.

(e) Amendment.

This Agreement shall not be amended except by written instrument signed by all Parties hereto.

(f) Governing Law.

This Agreement shall be governed by the laws of the State of Texas without giving effect to any choice of law provisions thereof that would result in the application of the laws of another jurisdiction. Senior Lender, Subordinate Lender and Borrower agree that any controversy arising under or in relation to this Agreement shall be litigated exclusively in the jurisdiction in which the Mortgaged Property is located. The state and federal courts and authorities with jurisdiction in such locale shall have exclusive jurisdiction over all controversies that arise under or in

relation to this Agreement. The parties hereto irrevocably consent to service, jurisdiction, and venue of such courts for any such litigation and waive any other venue to which any might be entitled by virtue of domicile, habitual residence or otherwise.

(g) Severable Provisions.

If any provision of this Agreement shall be invalid or unenforceable to any extent, then the other provisions of this Agreement, shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

(h) Term.

The term of this Agreement shall commence on the date hereof and shall continue until the earliest to occur of the following events: (1) the payment in full of the principal of, interest on and other amounts payable under the Senior Loan Documents; (2) the payment in full of the principal of, interest on and other amounts payable under the Subordinate Loan Documents, other than by reason of payments which Subordinate Lender is obligated to remit to Senior Lender pursuant to Sections 6 and 13 hereof; (3) the acquisition by Senior Lender of title to the Mortgaged Property pursuant to a foreclosure or a deed in lieu of foreclosure of, or the exercise of a power of sale contained in, the Senior Loan Documents; or (4) the acquisition by Subordinate Lender of title to the Mortgaged Property pursuant to a foreclosure or a deed in lieu of foreclosure of, or the exercise of a power of sale contained in, the Subordinate Loan Documents, but only if such acquisition of title does not violate any of the terms of this Agreement.

(i) Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the same instrument.

(j) Sale of Senior Loan.

Nothing in this Agreement shall limit Senior Lender's (including any assignee or transferee of Senior Lender) right to sell or transfer the Senior Loan, or any interest in the Senior Loan. The Senior Loan or a partial interest in the Senior Loan (together with this Agreement and the other Loan Documents) may be sold one or more times without prior notice to Borrower; provided, that the Senior Loan or the portion thereof transferred shall remain subject to the terms and conditions of this Agreement.

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CITY:

CITY OF HOUSTON, TEXAS

SEAL/ATTEST:

Anna Russell, City Secretary

Sylvester Turner, Mayor

APPROVED:

COUNTERSIGNED:

Tom McCasland, Director
Housing and Community Development
Department

Chris Brown, City Controller

APPROVED AS TO FORM:

COUNTERSIGNATURE DATE:

Senior Assistant City Attorney
LD# _____

Address for Notice:

The City of Houston
P. O. Box 1562
Houston, TX 77251-1562
Attention: Assistant Director, Multifamily

THE STATE OF TEXAS §

COUNTY OF HARRIS §

This instrument was acknowledged before me on this _____ day of _____, 2018, by _____ for **SYLVESTER TURNER, MAYOR** of the **CITY OF HOUSTON**, a municipal corporation, on behalf of said corporation.

Notary Public, State of Texas

ISSUER:

**TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS**

By: _____
J.B. Goodwin, Chair

(SEAL)

Attest:

James B. Eccles, Secretary

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

On this the _____ day of _____, 2018 personally appeared J.B. Goodwin, Chair of the Governing Board of the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas, who acknowledged that he executed the foregoing instrument for the purposes therein contained and in the capacity stated on behalf of said entity.

Notary Public Signature

My Commission expires: _____

(Personalized Seal)

TRUSTEE:

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Name:
Title:

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

On this the _____ day of _____, 2018 personally appeared _____, a Vice President of U.S. Bank National Association, a national banking association, who acknowledged that he executed the foregoing instrument for the purposes therein contained and in the capacity stated on behalf of said entity.

Notary Public Signature

My Commission expires: _____

(Personalized Seal)

EXHIBIT A
DESCRIPTION OF THE LAND